

UPCOMING EMPLOYMENT LAW CHANGES

In April 2019, new employment laws will force you to change how you work. You'll face hikes in the National Living and National Minimum Wage, bigger pension contributions and a major overhaul to payslips.

NATIONAL MINIMUM WAGE INCREASE

The Chancellor, Philip Hammond, has announced the new increased rates of National Living Wage (NLW) and National Minimum Wage (NMW). The increases will affect 2.4 million workers. These new rates will be effective from 1 April 2019.

From April 2019, minimum pay rates will increase as below.

- NLW (workers aged 25+) — from £7.83 to £8.21 per hour.
- NMW rates:
 - workers aged 21–24 — from £7.38 to £7.70 per hour
 - workers aged 18–20 — from £5.90 to £6.15 per hour
 - workers aged 16–18 — from £4.20 to £4.35 per hour
 - apprentice rate — from £3.70 to £3.90 per hour.

PENSION CONTRIBUTIONS

Pension contributions increase to 8% from 6 April 2019.

Your employee now needs to put at least 5% of their pre-tax salary into their pension. And you have to put in an extra 3% (up from 2% last year).

Or, depending on the rules of your pension scheme (and if you're feeling generous), you can pay the full 8% yourself.

PAYSLIP UPDATES

From 6th April 2019 new legislation around providing payslips comes into effect, under which:

- All employers will be required to provide payslips to all 'workers', and
- Show hours worked on payslips where the pay varies by the number of hours worked

Who is entitled to a payslip?

The statutory right to receive an itemised payslip will extend to all 'workers' from 6th April 2019. Currently, only employees are entitled to payslips.

The status 'worker' is the third category in addition to the traditional definitions of 'employee' and 'self-employed' and a worker could be either of these. The definition of a 'worker' as expressed in the Employment Rights Act 1996, s230(3) is an individual who: "has entered into work under a contract of employment or any other contract, whether express or implied and whether oral or in writing, whereby the individual undertakes to do or perform personally any work or services for another party to the contract whose status is not by virtue of the contract that of a client or custom of any profession or business undertaking carried on by the individual." Workers could include:

- casual work
- agency workers
- freelance work
- seasonal work
- zero hours work

This new right will come into force for pay periods which begin on or after 6th April. A payslip may be provided in either a physical format or an electronic format that the worker can print.

When do I need to show hours on payslips?

You need to show the number of hours on payslips where pay varies by the number of hours worked.

For example, a member of staff who is paid by the hour will need to see the number of hours worked. A member of staff who receives a monthly salary for a set number of hours worked, does not need to see the number of hours they work on their payslips.

The hours can be shown as a single total of hours or can be broken down into separate figures for different types of work or different rates of pay.

This new right will come into force for pay periods which begin on or after 6th April. Some examples are listed overleaf.

Payslip examples

1. A salaried worker with no variable pay

Georgia is contracted to work 35 hours per week at a salary of £35,000.00 per year. She doesn't work overtime and only works 35 hours per week.

Georgia's pay does not vary by the number of hours worked, therefore there is no need to show the number of hours worked on her payslip.

2. A salaried worker with additional overtime pay

Autumn is contracted to work 40 hours per week at a salary of £28,000.00 per year. She sometimes works overtime at a weekend in busier periods.

Autumn's payslip does not need to show the number of hours for which she is paid a salary. However, her payslip does need to show the number of hours she has worked as overtime, as this is variable pay.

3. A worker paid by the hour

Elliott is paid £10.50 per hour and is paid weekly for the number of hours that he has worked.

Elliott's pay does vary by the number of hours worked, therefore all hours which he works each week must be shown on his payslip.

STATUTORY PAYMENTS

The minimum sick pay that you need to give staff who are too ill to work increases from £92.05 to £94.25 per week from the 6th April 2019.

You need to give your worker sick pay if they have been too ill to work for four days or more, and you need to pay it for up to 28 weeks.

The minimum pay you need to give staff on maternity, paternity, adoption or shared parental leave increases from £145.18 to £148.68 per week.

The average earnings that an employee has to make to receive these payments also increases from £116 to £118 per week.

NEW TAX CODE 2019/20

The personal allowance for income tax increases from £11,850 to £12,500 for the 2019/2020 tax year.

The tax codes also increases from 1185L to 1250L from 6 April 2019 and:

- L suffix codes increase by 65.
- M suffix codes increase by 71.
- N suffix codes increase by 59.

If you are in doubt as to a new employee's tax code we advise you check your HMRC online account or contact the HMRC Employers Helpline on 0300 200 3200.