

Employment taxes

Changes for the new tax year from 6 April 2020

Employment allowance changes

In the Autumn Budget 2018 the government announced that there would be restrictions on the eligibility for claiming Employment Allowance. New rules will apply from April 2020 and employers should check to see if the new rules will affect their claim.

- Employment Allowance can only be claimed if total qualifying employers (Secondary) Class1 NIC's liability in the previous tax year was less than £100,000.
- For Businesses with multiple PAYE schemes or a part of a group of connected companies then the secondary Class 1 NICs must be combined to assess eligibility.
- Multiple/connected companies must decide which Company/PAYE scheme will claim the employment Allowance.



From 6 April 2020 Employment Allowance will operate as De Minimis state aid. This means that Employment Allowance will contribute to the total aid you are entitled to claim under the relevant de minimis state aid cap in a relevant 3 year period.

De minimis state aid rules apply if your business engages in economic activity. (i.e. providing goods or services to the market).

If your business has received any De Minimis state aid then checks must be put in place to ensure that the relevant threshold for your business sector is not exceeded if in receipt of Employment Allowance.

If we operate/process a payroll on your behalf, it is your responsibility to make our payroll department aware if you have been in receipt of any de minimis state aid.

Further guidance can be found <https://www.gov.uk/guidance/changes-to-employment-allowance>

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Termination payments

Until 5 April 2020, the charge on termination payments in excess of £30,000 is limited to income tax only. New NIC legislation which takes effect from 6 April 2020 dictates that termination payments in excess of £30,000, will be aligned with the current tax treatment and, will attract Class 1A NIC. Unlike the payment of current Class1A NIC liabilities which are paid and reported after the end of the tax year, the new Class 1A NIC on termination payments in excess of £30,000 will be subject to RTI legislation.



Employment law - holiday pay

All workers including agency workers, workers with irregular hours and zero hour contracts are entitled to a minimum 5.6 weeks paid holiday each year.

If a worker has fixed hours and is paid a salary they continue to receive their salary whilst on leave but if workers undertake overtime on a regular basis or work variable hours then holiday pay should be calculated using a reference period. Prior to the 6th April 2020 this would be based on a 12 week average. From 6th April 2020 onwards the reference period will be extended to 52 weeks.

Parental Bereavement Leave and Pay

From April 2020 the Parental Bereavement (Leave and Pay) Act 2018 introduces a statutory right to leave and pay for employed parents.

The act allows all employed parents a statutory right to 2 weeks of leave if they lose a child under the age of 18 or suffer a stillbirth from 24 weeks of pregnancy. Parents will be entitled to this leave irrespective of their length of service.

National Minimum Wage and National Living Wage

The rates from April 2020 will be as follows:-

- £8.72 per hour - 25 yrs old and over
- £8.20 per hour - 21-24 yrs old
- £6.45 per hour - 18-20 yrs old
- £4.55 per hour - 16-17 yrs old
- £4.15 for apprentices aged 16 to 18 and those aged 19 and over who are in the first year of apprenticeship.



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Scottish income tax rates

The rates are to remain the same for the 2020/21 tax year. Any changes will be announced by the government in due course.

For confirmation current rates are as follows:-

Employee Personal Allowance	£240 per week £1,042 per month £12,500 per year
Scottish Starter Tax Rate	19% on annual earnings above the PAYE tax threshold and up to £2,049
Scottish Basic Tax Rate	20% on annual earnings from £2,050 to £12,444
Scottish Intermediate Tax Rate	21% on annual earnings from £12,445 to £30,930
Scottish Higher Tax Rate	41% on annual earnings from £30,931 to £150,000
Scottish Top Tax Rate	46% on annual earnings above £150,000

If you would like further information on any of the above topics or if you have any queries, then please do not hesitate to contact [Dani Burns, Martin Aitken & Co Payroll Manager](#) who will be happy to discuss in more detail.



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