

UK tax year 2021/22

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Fiscal decisions at Budget 2021

- Freeze the personal allowance at 2021/22 levels for five years
 - More people will be 40% taxpayers and pay the High Income Child Benefit charge
 - Affects Scotland too as it's not devolved
- Freeze the UEL/AUST and UST at 2021/22 levels for five years
 - Conversely more NICs payable at 2% not 12%
 - No commitment on what will happen with LEL and primary/secondary thresholds: LEL did not increase for 2021/22
- Freeze the pensions' lifetime allowance at £1,073m
 - More people will need to take protection and won't be able to be auto-enrolled
- NICs holiday for veterans and next year Freeports

SSP & statutory payments

- Lots of discussions about the level of sick pay as a deterrent to self-isolating
- SSP was supposed to be reformed after Dame Carol Black's review in 2011
- Currently rebate has no end date for SMEs and no end to SSP being payable from day 1 once a PIW is formed
- How to drive take up of Shared parental pay – it isn't about sharing!
- Review paternity pay to see if that would drive take up
- Statutory parental bereavement pay Northern Ireland in 2022? New P60 May 2021
- Neonatal pay in 2023

Student loans

- Did you operate all the switch notices to introduce Plan 4 from April 2021?
- Have you introduced the amended new starter checklist?:
<https://bit.ly/3n0DDuI>
- Do you understand the default rule if there's more than one undergraduate plan?

RTI 2021/22

- Goodbye to the early year update – yippee!
- Make sure that the off payroll worker marker (OPW) is set for IR35 cases
 - It is not used by the PSC when they pay themselves only the deemed employer
- Complex solution when the consultant wants to generate statutory payments for themselves through their PSC: <https://bit.ly/3ao4YBC>

National minimum wage

- Top rate now age 23 and 24
- Remember the national minimum wage increase counts as an “Alabaster” pay rise
- New approach to compliance via regulations in April 2020
- Still a significant focus on for ‘the use and benefit of the employer’

COVID-19 Benefit-in-kind easements

- Homeworking allowance/relief
- Business equipment used at home
- Business equipment reimbursed
- Christmas parties & gifts
- Catering at work
- COVID-19 tests at work
- Bicycle schemes when no cycle to work journeys

Benefits in kind 2020/21

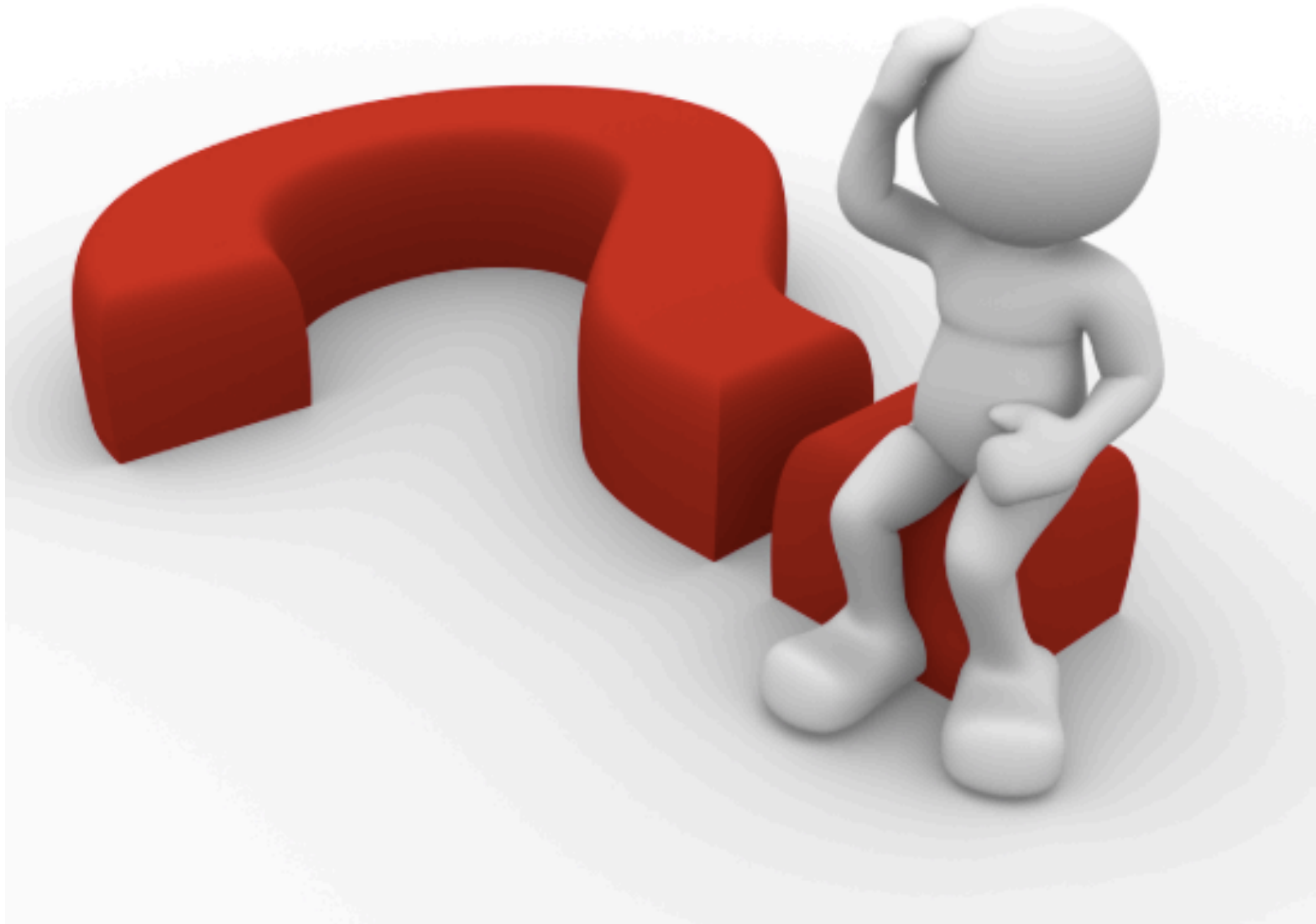
- Company car changes
 - Fully electric cars drop to 0% whenever registered (electric vans not until 2021/22)
 - Hybrid electric cars to 50g/km new rates & need to record mileage on one charge too
 - Still diesel supplement unless RDE2
- COVID-related benefits
 - Taxis to work – unless in PSA
 - Refunds of medical insurance
- No changes to benefits that can be payrolled

End of OpRA transitional provisions

- The new OpRA (salary sacrifice) rules came into effect on 6th April 2017
- For those with school fees, some company cars and living accommodation **and** agreement dated pre 6.4.17 there was a final transition to 5.4.21
 - If nothing has changed in the interim
- So could be increase hike in tax and NI from 6.4.21

Example

- Employee chose a car over a car allowance of £500 per month in April 2017, agreement signed on 30.3.17
- The car cost £22,000 and had emissions of 22%
- For tax years 2017-2020 gross P11D value calculated based on list price x emissions only, but for 2021/22... we do a comparison...
 - Value 1: *Modified cash equivalent* $£22,000 \times 22\% = £4,840$
 - Value 2: *Salary foregone* $£500 \times 12 = £6,000$
 - So Value 2 is higher and would be reportable on the P11D
 - The £6,000 will only be reduced if the employee makes any contribution for private use out of net pay or has any capital contribution or unavailability reduction
 - If Value 1 was higher we would then revert to a normal P11D calculation



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