

Topics

1. Rate Changes in the New Tax Year.
2. Changes to the National Minimum Wage.

I don't know about you but we are breathing a sigh of relief that the Year End is out of the way. The new tax year brings in some changes but not as many as we would normally see.

RATE CHANGES IN THE NEW TAX YEAR

The main change is to the Income Tax for those with income over £100,000, the employee's personal allowance is to be reduced for earnings over £100,000. For earnings over £150,000.00 there is a new rate of 50%. The personal allowance will be reduced by £1 for every £2 that exceeds £100,000 until the personal allowance is reduced to nil and any additional Tax due will be collected through Self Assessment.

Below are some tables giving the rates for 2010/11

National Insurance Contributions 2010/11

Pay Frequency	Lower Earnings Limit	Earnings Threshold	Upper Earnings Point	
			Accrual	Limit
Weekly	£97.00	£110.00	£770.00	£844.00
Monthly	£421.00	£476.00	£3,337.00	£3,656.00
Annual	£5,044.00	£5,715.00	£40,040.00	£43,875.00

Rate	Lower Earnings Limit	Upper Earnings Point	Employer's NIC Rebate
Standard	11%	12.8%	0%
Reduced	4.85%	12.8%	12.8%
Over SPA	0%	12.8%	12.8%
Exemption	0%	12.8%	12.8%
Deferment	1%	12.8%	12.8%

Standard	Reduced	Deferment
A 11%	B 4.85%	C 0%
D 9.4%	E 4.85%	F 1%
G 4.85%	H 1.6%	I 1.6%
J 1%	K 1%	L 1%

Standard	Reduced	Deferment
D 9.4%	E 4.85%	F 1%
G 4.85%	H 1.6%	I 1.6%
J 1%	K 1%	L 1%

Standard	Reduced	Deferment
F 9.4%	G 4.85%	H 1.6%
I 1.6%	J 1.6%	K 1.6%
L 1%	M 1%	N 1%

*NI contributions should be shown on the payslip net of NIC rebates where applicable

Class 1A
Paid by Employer only on most taxable benefits at 12.8%
Payment due no later than 19 July following end of tax year in which the benefits were provided.

Class 1B
Paid by Employer only due on PAYE Settlement Agreements (PSAs) at 12.8%
Payment due no later than 19 October following end of tax year in which the benefits were provided.

Class	2009/10	2010/11
Class 2 flat rate for self-employed	£2.40	£2.40
Class 2 small earnings exception per year	£5,075	£5,075
Special Class 2 rate for share fishermen	£3.05	£3.05
Special Class 2 rate for volunteer development workers	£4.75	£4.85
Class 3 Voluntary	£12.05	£12.05
Class 4 lower profits limit per year	£5,715	£5,715
Class 4 upper profits limit per year	£43,875	£43,875
Class 4 rate between lower profits limit and upper profits limit	8%	8%
Class 4 rate above upper profits limit	1%	1%

Minimum average earnings	2009/10	2010/11
Standard rate	£95.00	£97.00
Standard rate	£79.15	£79.15

Minimum average earnings	2009/10	2010/11
Standard rate	£95.00	£97.00
Standard rate	90% of average earnings	90% of average earnings
Higher rate	Lesser of £123.05 and 90% of average earnings	Lesser of £124.88 and 90% of average earnings

Statutory Paternity Pay (SPP)

	2009/10	2010/11
Minimum average earnings	£95.00	£97.00
Standard rate	Lesser of £123.05 and 90% of average earnings	Lesser of £124.88 and 90% of average earnings

Statutory Adoption Pay (SAP)

	2009/10	2010/11
Minimum average earnings	£95.00	£97.00
Standard rate	Lesser of £123.05 and 90% of average earnings	Lesser of £124.88 and 90% of average earnings

The new rates of SMP, SPP and SAP are payable in the first full payment week starting on or after 4 April 2010

National Minimum Wage

	October 2009*
Adult Rate (22 and over)†	£5.80
Development rate (including 18-21 year olds)	£4.83
Under 18 but over compulsory school age	£3.57
Accommodation offset	Daily £4.51 Weekly £31.57

*From 1.1.09 tips, service charges and gratuities can no longer be included in national minimum wage pay
†The adult rate will be applicable from age 21 from October 2010

Income Tax

Income Tax Bands

	2009/10	2010/11
Basic rate: 20%	£0-£37,400	£0-£37,400
Higher rate: 40%	Over £37,400	£37,401-£150,000
Additional rate: 50%	N/A	Over £150,000

Income Tax Personal and Age-Related Allowances

	2009/10	2010/11
Personal allowance (age under 65)	£6,475	£6,475
Personal allowance (age 65-74)	£9,490	£9,490
Personal allowance (age 75 and over)	£9,640	£9,640
Married couple's allowance* (age 75 and over)	£6,965	£6,965
Married couple's allowance* - minimum amount	£2,670	£2,670
Income limit for age-related allowances	£22,900	£22,900
Blind person's allowance	£1,890	£1,890

Pension Schemes Allowances

	2009/10	2010/11
Annual Allowance	£245,000	£255,000
Lifetime Allowance	£1,750,000	£1,800,000

Childcare Vouchers

	2009/10	2010/11
Weekly limit	£55.00	£55.00
Monthly equivalent	£243.00	£243.00

CHANGES TO THE NATIONAL MINIMUM WAGE

The National Minimum wage rates are set to rise from October 2010:

- 21 and over £5.93
- 18 to 20 £4.92
- 16 to 17 £3.64
- Apprentices under 19 years £2.50
- Apprentices over 19 but in 1st year £2.50

Note: The adult rate has been extended to start at 21 instead of 22, it is important you check all staff are on the correct rates. Also they have introduced an apprentice rate.

If there are any topics you would like us to cover in our newsletter please drop us a line.

Enquiries: If there are any areas you would like to discuss further or have any queries, you can contact Rico Liverani, Managing Director or Sherree Patterson, Office Manager on 0191 5147009 we look forward to hearing from you, DCS Payroll.