

# Payroll Newsletter



July 2009

Issue 1

## Welcome !

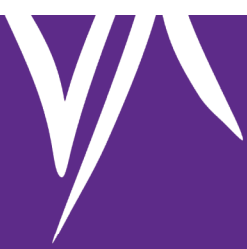
I was appointed as Payroll & Financial Services Officer on 1st July 2009. I would like to introduce myself to anyone who does not know me ! I will be producing a quarterly payroll newsletter on payroll legislation changes and updates on topical payroll issues. If you have any topics or issues which you would like to see printed, please give me a call on 01226 320119 or email me at [Deborah.Hollingsworth@vabarnsley.org.uk](mailto:Deborah.Hollingsworth@vabarnsley.org.uk). I am also aiming to run some payroll related workshops for groups who are interested. These may cover areas such as basic payroll, Statutory Payments and obligations to HMRC.

I hope that these newsletters will prove to be helpful and informative.  
Debbie Hollingsworth



Voluntary Action Barnsley  
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### National Minimum Wage



#### Background and Penalties

This was introduced in 1999 as part of the new Labour government's desire to improve the financial situation of lower paid workers. Ten years on, it is an established concept and is accepted and adhered to by most employers. However, for those employers not adhering to it, there can be a high price to pay. For underpayments made on or after 6th April 2009, there is a penalty of 50% of the total amount of National Minimum Wage underpaid. The minimum penalty is £100 and maximum penalty £5000. Employers who fully comply with their notice of underpayment will receive a 50% discount on their penalty.

#### Increases in the National Minimum Wage

From 1st October 2009, the new rates for National Minimum Wage are as follows:

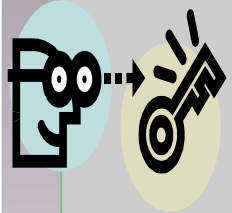
<b>Adults (22+)</b>	<b>£5.80</b>
<b>18-21</b>	<b>£4.85</b>
<b>16-17</b>	<b>£3.57</b>

The government estimates that more than a million workers will benefit from these changes. From 2010, the government will also change the age of the adult rate from 22 years old to 21 years old. This will benefit many people who now fall into the £4.85 rate.

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### Understanding Tax codes



Your 'PAYE Coding Notice' tells you what your tax code is and how it's worked out. The tax code tells your employer or pension provider what tax-free income you're entitled to (if any) over the tax year and, as a result, how much tax to take off your income before they pay you. This system of collecting tax is called PAYE (Pay As You Earn).

From April 2009, for anyone with a tax code ending in 'L', had an increase in their personal allowance by £440 per year. This is shown through your tax code. For example, those employees with tax code 603L changed to 647L. The code 647L means that an individual has a personal allowance of £6475 before they start paying tax on their earnings.

You may also have negative amounts showing on your coding notice. These are taken away from your allowances and reliefs. Items that reduce your tax-free amount may include:

- ◆ Taxable income/state benefits/state or other pensions that you already receive without tax taken off.
- ◆ Taxable company benefits that you receive without tax taken off.
- ◆ Unpaid tax that you owe.

The total value of the items that reduce your tax-free amount is taken away from the total value of your allowances and reliefs in order to correct the balance between the following:

- ◆ What income you're **entitled** to receive without paying tax.
- ◆ What you've **already received** or are **already receiving** without tax taken off.
- ◆ By subtracting the items that reduce your tax-free amount HMRC try to make sure that you pay the right amount of tax during the tax year.



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### Filing Online

Key dates—From 6th April 2010 most employers will have to file their 2009-2010 Employer Annual Return (P35 and P14's) online by 19th May 2010. This WILL affect those employers who have less than fifty employees who are not already filing online. Failing to do this may result in a penalty being charged.

If you cease as an employer during 2009-10, you may still be able to file your return on paper, provided that you do so before 5th April 2010.

Employers with nine or fewer employees may be able to use their employer CD Rom to file their returns online .

From 6th April 2011, most employers will be required to file their in-year starter and leaver forms (p45, P46) online.

### Registration process for Filing Online

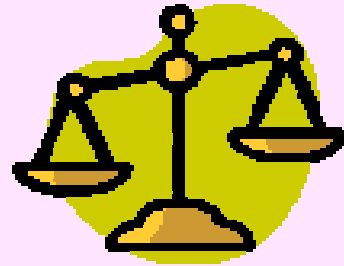
If you want to file online using HMRC's free online service, you will need to register with HMRC and activate your service within 28 days of receiving your PIN number in the post. The steps involved in the registration process are explained clearly in the following HMRC web link: <http://www.hmrc.gov.uk/paye/file-or-pay/fileonline/intro/register.htm>

Towards the end of the year I intend to run a 'filing online' workshop, which should assist most people with the transition to online filing and the process involved. This should allow plenty of time for groups to register, ready for the year end. We can also discuss the possibility of VAB processing your online filing for a charge if this is something groups are interested in.

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### Redundancy Payments to Increase



In the light of the current economic climate, Alistair Darling has set out proposals to increase Statutory Redundancy Payments. The date the change will take effect is 1st October 2009, in line with the government's aim to introduce new business legislation in April and October each year.

Statutory redundancy payments are required to be paid by the employer, but are subject to a legal minimum amount. This amount depends on: The employee's age, their length of service and their weekly pay.

In calculating the employee's weekly pay, employers can currently disregard pay in excess of £350 per week. Under the current proposals, this limit will be increased to £380 per week. The changes will increase the possible maximum amount of Statutory Redundancy pay to £11400 from £10500.

This change will clearly have additional cost implications for employers, but employers should be wary of making quick decisions on redundancies in order to avoid making the increased payments. This is because:

- ♦ Small cost savings should not influence you to make quick decisions, which may be detrimental to your business/organisation.
- ♦ There are strict rules on consultation prior to making any employee redundant. The potential costs of getting these wrong far outweigh the additional redundancy payments.



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### Community Accountancy Service—New to VAB



Voluntary Action Barnsley's new Community Accountancy Service provides support and advice to groups on all aspects accounting and finance. We can help with book keeping, financial controls, accounts preparation and year end independent examination of accounts. We can also provide training and support on a one to one or group basis.

As well as offering practical advice and support on how to handle finance, we could also potentially save groups money on expensive accountancy fees.

For more information, please contact Angela Hayes on 01226 320116 or e-mail [angela.hayes@vabarnsley.org.uk](mailto:angela.hayes@vabarnsley.org.uk).

### Other Advice Provided by VAB

Please see the list of VAB contacts overleaf for other services offered by the Advice Team at Voluntary Action Barnsley.

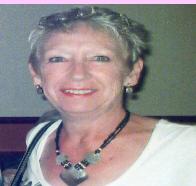


# The Advice Team



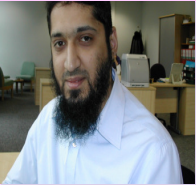
**Nigel Middlehurst**  
**External Services Manager**

Nigel is responsible for all VAB external services and manages the advice team. You can contact Nigel on: 01226 320115 or [Nigel.middlehurst@vabarnsley.org.uk](mailto:Nigel.middlehurst@vabarnsley.org.uk)



**Ann Moffat**  
**Senior Organisation Advisor**

Ann is responsible for supporting community and voluntary groups in developing/drafting governing documents, policies, procedures and legal structures. Ann also supports groups with induction/training for trustees. You can contact Ann on 01226 320114 or [Ann.Moffat@vabarnsley.org.uk](mailto:Ann.Moffat@vabarnsley.org.uk)



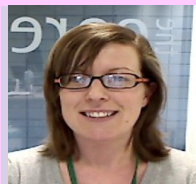
**Shokat Hayat**  
**Business Advisor HR & Legal**

Provides advice and support for voluntary and community groups on all aspects of HR policies and procedures. You can contact Shokat on 01226 320113 or [Shokat.hayat@vabarnsley.org.uk](mailto:Shokat.hayat@vabarnsley.org.uk)



**Angela Hayes**  
**Community Accountant**

Supports social enterprises and community groups all aspects of accounting and financial management. You can contact Angela on 01226 320116 or [Angela.hayes@vabarnsley.org.uk](mailto:Angela.hayes@vabarnsley.org.uk)



**Helen Langley**  
**NVQ Centre Manager**

Helen coordinates the NVQ Centre at Voluntary Action Barnsley and is currently working with 40 candidates towards achievement of their NVQs in Business, team leading and management. You can contact Helen on 01226 320109 or [Helen.langley@vabarnsley.org.uk](mailto:Helen.langley@vabarnsley.org.uk)



**Deborah Hollingsworth**  
**Payroll & Financial Services Officer**

Runs a payroll service for voluntary and community groups and provides advice and guidance on payroll and finance issues. You can contact Deborah on 01226 320119 or [Debbie.hollingsworth@vabarnsley.org.uk](mailto:Debbie.hollingsworth@vabarnsley.org.uk)



INVESTORS IN PEOPLE