

GoldPay

Legislation Guide

April 2020

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Dear Customer

All standard rates and parameters for Tax/NI/Statutory Payments/Pensions etc have been updated (as required) in the payroll software for the 2020/2021 tax year, as have the standard reports.

This guide details other legislation resulting in possible changes to the payroll software. For details of what changes have been applied, please see the Release Notes on the Ibcos website **Help** section.

Statutory Parental Bereavement Pay

The Parental Bereavement (Leave & Pay) Bill has received Royal Assent, becoming the Parental Bereavement (Leave and Pay) Act 2018. Under this Act, employees will be entitled to two weeks' leave following the death of a child, which (subject to meeting the relevant criteria) will be paid at the statutory rate. This new act comes into effect from April 6th, 2020 (Tax Year 2020/2021).

Bereaved parents will be entitled to at least two weeks' leave following the death of a child under the age of 18, or if they suffer a stillbirth from 24 weeks of pregnancy. The leave must be taken within 56 weeks, and whereas statutory sick pay has qualifying days, these do not apply to statutory parental bereavement leave.

Points

- 26 weeks continuous service required
- Rate is the same as statutory paternity and shared parental pay £151.20 per week
- Leave can be taken in one block or in two separate blocks of one week
- Leave must be taken within a 56-week window following the child's death – this allows the parent to use the statutory leave for things such as anniversaries. Notice requirements will be flexible in order that leave can be taken without prior notice
- A copy of the death certificate is not required by employers as evidence

Off Payroll Working

Off-payroll working rules are more commonly known as IR35. This legislation allows HMRC to collect additional payments, where a worker provides their services through an intermediary to another person or entity. The intermediary in this case is another individual, a partnership, an unincorporated association or a company. Off-payroll working rules are changing from 6th April 2020.

From 6th April 2020, all public sector clients and medium or large private sector clients will be responsible for deciding a worker's employment status. This includes some charities and third section organisations.

If the off-payroll working rules apply, the fee payer (the public authority, agency or other third party who is responsible for paying the worker's intermediary) must:

- Calculate a deemed direct payment to account for employment taxes associated with the contract
- Deduct those taxes from the payment to the worker's intermediary
- Report taxes deducted to HMRC through RTI, Full Payment Submission (FPS)
- Pay the relevant NICs

Here are some useful links with further HMRC guidance on Off-payroll working:

- [Understanding-off-payroll-working-ir35](#)
- [Fee-payer-responsibilities-under-the-off-payroll-working-rules](#)
- [Private sector off-payroll working for intermediaries](#)
- [Public sector off-payroll working for clients](#)
- [Preparing-for-changes-to-the-off-payroll-working-rules-ir35](#)

Deemed Direct Payment

The deemed direct payment is the amount paid to the worker that should be treated as earnings for the purposes of the off-payroll rules.

To calculate the deemed direct payment, you must:

1. Work out the value of the payment to the worker's intermediary, having deducted any VAT due
2. Deduct the direct costs of materials that have, or will be used in providing their services
3. Deduct expenses met by the intermediary, that would have been deductible from taxable earnings if the worker was employed
4. The result is the deemed direct payment. If this is nil or negative, there is no deemed direct payment

Employment Allowance

Off-payroll Workers' NI Liability cannot be offset against employment allowance. For instance:

- Company has 10 workers who are all off-payroll workers. The NI liability is £3,500. Employment Allowance claimed would be zero
- Company has 10 workers where 5 are off-payroll workers and 5 are employees. The NI liability is £3,500 - £2,000 from off-payroll workers and £1,500 from employees. The Employment Allowance in this instance would be £1,500

Income Tax and National Insurance contributions

Termination Payments

From April 2020 employers are required to pay Class 1A NICs on any part of a termination payment exceeding the £30,000 threshold, reported via the Full Payment Submission. Payments in lieu of notice (PILONs) are now all taxable and subject to Class 1 NICs.

Sporting Testimonial Payments

From April 2020, HMRC have introduced new rules applicable to the treatment of sporting testimonial income.

Income Tax is due on income from all sporting testimonial and benefit match events. The Government has agreed a one-off tax-exempt amount and therefore Tax and Class 1A is due on income over £100,000.

A sportsman could qualify for a one-off tax exemption amount of £100,000 on the income received if:

- They are an employed sportsperson
- They are a previously employed sportsperson and the testimonial relates to that employment
- The testimonial or benefit match is non-contractual or non-customary
- The events are held during a single testimonial or testimonial year
- The events are organised or controlled by an independent person (normally a testimonial committee)
- There has been no previous testimonial income to which the exemption is applied

For further information on Sporting Testimonial Income please see the [HMRC Guidance](#).

System Parameters

We have added the Termination payment and Sporting Testimonial thresholds for tax and NI to the system parameters. The thresholds for 2020/2021 are:

- Termination Payments £30,000
- Sporting Testimonials £100,000

Car Benefit Calculation

Ultra-Low Emission Vehicles (ULEV) are vehicles that emit below 75g of carbon dioxide (CO₂) for every kilometre travelled.

From April 2020, 11 new bands for Ultra-Low Emission Vehicles (ULEVs) in the 0-75g CO₂/km bracket have been introduced.

This change incentivises the cleanest cars, using the most advanced technologies beyond 2020-2021. Some of the new bands will be based on the 'zero emissions miles' capability of the car. This distinguishes between ULEVs with different plug-in hybrid technologies and improved battery range, thus focussing incentives on the very cleanest cars that allow most journeys to be zero emissions. The aim of this is to support the transition to improving air quality and protecting the environment using cleaner, zero and ultra-low emission cars.

From April 2020, the Government has introduced Worldwide Light Testing Procedure (WLTP) to replace the New European Drive Cycle (NEDC) emissions figures for company car tax purposes (in relation to cars registered on or after 6th April 2020). It is a more robust test of vehicles aiming to be more representative of real-world driving conditions.

Car and Fuel Benefits 2020-2021 NEDC

CO₂ Emissions

C0 ₂ (g/km)	Zero Emissions (Miles)	(%)	C0 ₂ (g/km)	(%)	C0 ₂ (g/km)	(%)
0	N/A	0	70-74	19	120-124	29
1-50	>129	2	75-79	20	125-129	30
1-50	70-129	5	80-84	21	130-134	31
1-50	40-69	8	85-89	22	135-139	32
1-50	30-39	12	90-94	23	140-144	33
1-50	<30	14	95-99	24	145-149	34
51-54		15	100-104	25	150-154	35
55-59		16	105-109	26	155-159	36
60-64		17	110-114	27	160+	37
65-69		18	115-119	28		

Add 4% to a maximum of 37% for Diesel Cars, but not Diesel cars meeting RDE2 standard

Car and Fuel Benefits 2020-2021 WLTP

CO₂ Emissions

CO ₂ (g/km)	Zero Emissions (Miles)	(%)	CO ₂ (g/km)	(%)	CO ₂ (g/km)	(%)
0	N/A	0	70-74	17	120-124	27
1-50	>129	0	75-79	18	125-129	28
1-50	70-129	3	80-84	19	130-134	29
1-50	40-69	6	85-89	20	135-139	30
1-50	30-39	10	90-94	21	140-144	31
1-50	<30	12	95-99	22	145-149	32
51-54		13	100-104	23	150-154	33
55-59		14	105-109	24	155-159	34
60-64		15	110-114	25	160-164	35
65-69		16	115-119	26	165-169	36
					170+	37

Add 4% to a maximum of 37% for Diesel cars, but not Diesel cars meeting RDE2 standard

Examples

Registered before 6th April 2020

CO ₂ (g/km)	Zero Emissions	List Price/£	Fuel Type	%	Days Available	Cash Equivalent
0	N/A	23,000	Not Diesel	0	365	0
1-50	135	23,000	Not Diesel	2	365	460
1-50	129	23,000	Not Diesel	5	365	1,150
1-50	15	23,000	Not Diesel	14	365	3,220

54	N/A	23,000	Not Diesel	15	365	3,450
110	N/A	36,000	Diesel	31	335	11,160

Registered after 6th April 2020

CO ₂ (g/km)	Zero Emissions	List Price/£	Fuel Type	%	Days Available	Cash Equivalent
0	N/A	23,000	Not Diesel	0	365	0
1-50	135	23,000	Not Diesel	0	365	0
1-50	129	23,000	Not Diesel	3	365	690
1-50	15	23,000	Not Diesel	12	365	2,760
54	N/A	23,000	Not Diesel	13	365	2,990
110	N/A	36,000	Diesel	29	335	10,440

Employment Allowance

Employment Allowance allows certain businesses in the UK, who employ workers, to reduce their annual National Insurance Contributions by up to £4,000.

Following reforms, from 2020/2021 Employment Allowance will be limited to businesses and charities with an Employer National Insurance Contributions bill below £100,000 for the previous tax year.

There are some restrictions, regardless of the size of the company. You cannot claim Employment Allowance if:

- You are the director and the only employee paid above the Secondary Threshold (ST)
- You employ someone for personal, household or domestic work, unless they are a care or support worker
- You are a public body or business doing more than half your work in the public sector, unless you are a charity
- You are a service company working under 'IR35 rules' and your only income is the earnings of the intermediary (such as your personal service company, limited company or partnership)

From tax year 2020/2021, if you are already claiming Employment Allowance, you will be required to confirm if you are continuing to claim.

From 2020/2021, an EPS must now be sent in month 1 to notify HMRC you are claiming Employment Allowance or that your status has changed.

If you are claiming Employment Allowance, you are also required to notify HMRC of the relevant de minimis state aid option from:

- De minimis state aid does not apply
- Agriculture
- Fisheries and Aquaculture
- Road Transport
- Industrial

If de minimis state aid rules apply to your business, you must make sure that receipt of the full £4,000 allowance in the claim year (when added to any other de minimis State aid already received or allocated in the claim tax year and the previous 2 years) would not result in you exceeding the de minimis State aid threshold for your trade sector(s)

Student Loan Thresholds

The annual thresholds have been updated in line with legislation for 2020/2021.

- Plan Type 1 increased from £18,935 to £19,390
- Plan Type 2 increased from £25,725 to £26,575
- Postgraduate Student Loans remains at £21,000

Average Holiday Pay

From April 2020, the Government has announced that the period for calculating Average Weekly Earnings for holiday pay is increasing from 12 weeks to 52 weeks, or 3 months to 12 months.