



Getting Payroll Right

The government's 'Good Work Plan' consultation ended in Autumn last year. Whilst it is difficult to predict what the future may hold for this particular review of employment law one thing is certain...

Complying with payroll issues, from salary to holiday entitlements, payslips to pensions is increasingly important for employers.

Minimum Wage

Since the establishment of the National Minimum Wage (NMW) in 1999, there have been constant changes to both rates and regulations, with perhaps the biggest being the introduction of the National Living Wage (NLW) in 2016.

The minimum wage is paid at an hourly rate, with payment bands depending on age. Special provisions apply to apprentices. The NLW is the minimum wage for those aged 25 and over, whilst the NMW applies to those above school leaving age and individuals aged under 25. Current minimum wage rates are:

Minimum Wage Rate	Hourly Rate From 1st Apr 19
NLW	£8-21
21-24 yrs	£7-70
18-20 yrs	£6-15
16-17 yrs	£4-35
Apprentice	£3-90

Getting minimum wage obligations right can be challenging for employers and failure to pay the minimum wage correctly can lead to penalties.

A notice of underpayment will calculate the arrears of pay to be paid and the penalty set at 100% of the total underpayment, which can be doubled to 200%, unless the arrears are paid within 14 days.



The maximum fine for non payment is £20,000 per worker, and employers who fail to pay will be banned from being a company director for up to 15 years.

Payslips and Holidays

Employees are legally entitled to receive a payslip showing their earnings before and after deductions. However, one in ten

workers are not currently receiving a payslip, according to research from think tank The Resolution Foundation.

The research also showed that around one in 20 workers receive no paid holiday entitlement, despite being legally entitled to at least 28 days' paid holiday a year.

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Administering payroll and complying with the Real Time Information (RTI) regulations can be especially challenging for small and medium businesses with limited resources:-

The creation of customised payslips and the effective administration of PAYE, National Insurance, Statutory Sick Pay, Statutory Maternity Pay and of course the requirement to offer staff workplace pensions which itself is a time-consuming process.

So how can you ensure you get it right?

Take Advice

Talk to an expert; maybe us! As Accountants we spend all our time dealing with these issues so we really do understand all the regulations and legal requirements. Equally importantly, we can help you set up straightforward and easy to use systems that will not just meet the statutory requirements but which will make running your business much easier and give you peace of mind too.

So, if you have any queries on Payroll please do give us a ring and ask; we are always happy to help.

Paul



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business advisors