**How will HMRC changes affect my pay?**

**HMRC changes to tax and National Insurance Page Content**

**Tax**

Your tax code is based on your own personal circumstances and there are a number of factors that impact on the amount of tax you pay. HMRC have developed a new online [Personal Tax Account Service](https://www.gov.uk/personal-tax-account) which enables you to manage your personal tax situation through a secure portal.

From April 2020 the standard tax code for an employee is 1250L. This means that each year you can earn £12,500 gross per year before you start to pay tax.

More information on income tax and how this is calculated is available here - <https://www.gov.uk/income-tax>

### **My tax code is 0T - what does that mean?**

This an ‘emergency’ tax code and means that you have no personal tax allowance. If you are a new employee to Bradford Council and you have not supplied a P45 or New Starter Declaration, you will need to contact HMRC.

Typical reasons for being on a 0T tax code are:

* Not providing a P45 or New Starter Declaration (formerly known as P46).
* Selecting statement 'C' on a New Starter Declaration
* Coding notification of 0T received by Bradford Council from HMRC on form P6 or P9.

**My tax circumstances have changed. What should I do?**

Contact HMRC and advise them about your change in circumstances and they will then electronically notify us of your updated tax code.

**Why have I had more tax deducted this week/month than last week/month?**

There could be a number of reasons, including:

* Has your gross pay increased, for example if you have been paid for some overtime?
* Has your tax code changed (note: it is important to advise HMRC when you move so that they can advise you in writing prior to any changes taking effect)? Your tax code is shown on your e-payslip.
* Have you returned from a period of unpaid leave?

### **My tax code is different to my colleague, why?**

Tax codes are unique to individual circumstances, i.e., you may have a second job with another company, be receiving a pension or have under/overpaid tax in a previous year. All these examples would affect your tax code.

### **I believe I have overpaid tax. How can I claim it back?**

You will need to contact HMRC to make a claim for overpaid tax – please go to <https://www.gov.uk/claim-tax-refund> for more information.

### **How do I contact HMRC?**

### **HMRC’s telephone number is 0300 200 3300; further ways to contact HMRC can be found on the GOV.UK website link below:**

### [**https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees**](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees)

**National Insurance**

From April 2018 you will pay National Insurance contributions on earnings over £8,632 per year. Most employees will be on NI Category A with a deduction of 12% on earnings above the lower earnings threshold.

From April 2020 you will pay National Insurance contributions on earnings over £9,500 per year (£183 per week / £792 per month). Most employees will be on NI Category A with a deduction of 12% on earnings above the primary threshold. More information on National Insurance can be found [here](https://www.gov.uk/national-insurance).

### **I am entitled to pay reduced rate NI - How do I start paying the reduced rate?**

This is only relevant to married woman and widows who opted into the scheme to pay reduced NI prior to May 1977. Give your 'certificate of election' - form CA4139, CF383 to your manager if you want to claim your entitlement to pay the reduced rate. If you opted in but don't have your certificate, you can apply for a new one by sending form CF9 (if you're married) or form CF9A (if you're a widow) to HM Revenue and Customs (HMRC).

There are no changes to the reduced rate deduction of 5.85%, however, you can now earn £9,500 per year before paying NI contributions

## **National living wage/Local living wage/National minimum wage**

In April 2020, Bradford Council decided to introduce a **local living wage** of £9.30 per hour to all employees (excluding Apprentices and any schools who have not opted into the living wage scheme).

From April 2020, the **national living wage** has increased to £8.72 an hour for workers aged 25 and older.

The national minimum wage will still apply for workers aged 24 and under, rates for different categories are shown in the table below:

### **National Minimum Wage**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Category of worker** | | **01/04/2019** | | **01/04/2020** | | | | |  |
| Aged 25 and above (national living wage rate) | | £8.21 | | £8.72 | | | | |  |
| Aged 21 to 24 inclusive | | £7.70 | | £8.20 | | | | |  |
| Aged 18 to 20 inclusive | | £6.15 | | £6.45 | | | | |  |
| Aged under 18 (but above compulsory school leaving age) | | £4.35 | | £4.55 | | | | |  |
| Apprentices aged under 19 | | £3.90 | | £4.15 | | | | |  |
| Apprentices aged 19 and over, but in the first year of their apprenticeship | | £3.90 | | £4.15 | | | | |  |
| Apprentice aged 19 or over and having completed first year of apprenticeship | | Relevant minimum wage for their age\* | | Relevant minimum wage for their age\* | | | | |  |
|  |  |  |  | |  |  | |  | |
| \*An apprentice aged 22 who has completed the first year of their apprenticeship is entitled to a minimum hourly rate of £7.70 | | | | | | |  | | |

### **Employee Mileage Allowance Payments**

Rate per mile payable for using your own vehicle for business journeys.

|  |  |
| --- | --- |
| ​Type of vehicle | ​Rate per business mile 2018 to 2019 |
| ​Car | ​Casual Car User: 45 pence per mile up to 10,000 business miles in the tax year then 25 pence per mile thereafter.  ​Essential Car User: 35 pence per mile up to 8,500 business miles in the tax year then 13.7 pence per mile thereafter |
| Motorcycle | ​​Up to 124cc engine: ​13.4 pence per mile  125cc engine and above: 15.9 pence per mile |
| Bicycle | 14 pence per mile |

## **WYPF - West Yorkshire Pension Fund**

[Look at the WYPF website](http://www.wypf.org.uk/Member/Active/AboutYourPension/HowMuchDoIPay/HowMuchDoIPay.aspx) for any changes to the pension scheme bandings or rates.

## **TPS - Teachers' Pension Scheme**

[Look at the TPS website](https://www.teacherspensions.co.uk/members/new-starter/understand-how-much-youll-pay.aspx) for any changes to the pension scheme bandings or rates.