

# Tax Year Updates 2020-2021

Tax rates for employers from 6 April 2020

# Employment Allowance

The employment allowance will change for 2020-2021 tax year to £4,000.

From 6 April 2020 you can only claim EA if your total (secondary) Class 1 National Insurance contributions (NICs) liability is below £100,000 in the tax year before the year of claim.

More than one payroll - Add together the employers (secondary) Class 1 NICs liabilities for each payroll, if you have more than one payroll (in the tax year before your claim).

If the total amount is:

- £100,000 or more you will not be eligible to claim EA
- under £100,000 you should decide which one makes the claim

Connected companies - Where companies are connected, you should add together the total employers secondary Class 1 NICs liabilities for all companies in the group.

If this total is:

- £100,000 or more – none of the connected companies will be eligible to claim EA
- below £100,000 – the group must decide which one company will claim

# Automatic Enrolment

There are no increases or changes to auto enrolment for the 2020-2021 tax year.

## National Minimum Wage

The National Minimum Wage rates will increase effective from 1st April 2020. Please see below table of the new rates.

Age group	National Minimum Wage rates
25+ (National Living Wage)	£8.72 per hour
21-24	£8.20 per hour
18-20	£6.45 per hour
Under 18 (but above the compulsory school leaving age)	£4.55 per hour
Apprentices Under 19	£4.15 per hour
Apprentices aged 19+ (in first year of apprenticeship)	£4.15 per hour

Please ensure your employees are being paid in line with the new rates from April 2020.

If you need to make changes to employee's hourly rates or salaries please inform us prior to your first pay period following 6 April.

We will check the legal minimums are being met where we hold details of the hours worked and hourly rates.

## Statutory Payments

The table below shows the new rates for statutory payments (including statutory sick pay and statutory maternity pay) from April 2020.

Statutory Payment	Rate
SMP (Statutory Maternity Pay)	First 6 weeks @ 90% of Average Weekly Earnings (AWE) Thereafter £151.20 per week (or 90% of AWE, whichever is lower)
SPP (Statutory Paternity Pay)	£151.20 per week (or 90% of AWE, whichever is lower)
SAP (Statutory Adoption Pay)	First 6 weeks @ 90% of Average Weekly Earnings (AWE) Thereafter £151.20 per week (or 90% of AWE, whichever is lower)
SPP (Statutory Sick Pay)	£95.85 per week

## Personal Allowance

The personal allowance will remain at £12,500 per annum from 6 April 2020.

If an employee has full personal allowance, their tax code will be 1250L

Emergency tax codes will be 1250L W1, 1250L M1, or 1250L X.

## UK Tax Rates

The below table shows the tax rate bands effective from 6 April 2020 (excludes Scotland).

<b>Basic Rate Tax</b>	20% on annual earnings above the PAYE tax threshold and up to £37,500
<b>Higher Rate Tax</b>	40% on annual earnings from £37,501 to £150,000
<b>Additional Rate Tax</b>	45% on annual earnings above £150,000

## National Insurance rates

The below table shows the National Insurance rate bands effective from 6 April 2020.

<b>NI Thresholds</b>	<b>Per week</b>	<b>Per month</b>	<b>Per month</b>
Lower Earnings Limit	£120	£520	£6,240
Primary Threshold	£183	£792	£9,500
Secondary Threshold	£169	£732	£8,788
Upper Secondary Threshold (under 21)	£962	£4,167	£50,000
Apprentices Upper Secondary Threshold (Apprentice Under 25)	£962	£4,167	£50,000
Upper Earnings Limit	£962	£4,167	£50,000

## Payroll enquiries

Our staff are currently working remotely but will continue to deliver your Payroll Services as normal. Please email [payroll@rfm-more.co.uk](mailto:payroll@rfm-more.co.uk) with any enquiries.

We would prefer that all enquiries are emailed but if it is essential that you speak with someone, please call [01772 431233](tel:01772431233).