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Global Payroll Association Presents

United Kingdom

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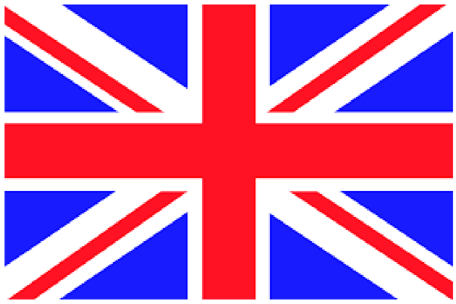
United Kingdom

A Brief Country Overview and Payroll Highlights

A brief country overview:

The United Kingdom is made up of Great Britain (which is in itself made up of England, Wales, and Scotland) and Northern Ireland and has a population of over 61.7 million. It is the 3rd largest economy in Europe after Germany and France. The UK lies between the North Sea and the Atlantic Ocean. The UK is an active member of the EU, although it chose to remain outside the Economic and Monetary Union. The City of London is a world Centre for financial services.

Key Country facts



Official Language: English
Currency: Sterling (GBP)
Country dial code: +44
Country abbreviation: GB
Statutory filing payment methods: Electronic Filing

Fiscal Year: 6 April – 5 April

Time Zone: UK Greenwich Mean Time (GMT)

Annual filing Deadline:

5th April – Final Full Payment Submission returns to HMRC, or 19th April for corrections
19th April – Final Employer Payment Summary returns to HMRC
31 May – P60 summary of pay to employees
6 July – P11D & P11d(b)
6th July – PSA
6 July – Form 42 & Form 35

National Minimum Wage:

From 1 October 2015:

- the adult rate will increase by 20 pence to £6.70 per hour
- the rate for 18 to 20 year olds will increase by 17 pence to £5.30 per hour
- the rate for 16 to 17 year olds will increase by 8 pence to £3.87 per hour
- the apprentice rate will increase by 57 pence to £3.30 per hour
- the accommodation offset increases from the current £5.08 to £5.35

This is the largest real-terms increase in the National Minimum Wage since 2007, and more than 1.4 million of Britain's lowest-paid workers are set to benefit.

Public Holidays in United Kingdom

Holidays in the United Kingdom			
2016	**2017**	**Holiday**	**Holiday Type**
1st January	1st January	New Year's Day	Public Holiday
2nd January*	2nd January*	Day after New Years Day	Scottish Public Holiday
17th March***	17th March***	St Patricks Day	NI Public Holiday
25th March	14th April	Good Friday	Public Holiday
28th March**	17th April	Easter Monday	Public Holiday
2nd May	1st May	Early May bank holiday	Public Holiday
30th May	29th May	Spring bank holiday	Public Holiday
13th July***	12th July***	Battle of the Boyne	NI Public Holiday
3rd August*	7th August*	Summer Holiday	Scottish Public Holiday
31st August	28th August	Summer bank holiday	Public Holiday
30th November*	30th November*	St. Andrews Day	Scottish Public Holiday
25th December	25th December	Christmas Day	Public Holiday
26th December	26th December	Boxing Day	Public Holiday

All Holidays apply to England and Wales – see below for Scotland and Northern Ireland variations

***Scotland Only**

****Does not apply in Scotland**

***** Northern Ireland Only**

Business and culture in the United Kingdom

What you need to know about processing payroll in the United Kingdom

Establishing as an Employer in the United Kingdom

All limited companies must be registered with Companies House. You can do this online as long as the organisation is limited by shares and uses standard articles of association. If your company is based overseas you need to contact UKTI (UK Trade and Investment) for advice.

Employment

Usually adult workers cannot be forced to work more than 48 hours a week on average (normally averaged over 17 weeks). Workers can work more as long as the average over 17 weeks is less than 48 hours per week. Certain jobs, such as armed forces, are not covered by the working time limits. Workers aged 18 or over who wish to work more than 48 hours a week, can choose to opt out of the 48 hour limit.

Working hours are commonly 9am -5pm Monday to Friday, however there are many exceptions to this and certain industries apply 24/7 shift patterns. There are many laws included in the Working Time Directive, which include the right to apply for flexible working patterns.

For over 900 years, The Tower of London has been standing guard over the capital. As a Royal Palace, fortress, prison, place of execution, arsenal, Royal Mint, Royal Zoo and jewel house, it has witnessed many great events in British history. The Tower of London was originally built by William the Conqueror, following his successful invasion of England in 1066. The Tower of London is perhaps better known as a prison. The prisoners would be brought, via the river, from Westminster where they would have been tried and crowds would wait on the river bank to find out the verdict to see if they would be treated to the spectacle of a public execution. The executioner, with his long sharp axe would stand behind the accused on the boat. If the accused was guilty he would point his axe towards the victim and if not guilty he would point it away. People knew that if found guilty there would be a public execution 48 hours later. Today the Tower of London houses the **Crown Jewels** and is open to the public as a museum.

Getting down to business

Visas and work permits in the United Kingdom

The Tier 1 General Visa is a replacement for the previous Highly Skilled Migrant Programme (HSMP). This visa gives the individual the right to work without the employer needing to sponsor the work permit. This has the advantage of giving the Tier 1 Visa holder freedom of movement in the job market, including the right to establish a business or work on a freelance basis.

Equally, the employer of a Tier 1 Visa holder does not need to register with the Home Office and is not subject to audits by the Home Office as a consequence of employing a non-EEA national.
Tier 2 Visas are issued for those holding a Certificate of Sponsorship. This is similar to the old Work Permit system where a Work Permit would be issued and the individual would then apply for Entry Clearance or Further Leave to Remain.

The main difference between the Tier 2 category of the Points Based System and the old Work Permit system is that the employer must register with the Home Office and is then responsible for issuing their own Certificate of Sponsorship (Work Permit). The employer must do this correctly - failure to do so could result in fines and the potential revocation of previously approved Tier 2 Visas (work permits).

Tax & Social Security

Tax

Income Tax allowances table	2016/17	2015/16
Personal allowance those born after 5.4.1938	£11,000	£10,600
Personal allowance those born before 6.4.1938	£11,000	£10,660
Married couple's allowance* (born before 6.4.35)	£8,355	£8,355
Married couple's allowance* - minimum amount	£3,220	£3,220
Income limit under 65 allowance	£100,000	£100,000
Income limit for married couple’s allowance those born before 6.4.1935	£27,700	£27,700
Blind person’s allowance	£2,290	£2,290

*the tax relief on the married couple's allowance is given at the rate of 10 per cent.

Each resident in the UK is normally given a value of free pay, which they can earn before the start to pay tax. There are some variations to this based on age but the standard rate from October 2015 is £10,600 per annum. Where residents earn above £100,000 per annum their personal allowance reduces on a sliding scale until the earnings are reached, or there is no allowance left.

Income tax bands

	2016/17	2015/16
Basic rate: 20%	£0 - £32,000	£0 - £31,785
Higher rate: 40%	£32,000 - £150,000	£31,785 - £150,000
Additional rate: 45%	Over £150,000	Over £150,000

Social security

National Insurance (NI) in the United Kingdom is a system of contributions paid by workers and employers towards the cost of certain state benefits. It was initially a contributory system of insurance against illness and unemployment, and later also provided retirement pensions and other benefits.

National Insurance Contributions (NICs) are paid by employees and employers on earnings, and by employers on certain benefits-in-kind provided to employees. The self-employed contribute partly by a fixed weekly or monthly payment, and partly on a percentage of net profits above a certain threshold. Individuals may also make voluntary contributions, in order to fill a gap in their contributions record and thus protect their entitlement to benefits. Contributions are collected through the PAYE system, along with Income Tax and repayments of Student Loans.

When you come to work in the UK you have to register for a National Insurance number and immediately start paying National Insurance contributions in the UK on the same basis as other people who normally live and work here. There are some age related exceptions to some employee and/or employer contributions.

The rate of Class 1 National Insurance you will pay depends on which national insurance category you belong to. For most employees this is 12% on earnings between the Earnings Threshold up to the Upper Earnings Limit and 2% thereafter; for employers it is 13.8% on all earnings above the Earnings Threshold.

Employee tax and National Insurance

If you have a foreign employer and there is no other business in the UK responsible for operating National Insurance, you will be required to pay Class 1 employee National Insurance directly to HM Revenue & Customs (HMRC). You should contact your local HMRC office and ask about opening a Direct Payment scheme. An employer in another Member State of the European Economic Area (EEA), with an employee in the UK paying UK National Insurance, is not treated as being a foreign employer but as being registered and having a place of business in the UK for National Insurance purposes. That employer should deduct National Insurance.

National Insurance Contributions 2016/17 Class 1 limits and thresholds

Pay Frequency	Lower Earnings Limit	Primary Threshold (PT)	Secondary Threshold (ST)	Upper Accrual Point	Upper Earnings Limit
Weekly	**£112.00**	**£155.00**	**£156.00**	**£827.00**	**£827.00**
Monthly	**£486.00**	**£672.00**	**£676.00**	**£3,583.00**	**£3,583.00**
Annual	**£5,824.00**	**£8,060.00**	**£8,112.00**	**£43,000.00**	**£43,000.00**

Classes of other NI and deduction values

Class	2016/17	2015/16
Class 1A	13.8%	13.8%
Class 1B	13.8%	13.8%
Class 2 Flat rate for self-employed	£2.80	£2.80
Class 2 small profits threshold per year	£5,965	£5,965
Special Class 2 rate for share fishermen	£3.45	£3.45
Special Class 2 rate for volunteer development workers	£5.60	£5.60
Class 3 Voluntary	£14.10	£14.10
Class 4 lower profits limit per year	£8,060	£8,060
Class 4 upper profits limit per year	£43,000	£42,385
Class 4 rate between lower profits limit and upper profits limit	9%	9%
Class 4 rate above upper profits limit	2%	2%

Tax reporting year

The tax year in the United Kingdom is the calendar year from 6 April to 5 April.

Payslips

Employers must provide employees with a payslip each month. Each month, the payslip should include a detailed list of all deductions to the employee's salary including taxes, social insurance and voluntary contributions. It is now becoming more common to provide electronic access to payslips to employees in the UK.

Compliance

You must report your payroll information - which includes all employees' pay, tax and deductions - to HM Revenue & Customs (HMRC) each time you pay them. This must include payments on standard paydays, and any additional payments or amounts recovered from the employee. You need to report the payment details of all employees you pay, no matter how much you pay them - even those earning below the Lower Earnings Limit (LEL), or those paid just once a year.

There are other reports you will need to send in various other situations, for example if you want to recover statutory payments, you pay expenses or benefits, or provide a car.

You report your payroll information by submitting Full Payment Submissions (FPS) and Employer Payment Summaries (EPS). You also use an EPS to tell HMRC if you have not paid any employees in a pay period and have no return to make. These submissions and other returns and reports are sent electronically by your payroll system to HMRC.

Number of pay periods: 12, 24, 26 and 52 (53 in some cases i.e. because it was a leap year or and the Easter holiday period falls near the end of the tax year).

Employer Registration

Starting a business requires a long decision-making process, from the type of business to the type of legal structure. Business start-ups can be registered as sole traders, limited companies or business partnerships. Each option will require different tax documents. If employees are hired then there will be tax documents submitted for each worker, and employee taxes must be paid by the employer.

The choice of business type is also determined by the responsibility a business owner wishes to personally take for their business. Depending on the business structure, liability in business can translate into liability as the owner. For this reason, incorporating a company in order to separate personal and business finances is often a popular choice.

There is a self-assessment form available to register a business partnership. The form tells the United Kingdom which tax returns need to be submitted and the responsibility of the owners to pay these taxes. Each year the personal self-assessment tax return, income tax, and national insurance report will need to be submitted by the elected partner. Any losses and bills for the business will need to be recorded.

Sole Trader - Legally the same documentation needs to be kept for a sole trader in order to show the sales, spending, bills, profit and losses a business makes. Any employee wages also need to be recorded. The difference is that the sole trader is the only one responsible for making payments.

Limited Company - There are a couple of forms of limited companies, including a partnership option. A limited company refers to the liability of finances and taxes being solely the responsibility of the company and not the individuals owning the company. There are a host of legal responsibilities for limited companies, especially if there are multiple shareholders. This company will pay a corporation tax rather than a self-employed tax.

Starters/Registration

Employer Information required includes;

- Proof of entitlement (which must be recorded) to work in UK plus basic information such as name, date of birth, gender, address.
- If applicant is from outside the EEA then a Points Based System operates and the employer must be registered as a sponsor. See http://www.ukba.homeoffice.gov.uk/workingintheuk/ for more information
- Forms Completed and Registration with Authorities – P45 (issued by previous employer) or P46 (issued by new employer).

Leavers/De-registration

Employer Information required includes;

- Forms and Returns/Deregistration – P45 submitted to HMRC with copies to be issued to the employee.
- Tax Concessions may apply in the case of redundancy.
- Special rules apply to late payments if paid after issuing a P45

Data Retention

Employers are obligated to retain the following documents, either in hard copy or electronic media, for a minimum period of 7 years (i.e. 6 years plus the current tax year):

- Payroll Journal; and
- Original payroll input documents
- Payroll reports

Statutory Absence/Payments

Annual leave

Almost all workers are legally entitled to 5.6 weeks' paid holiday per year (known as statutory leave entitlement or annual leave).
An employer can include bank holidays as part of statutory annual leave.
Self-employed workers aren't entitled to annual leave.
Most workers who work a 5-day week must receive 28 days' paid annual leave per year. This is calculated by multiplying a normal week (5 days) by the annual entitlement of 5.6 weeks.
Part-time workers are also entitled to a minimum of 5.6 weeks of paid holiday each year, although this may amount to fewer actual days of paid holiday than a full-time worker would get.
People working irregular hours - eg shift work or term-time work.
Statutory paid holiday entitlement is limited to 28 days. Staff working 6 days a week are only entitled to 28 days' paid holiday and not 33.6 days (5.6 multiplied by 6).
An employer can choose to include bank holidays as part of a worker's statutory annual leave.
An employer can choose to offer more leave than the legal minimum. They don't have to apply all the rules that apply to statutory leave to the extra leave. For example, a worker might need to be employed for a certain amount of time before they become entitled to it.

Other aspects of holiday entitlement

Workers have the right to:

- get paid for leave
- build up ('accrue') holiday entitlement during maternity, paternity and adoption leave
- build up holiday entitlement while off work sick
- choose to take holiday at the same time as sick leave

Maternity leave

Qualifying employees are entitled to a Statutory Maternity / Adoption leave of 52 weeks. This is made up of made up of:
'Ordinary Leave' - first 26 weeks
'Additional Leave' - last 26 weeks
You don't have to take 52 weeks but you must take 2 weeks' leave after your baby is born (or 4 weeks if you work in a factory). Many of the employee's employment rights are protected during the leave period.

From April 2015 statutory maternity and adoption leave or pay can be exchanged for SPL (Shared Parental Leave), after the minimum leave period is taken.

Statutory Maternity, Paternity, Adoption, Additional Paternity and Shared Parental Pay (SMP/SPP/SAP/APP/shPP)

Statutory Maternity Pay (SMP)

	2016/17	2015/16
Minimum average earnings	£112.00	£112.00
Higher rate	90% of average earnings	90% of average earnings
Standard rate	Lesser of £139.58 or 90% of average earnings	Lesser of £139.58 or 90% of average earnings

Statutory Paternity Pay (SPP) and Statutory Shared Parental Pay (ShPP)

	2016/17	2015/16
Minimum average earnings	£112.00	£112.00
Standard rate	Lesser of £139.58 or 90% of average earnings	Lesser of £139.58 or 90% of average earnings

Statutory Adoption Pay (SAP)

	2016/17	2015/16
Minimum average earnings	£112.00	£112.00
Higher rate	90% of average earnings	90% of average earnings
Standard rate	Lesser of £139.58 or 90% of average earnings	Lesser of £139.58 or 90% of average earnings

The new rates of SMP, SPP, ShPP and SAP are payable in the first full payment week starting on or after 3rd April 2016. The new rate for SSP begins on 6 April 2016.

Paternal leave

Qualifying employees are entitled to 1 -2 weeks paternity leave with the right to request an additional 26 weeks additional paternity leave or pay (until April 2015 when Shared Parental Leave replaces APL).

Sickness

Employers are responsible for paying statutory sick pay (SSP) to employees who are absent from work due to sickness or disability. SSP is due for 4 or more day's sickness for the first 28 weeks the employee is off work, in any linking period.

Entitlement to SSP does not depend on the sick employee's National Insurance contribution record.

The SSP scheme does not affect an employee's right to occupational sick pay but SSP can be offset against any occupational sick pay payable for the same period. Where the occupational sick pay is greater than the SSP, the employer only has to pay the rate of occupational sick pay. If the SSP is greater than the occupational sick pay, the employer will pay the rate of SSP. Both SSP and occupational sick pay are taxable and no monies paid can be reclaimed from the government, unlike other statutory payments.

Statutory Sick Pay (SSP)

	2016/17	**2015/16**
Minimum average earnings	£112.00	£112.00
Standard rate	£88.45	£88.45

Benefits

Pensions

Workplace pension/Pension reforms

Wide ranging work-based pension reforms have been phased in from October 2012, aimed at encouraging more people to save for their retirement.

The work-based pensions reforms require auto-enrolment into pension schemes. Where there is no existing staff pension, employers will either need to set up a suitable 'qualifying scheme' or find one in the marketplace, including NEST, the National Employment Savings Trust, a new trust-based occupational scheme set up by the Personal Accounts Delivery Authority (PADA). The responsibility for enrolling employees into the chosen scheme(s) and collecting and paying over contributions will fall on employers. Employers already providing pension schemes will need to ensure they are 'qualifying schemes', which may require changes to their schemes and contributions arrangements.
Phasing in from October 2012, starting with the largest employers (based on size of PAYE group), all employers will be required to:

- provide one or more 'qualifying schemes', which can include the National Employment Savings Trust known as 'NEST'
- provide information to all staff, for example telling 'eligible jobholders' that they are being automatically enrolled and have the right to opt out (NB employers cannot encourage staff to opt out or discriminate against potential employees on the grounds that they are likely not to opt out.) Other categories of staff must be told about the chosen scheme and about their right to opt in.
- automatically enroll all 'eligible jobholders'
- pay a minimum employer contribution on each eligible jobholder's band of 'qualifying earnings' and collect and pay over the employee's contribution which will also be phased in gradually until it reaches 4% from 2017 (with an additional 1% tax relief making total minimum contributions of 8% as from October 2018)

- register with the Pensions Regulator
- maintain adequate records, and
- repeat this auto-enrolment process every three years, for jobholders who have opted out.
  Definitions
  A 'worker' is a wider category than just employees and can include some contractors or agency workers. As a general rule, if you have to pay the national minimum wage to someone they are a worker.
  An 'Eligible jobholder' is a worker:
- earning above a certain amount or 'trigger' (currently proposed to be £7,475);
- aged between 22 and state pension age; and
- working, or ordinarily working, in the UK.

A non-eligible jobholder is between 16 and 75 and earning at least £5,715, but less than the £7,475 trigger.
An entitled worker is between 16 and 75 and earning less than the lower contributions limit of £5,715.
Minimum employer contributions will be 1% until all employers are staged in (originally scheduled to be October 2016 but now postponed until October 2017, when it will increase to 2% and then 3% from October 2018). Minimum contributions will be based on a band of gross annual 'qualifying earnings', currently £5,715 to £38,185 per annum, which includes salary, commission, bonuses and overtime.
'Qualifying schemes' can include Defined Contribution (DC), Defined Benefit (DB), personal pensions and contract-based, work-based personal pensions such as GPPs, provided they satisfy the quality criteria prescribed in the Pensions Act 2008, which set a minimum standard for the level of contributions made or the level of benefit provided.

It will be an offence for employers to encourage staff to opt out or to discriminate against potential employees on the grounds that they are likely not to opt out.

What should employers be doing to prepare?
Find out your 'staging date' - In November 2011, the Government extended the timetable for automatic enrolment to give small businesses longer to prepare and recover from the current difficult trading conditions. In January 2012, the Government released more information on the new staging dates, as follows:

- Businesses with 250 or more staff should continue with their preparations unaffected, as their staging date (on or before 1 April 2015) remains unchanged (
- Businesses with 50-249 staff will have a staging date between April 2014 and April 2015. The Government will consult on the exact timetable early in 2012.
- Businesses with fewer than 49 staff will now begin to be staged in between June 2015 and April 2017, instead of the previous timing (which would have started during 2014). These small employers will be split between:
  - those with 30 or more staff (who will be staged between August 2015 and October 2015), and
  - those with fewer than 30 (who, apart from a test tranche in June 2015, will not be staged until January 2016)

  The details of how these staging dates will be allocated to the above in two categories of small employers is to be consulted on by DWP early in 2012
- If your PAYE scheme has fewer than 50 employees then this means that the earliest you will be hit by these reforms is June 2015, and you could be staged in as late as April 2017, but you still need to plan and budget for how you will comply with your new duties. Employers that are part of a group should beware, as the whole group will be staged in together, meaning they will be staged in early (at the same time as the largest PAYE group). Any seasonal businesses who are allocated a date during the peak of their

activity can bring forward their staging date to avoid dealing with the additional administration and employee communications/queries at their busiest time of year.

- Assess your workforce. Not all employees are covered by the new duties and there are different requirements for different categories of employees, so you should make sure you know which duties you owe to each category of workers (see definitions box above for description of categories). 'Entitled workers' will only be entitled to receive information and opt in (with employee contributions only). 'Non-eligible jobholders' will be entitled to opt in and get employer contributions. 'Eligible jobholders' must be automatically enrolled with employer contributions, and must be told they can opt in during any waiting period, and that they can opt out once they've been enrolled. Staff will be categorised as at your staging date, but you should do an initial assessment in advance so that you can prepare – you can carry out a basic assessment of your workforce using TPR's interactive tool (see link below)'.
- Choose a 'qualifying scheme(s)' and/or amend existing arrangements. If you do not already offer a staff pension, you can find one in the market place or use NEST, which has a public interest function and is obliged to accept all employers. If you have existing pension arrangements for some or all staff, you can continue with that provided it is a 'qualifying scheme'. The scheme must cater for automatic enrolment – which means that employees must be put straight into the scheme and cannot be required to make any choices, fill out any forms or even sign anything in order to join – this is likely to require changes to existing staff pension arrangements. Adjustments to contributions levels (or to pensionable earnings if these are restricted to basic pay rather than 'qualifying earnings') may also be needed to ensure the minimum amounts are met, and any existing waiting periods may need to be shortened if they exceed three months, unless additional feeder or foundation schemes are to be used.
- If you need to amend your existing pension arrangements this is likely to require consent from staff and/or trustees (or insurer/provider for contract-based schemes) so these changes will take time and should be begun sooner rather than later.
- Plan communication with your employees. As mentioned above, entitled workers and non-eligible jobholders will be entitled to receive information about opting in, and your eligible jobholders must be told they can opt in during any waiting period, and that they can opt out once they've been enrolled. Staff may also need to be informed or consulted about changes to your existing scheme. Some employers may reduce costs by offering more than one scheme, for example, continuing a more generous one for higher earners and setting up a different one for lower earners or part time/temporary employees. However, care will be needed when communicating this to staff as this 'two tier' approach could be perceived badly – so communicating choice of scheme itself may need careful consideration and planning.
- Review your business software and payroll system. You will need to pay employer contributions, and deduct employee contributions and also refund contributions to staff who opt out (see below). You are therefore likely to need to invest in new or upgraded payroll systems and software (which will need to cope with refunding contributions to employees who opt out), and this needs to be included in your budget forecasts. You will also need to keep records of staff who opt out, and monitor the ages and/or earnings of jobholders so that you are aware of when they change their category and thus have different entitlements.

As from your 'staging date'…

… you will need to start providing information to staff, auto-enrolling your staff and providing information to each of your chosen pension schemes about those being enrolled into that scheme. You will therefore need to have a procedure in place for auto-enrolling staff and dealing with opt-ins and opt-outs.

Employers are allowed to impose a waiting period of up to three months (both on initial 'staging in', and for each employee taken on going forward). This will be useful as it will remove the duty to enrol very short term employees, and will help reduce the administrative burden for employers with a high turnover of staff. It will also enable employers to align enrolment periods with pay periods, so they don't have to deal with partial contribution periods.

Employees are then auto-enrolled at the end of any such waiting period, and they have about 4-6 weeks within which to opt out. If they do so within this time, they are treated as if they were never a member of the scheme. However, their contributions will likely have already been taken before such opt-out, and therefore refunds will become due and your payroll system will need to cope with this.

Registration with tPR

Employers must register online with the Pensions Regulator within four months of their staging date to confirm they have fulfilled their obligations, giving information about the pension scheme(s) they are using and how many people they have enrolled into it. Employers will be able to use agents for the registration process.

Ongoing obligations

New employees, triennial re-enrolment and record keeping…

Each new employee that you take on must either be auto-enrolled (or told they can opt in, if they are a non-eligible jobholder or entitled worker), and every three years employers must also re-enrol any staff who have opted out. There is a six month window for such re-enrolment. Seasonal businesses that have peaks of activity should consider this when deciding on a re-enrolment date in order to avoid the burden of additional administration during busy periods.

Employers will be required to keep records in respect of those who opt out (records must be kept for at least six years). In addition, employers will also need to monitor employee ages (if under 22) and earnings, because these employees will need to be auto-enrolled and/or provided with relevant information when they turn 22 or if their earnings increase above the earnings thresholds.

Further information

The Pensions Regulator website has information for employers and advisers, including detailed guidance explaining the new auto-enrolment duties.

State Pension

The new State Pension will be a regular payment from the government that you can claim if you reach State Pension age on or after 6 April 2016.

You'll be able to get the new State Pension if you're eligible and:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

If you reach State Pension age before 6 April 2016, you'll get the State Pension under the current scheme instead.

You can still get a State Pension if you have other income like a personal pension or a workplace pension.

The full new State Pension will be £155.65 per week.

Your National Insurance record is used to calculate your new State Pension.

You'll usually need 10 qualifying years to get any new State Pension.

The amount you get can be higher or lower depending on your National Insurance record. It will only be higher if you have over a certain amount of Additional State Pension.

You may have to pay tax on your State Pension.

You don't have to stop working when you reach State Pension age but you'll no longer have to pay National Insurance. You can also request flexible working arrangements.

Other Deductions from Pay

As well as deductions for tax and national insurance, employers may have to make deductions from the employees pay for other mandatory reasons. The employer must deduct these and does not need to obtain written permission from the employee first. These may include:

- Court Orders
- Deduction from earnings orders
- Orders for Child Maintenance

The employer may also offer the facility for voluntary deductions for 3rd parties for items such as trade union subscriptions and charitable giving. The employer must first obtain the employees written authorisation before they can commence these deductions.