



## Frequently Asked Questions

### What are the current basic tax codes?

The PAYE thresholds (the level of earnings at which tax becomes payable) are:

- £125.00 weekly
- £549.00 monthly

The tax rates are:

- basic rate - 20 per cent up to £37,400
- higher rate - 40 per cent over £37,401

Tax codes starting with a K have a regulatory limit of 50 per cent.

The regulatory limit is specified as a percentage of pay and so on, and restricts the amount of tax to be deducted from the pay in the period. Where, for example, pay in the period is very low and the normal operation of the K code would give rise to a very high tax liability, possibly even exceeding the pay and so on in the period, the overriding regulatory limit will apply.

The emergency tax code is 647L.

### What are current National Insurance Rates?

The following amounts apply for the 2010-2011 tax year for employed persons:

- Earners above £110 a week (the 'earnings threshold') and up to £884 per week (£3656 monthly) pay 11 per cent of this amount as 'Class 1' NICs
- They also pay one per cent of earnings above £884 a week as Class 1 NICs
- They will pay a lower amount as an employee if they are a member of the employer's contracted out pension scheme

Employers NI remains unchanged at 12.8%

### What do I pay for Statutory Sick Pay (SSP)?

The weekly rate of SSP is £79.15 for employees with average weekly earnings of £95 or more (for a maximum of 28 weeks)

The SSP daily rate is the weekly rate of SSP divided by the number of qualifying days in the week and then multiplied by the number of qualifying days of incapacity in the week, rounded up to the nearest penny. For SSP purposes, weeks begin on Sunday and end on Saturday.

### What is the Statutory Maternity Pay (SMP) entitlement?

Women who satisfy the qualifying conditions are entitled to be paid for 39 weeks; 6 weeks @ 90% of pay followed by 33 weeks at the new rate of £124.88 per week, or 90% of pay if lower.

An employee can claim a further 13 weeks maternity leave. There is no obligation to pay for this period.

### Is evidence required for Statutory Adoption Pay (SAP) entitlement?

Employees who are adopting a child and are notified that they have been matched with a child or received official notification that they are eligible to adopt a child from abroad and who satisfy the qualifying conditions are entitled to a maximum of 39 weeks SAP at the new rate of £124.88 per week. This will be recovered @ 92% against NI. (Note: Small employers can recover £104.5%)

The 'matching certificate' from the adoption agency must be provided by the employee.

### What are the Statutory Paternity & Adoption Pay (SPP) rates ?

Entitlement is one or two consecutive weeks - not odd days.

The weekly rate is £124.88.

Employers can claim back 92% of pay against NI. (Note: Small employers can recover £104.5%)

### Are there other family friendly rights?

Parents of young disabled children can request flexible working hours.

### What is the National Minimum Wage and Holiday Entitlement?

Main rate - for employees aged 22 years and over is £5.80 per hour.

Development rate - for employees aged 18-21 and trainees is £4.83 per hour.

Young workers rate - for 16 and 17 year old employees is £3.57 per hour.

With effect from October 2010 these rates will change to £5.93, £4.92 and £3.64 respectively.

Holiday entitlement is 5.60 weeks per year. This can include Bank Holidays.

### What are the rules for payment of tax and NI to the Revenue?

Instructions from the Revenue state that the payment must be cleared into their bank by the 19<sup>th</sup> - not just received. Fines are not mentioned.

### Is there a Government Payroll website I can visit?

Yes – please follow this link: <http://www.hmrc.gov.uk/payee/index.htm>