

GRAINGER & PLATT

ACCA

NEWSLETTER**Employers' Newsletter***Changes to Personal Allowances*

Following the Chancellor's announcement to increase the basic Personal Allowance by £600 to £6,035, new tax codes will be applied, where applicable, on the first payday on or after 7 September 2008.

This has been announced because of the uproar earlier in the year when the Chancellor withdrew the 10% tax band leaving the majority of individuals in the UK out of pocket.

The changes being implemented from 7 September are actually backdated to 6 April 2008 so on the first pay date affected, most people will receive refunds of tax - this adjustment is required to recover the extra tax paid between 6 April and 7 September. Most people will see a small rise in their net pay for pay dates following this which will continue through to April next year.

TAX CODES

The majority of tax codes will increase by 60, for example from 543L to 603L. You may get a new tax code if your current code ends in a letter T or starts with a letter K - these tax codes will be notified individually.

Tax codes BR, D0 and NT will remain unchanged.

HIGHER RATE TAXPAYERS

The extra personal allowance will only benefit basic rate taxpayers because the level at which you start to pay higher rate tax (40%) has been lowered to compensate.

NATIONAL MINIMUM WAGE

With effect from 1 October 2008, the rates of pay per hour under the National Minimum Wage will rise :

Age Group	Now	Was
Over 21	£5.73	£5.52
18 to 21	£4.77	£4.60
16 to 17	£3.53	£3.40

If you need us to make any changes to your payroll as a result of this, please let us know immediately.

REMINDER..!

We would just like to give you all a quick reminder about taking on new employees!!

We recommend that on each new employee's first day of work, a form P46 (Employee without a P45) is completed and signed regardless of whether a P45 is provided.

There are a few reasons for this:

- ⇒ There is more information required for the P46 than the P45 which we would ask you for anyway if you just gave us a P45
- ⇒ An employee can sometimes leave again before giving you a P45 but at least you have a P46
- ⇒ We are required by HMRC to submit one or the other so at the very least we have a P46 to submit

Please help us to help you.....