



## Changes Affecting Payroll April 2023

## Taxation

### Emergency Tax Code 1257L

#### Tax Rates (England, Wales & NI)\*

**Basic Rate:** 20%  
**Higher Rate:** 40%  
**Additional Rate:** 45%

#### Tax Thresholds (England, Wales & NI)\*\*

**Basic:** up to £37,700  
**Higher:** from £37,701 to £125,140  
**Additional:** above £125,140

#### Tax Rates (Scotland)

**Starter:** 19%  
**Basic:** 20%  
**Intermediate:** 21%  
**Higher:** 42%  
**Top:** 47%

#### Tax Thresholds (Scotland)

**Starter:** £0 - £2,162  
**Basic:** £2,163 - £13,118  
**Intermediate:** £13,119 - £31,092  
**Higher:** £31,093 - £125,140  
**Top:** above £125,140

\* There will be no change to the Welsh tax thresholds for 23/24; they will continue to use the same rates and thresholds as England and Northern Ireland.

\*\* those earning over £100,000 will see their personal allowance reduced by £1 for every £2 earned over £100,000

## National Insurance Thresholds

The Class 1 NIC thresholds for 2022/23 and 2023/24 are as follows:

NICs Thresholds	Tax Year	Weekly	Fortnightly	Four-weekly	Monthly	Annual
Lower Earnings Limit (LEL)	22/23	£123	£246	£492	£533	£6,396
	23/24	<b>£123</b>	<b>£246</b>	<b>£492</b>	<b>£533</b>	<b>£6,396</b>
Primary Threshold (PT)	22/23	£190	£380	£760	£823	£9,880
	From July 23/24	£242	£482	£964	£1,048	£12,570
Secondary Threshold (ST)	22/23	£175	£350	£700	£758	£9,100
	23/24	<b>£175</b>	<b>£350</b>	<b>£700</b>	<b>£758</b>	<b>£9,100</b>
Freeports Upper Secondary Threshold (FUST)	22/23	£481	£962	£1,924	£2,083	£25,000
	23/24	<b>£481</b>	<b>£962</b>	<b>£1,924</b>	<b>£2,083</b>	<b>£25,000</b>
Upper Secondary Threshold (UST) U21 U25 Apprentices (AUST)	22/23	£967	£1,934	£3,867	£4,189	£50,270
	23/24	<b>£967</b>	<b>£1,934</b>	<b>£3,867</b>	<b>£4,189</b>	<b>£50,270</b>
Upper Earning Limit (UEL) Veterans Upper Secondary Threshold (VUST)	22/23	£967	£1,934	£3,867	£4,189	£50,270
	23/24	<b>£967</b>	<b>£1,934</b>	<b>£3,867</b>	<b>£4,189</b>	<b>£50,270</b>

## NIC Rates for 2023/24

Please note all NIC rates increase by 1.25% for 23/24

Employee		Employer	23/24
Earnings up to LEL	<b>NIL</b>	Earnings up to LEL	<b>NIL</b>
Earnings between LEL and PT	<b>0%</b>	Earnings between LEL and ST	<b>0%</b>
Earnings between PT and UEL	<b>12%</b>	Earnings between ST and UEL	<b>13.8%</b>
Earnings above UEL	<b>2%</b>	Earnings above UEL	<b>13.8%</b>
Certificate of Election	<b>5.85%</b>	Earnings between ST and AUST	<b>0%</b>
Deferment	<b>2%</b>	Earnings between ST and VUST	<b>0%</b>
		Earnings between ST and FUST	<b>0%</b>
		Earnings above UST, AUST, and VUST	<b>13.8%</b>
<b>Self Employed Class 4</b>		Earnings above FUST	<b>13.8%</b>
Earnings between PT and UEL	<b>9%</b>	Class 1A	<b>13.8%</b>
Earnings above UEL	<b>2%</b>	Class 1B	<b>13.8%</b>

## Statutory Payments

### SSP:

With effect from 6<sup>th</sup> April 2023, the weekly rate of SSP will increase to £109.40

### SMP, SAP, SPP, SHPP & SPBP:

With effect from the first Sunday in April (2nd), the weekly rate will increase to £172.48 or 90% of employees' average earnings, whichever is lower.

### Parental Bereavement pay and leave:

With effect from 6<sup>th</sup> April, there is a day one right for all employees to take a 'reasonable' amount of unpaid time off work to deal with an emergency involving a dependant.

All parents in employment will also have a day one right to two weeks statutory leave if they lose a child under the age of 18 or have a stillbirth from 24 weeks of pregnancy.

There is also a right to two weeks Statutory Bereavement Pay if they lose a child under the age of 18

Growth Partners will action all relevant statutory payment uplifts as part of our new tax year preparation.

## National Minimum Wage

Growth Partners will uplift all minimum wage rates automatically as part of the new tax year procedure.

Effective date	1-Apr-22	1-Apr-23
Apprentice Rate	£4.81	£5.28
Workers above compulsory school leaving age, but under 18	£4.81	£5.28
Workers aged 18 to 20	£6.83	£7.49
Adult Workers aged 21 - 22	£9.18	£10.18
National Living Wage (23 & over)	£9.50	£10.42

Care should be taken to ensure that deductions from employees do not bring them below the NMW rate.

Any NMW underpayments should be recalculated using the current rates once discovered, not the rates in the year of the underpayment.

## Student Loans / Post Graduate Loans

The Student Loan / Post Graduate loan threshold for 2023/24 are as follows:

Plan 1	£22,015
Plan 2	£27,295
Plan 4	£27,660
PG Loan	£21,000

Earnings over the threshold will attract student loan deductions at a rate of 9%. Post Graduate loan deductions at a rate of 6%

## Childcare Vouchers

As a result of an Employment Appeal Tribunal (EAT) between Peninsula and Donaldson, the EAT has concluded that childcare vouchers form remuneration, and as such, unless there is a contractual mention of childcare vouchers being continued during maternity leave, the employer has no obligation to continue vouchers during any SMP only period of maternity.

The EAT also stated in guidance of this decision that “advice should be taken before amending any existing maternity policy or benefit schemes that are in place but the EAT decision provides an opportunity to reconsider any such schemes.”

## Tax-Free Childcare

Employees who are not benefiting from the tax relief via an employer’s childcare voucher scheme can open a tax-free childcare account.

Parents open an online account per child, and for every 80p the parents contribute, the Government will top this up with 20p, up to a maximum of £2,000.

Eligibility to join the scheme is 0-12 years of age ending in the September following the child’s 11<sup>th</sup> birthday (16<sup>th</sup> birthday for disabled children)

The Government have created a website to explain and assist parents in making the right decision for their personal circumstances: [www.childcarechoices.gov.uk](http://www.childcarechoices.gov.uk)

## Termination of Payments

Termination payments that exceed the £30,000 tax free threshold will be taxable on the employee.

In addition to this, the balance over £30,000 will be subject to employers Class 1A National Insurance.

The Class 1A National Insurance will be reported and paid in real time and will therefore be added to the monthly P32 produced by Growth Partners.

## Post-Employment Notice Pay (PENP)

In operation since April 2018, when calculating the taxable and non-taxable aspects of a termination payment, the below calculation should be used as per HMRC instruction to ensure the taxable value has been calculated correctly.

It does not apply, and does not need to be used in the following circumstances:

- If the lawful notice due is worked
- If the lawful notice is paid as employee is on gardening leave
- If there are no termination payments other than taxed items such as PILON, holiday pay or bonus, or untaxed items such as statutory redundancy pay

((BP X D) / P) - T			
BP	D	P	T
The employees basic pay in respect of the last pay period of employment before the trigger date	The number of calendar days in the post-employment notice period	The number of calendar days in the employees last pay period (employers may substitute 30.42 (365 / 12) as the value where this is to advantage to the employee when the employee is paid in equal monthly instalments)	Any payment of benefit received in connection with the termination of employment

## Pay Date vs Pay Day

With the implementation of Universal Credits and payment dates having a possible effect on employees' benefits, Growth Partners can confirm that we will not be altering the pay date for payrolls that fall on the weekend or a bank holiday.

The date on the payslip will be the date the employee was meant to be paid, regardless of when the payment is actually made.

## P11Ds and Payrolling Benefits

The deadline for all P11D input to be with Growth Partners for processing is 30.04.23. You have been sent a template for this - if not please request this from your contact.

From April 2016, employers could choose to process the benefits provider to their employees through the payroll. If you would like to use this service for 23/24 you must register before the start of the new tax year. For more information please see the link below:

<https://www.gov.uk/guidance/paying-your-employees-expenses-and-benefits-through-your-payroll>

If you would like to move over to payrolling benefits please advise us by 27/03/23 so that we can register for this service.

## Holiday Pay Enhancement

Following the result from several case law rulings from 2014 onwards, and the Good Work plan, many employers have begun to calculate an enhancement to holiday pay based on a variety of payments made to employees including overtime, bonuses, commission and shift.

All the cases specifically relate to the 4 weeks paid annual leave as set out in the original Working Time Regulations and exclude the additional 1.6 weeks (and any other contractual holidays on top of this).

The four weeks must be calculated in accordance with the tests laid down in the ECJ case law, whereby holiday pay is based on 'pay that is normally received'.

With effect from April 2020 for England, Scotland & Wales, the holiday pay should be calculated on the average pay over the previous 52 weeks worked prior to the holiday. This could entail looking back to a maximum of 104 weeks if there have been unpaid periods during the 52-week reference period.

## Sources

The Payroll Centre Annual Update 2023

[www.cipp.org.uk](http://www.cipp.org.uk)

[www.gov.uk](http://www.gov.uk)