



Payroll - Important changes from April 2019 for you and your employees

National Living Wage (NLW) & National Minimum Wage (NMW)

NMW and NLW rates are set to increase from 1st April 2019 and will affect 2.4 million workers throughout the UK. The new rates are as follows:

	Worker age	Current rate per hour (until 1st April 2019)	New rate per hour (from 1st April 2019)
NLW	25+	£7.83	£8.21
NMW	21 - 24	£7.38	£7.70
	18 - 20	£5.90	£6.15
	16 - 18	£4.20	£4.35
	Apprentice rate	£3.70	£3.90

The new rate will apply to the next pay reference period that begins on or after the date a rate increase begins, or when an employee moves into a new age bracket.

Automatic Enrolment Increases

The minimum contributions paid into auto enrolment workplace pension schemes are set to increase from 6th April 2019. It is vital that employers with staff in such pension schemes ensure the minimum amounts are paid.

The table below outlines the minimum contributions:

Date	Employer minimum contribution	Staff contribution	Total minimum contribution
Current rate: 6 April 2018 to 5 April 2019	2%	3%	5%
New rate: 6 April 2019 onwards	3%	5%	8%

It is a legal requirement that the minimum contributions are met – employers must pay their minimum contribution (rising to 3%) and employees make up the rest. If, however, you as an employer choose to pay the total minimum contribution, your staff needn't contribute.

A few exemptions do apply:

- If you (as an employer) are already paying the total revised minimum contribution
- If you don't have any staff in an automatic enrolment pension scheme
- If you're using a defined benefits scheme

If Smith Cooper payroll provide you with the auto enrolment services, we will automatically apply the increases to ensure you remain compliant, otherwise it is your responsibility to ensure these changes are implemented.

The amount paid may vary, depending on the type of scheme implemented, it's rules and any reliefs that apply. We therefore advise that you get in touch with your pensions provider or speak to one of our dedicated experts should you have any queries.

Personal Tax Threshold Increase

Effective from 6th April 2019, the Personal Allowance thresholds – the amount you can earn before paying income tax - are increasing:

- Basic rate threshold increasing to £12,500 (from £11,850)
- Higher rate threshold increasing to £50,000 (from £46,350)

Student Loans

The earnings threshold before you begin repaying a student loan are set to rise from 6th April:

- Student loans pre - 2012 £18,935 (from £18,330)
- Student loans post - 2012 £25,725 (from £25,000)

New for 2019-20

The government have announced amendments to two types of Postgraduate student loans – a Postgraduate Master's Loan (PML) and Postgraduate Doctoral Loan (PDL - New)

Like any other student loan, both are intended to help with study costs and living costs. Interest is charged from the date you receive the first loan payment, and is repayable at the following rates:

- 6% for students in England and Wales, earning over £21,000
- 9% for students in Scotland and Northern Ireland, earning over £18,330

Both the PML and PDL are repayable in addition to any existing student loans repayments.

Itemised payslips

From 6th April, employers will have to provide itemised payslips, documenting hours worked. The change is intended to improve transparency, particularly for employees who work varied hours.

Payslips must show either:

- The combined number of hours worked
- Itemise the types of work completed and corresponding rates of pay

Payroll legislation and ever-changing regulations can be difficult to navigate. But this is where our specialist payroll bureau can help – we provide a holistic range of payroll services around your needs, and ensure your employees' salaries are cared for, in house, on time.

If you would like to speak to one of our dedicated experts, please get in touch today.

Get in touch

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