



Tax Year 2020/21 and Budget 2020

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THE FRIENDLY FACE
OF **HR & PAYROLL**

Agenda



- **Rates and Allowances 2020/21**
- **Payroll Issues**
 - **Benefits-in-kind**
- **HR Issues**
- **Pension Issues.**

Rishi Sunak
Chancellor of the Exchequer



Rates and Allowances

United Kingdom

Rates and Allowances 2020/21

An overview of payroll-related rates and allowances for tax year 2020/21

- **Income Tax**
- **NICs**
- **Statutory Payments**
- **Company Cars and Vans**
- **Student Loans**
- **National Minimum Wage**
- **Workplace Pensions / AE**

Which Tax Code to Use?
Tax Year 2020/21

Income Tax



- **Personal Allowances**

- **Unchanged at £12,500**
- **Marriage Allowance unchanged**
- **Others (like Married Couple's) increased**



- **Rates and thresholds**

- **Basic Rate Limit unchanged at £37,500 (rUK)**
- **rUK rates unchanged (20, 40 and 45%)**
- **Scottish thresholds changed**
 - **Implemented 11 May 2020.**



Employment Allowance Reform



- **Value**

- **£4,000 in 2020/21**

- **All EA entitlements cease 06 April 2020**

- **Employers with Secondary Class 1 NICs more than £100K excluded and cannot claim from 2020/21**

- **(Connection – unchanged)**

- **Others can reclaim the EA in 2020/21 BUT**

- **Employment Allowance treated as De Minimis State Aid.**

Employment Allowance Reform



- **Employment Allowance (Excluded Persons) Regulations 2020**
- **HMRC**
 - **Policy Paper 24 January 2020**
 - **Gov.UK guidance 10 February 2020**
- **BEIS State Aid Manual**
- ***'Employment Allowance Reform'* from HMRC**
 - **To be sent to attendees.**



Company Car Taxation



- **Finance Bill 2020**
- **The Worldwide Harmonised Light Vehicles Test (WLTP)**
 - **Two sets of appropriate percentages:**
 - One for cars registered on or after 06 April 2020
 - One for cars registered before 06 April 2020
 - **1 – 50 CO2 band split into 5 bands according to ‘electric range’**
 - **51 – 94 CO2 split into 9 bands**
- **Increased administration and data gathering**
 - **See draft legislation and HMRC Policy Paper.**



Termination Payments



- **NIC (Termination Awards and Sporting Testimonials) Act 2019**
 - **For termination payments paid on or after 06 April 2020**
- **Ers NICs treatment aligned with ee's tax treatment**
 - **For termination awards £30,000 +**
- **Real-time Class 1A NICs**
 - **Declared via RTI, paid with other liabilities**
- **HMRC Policy Paper 30 November 2018.**



Bereavement Leave and Pay



- **Parental Bereavement Leave and Pay Act 2018**
 - **Parental Bereavement Leave Regulations 2020.**
 - **Parental Bereavement Pay (General) Regulations 2020**
 - **New statutory right to 2 weeks of leave**
 - **From day 1**
 - **For bereavements of children under 18 on or after 06 April 2020**
- 1. Who is a parent?**
 - 2. Flexibility re 2 weeks?.**



Off-Payroll Working / IR35



- **A worker engaged through an intermediary**
 - **Such as a Personal Service Company (PSC)**
 - **Essentially, is an employee but for the PSC**
 - **Previously paid off of the payroll now must be paid through the payroll and classed a 'deemed employee'**
 - **Tax, NICS and AL only**
- **Finance Bill 2020.**



Payroll – look out



- **Homeworking Allowance increase from £4 to £6 (20/21)**
- **Welfare Counselling Regs 2020 (20/21)**
 - **Access to more counselling which will be regarded as ‘medical treatment’ and tax exempt if provided by employers**
- **New Starter Checklist on Gov.UK (version 03/20)**
- **Use the correct SSP1 in Great Britain (version 01/19)**
- **Neonatal Leave and Pay in Great Britain (21/22?)**
- **Employers NICs ‘holiday’ for Veterans (21/22?)**
- **Student Loan Plan 1 (Scotland) (21/22?).**

Payroll and HR look out



- **Provision of employment particulars a day 1 right**
 - **The Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2018 and**
 - **The Employment Rights (Misc Amendments) Regulations 2019**
- **Holiday pay reference period where a worker has variable remuneration is 52 weeks prior to the first day of holiday**
 - **BEIS guidance dated March 2020.**



Pensions

- No workplace pensions changes
 - Yet!



Pensions Tax Relief		
	2019/20	2020/21
	£	£
Lifetime Allowance	1,055,000	1,073,100
Annual Allowance	40,000	40,000
Tapered Annual Allowance	10,000	4,000
Money Purchase Annual Allowance	4,000	4,000

Payment Date versus Payday

1. The payment date

- Declared on the FPS
- The date that someone is contractually entitled to be paid (or is regularly paid)
- Helps regulate UC Assessment Period with the DWP

2. The payday

- Not on the FPS
- The date that someone is paid
- FPS must be sent to HMRC on or before the payday.



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Thank you



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