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

**HMRC changes to tax and National Insurance**

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**Tax**

In April 2018 the standard tax code for an employee will increase from 1100L to 1185L. This means that each year you can earn £11,850 gross per year before you start to pay tax (an extra £350 per year / £29.17 per month / £6.71 per week).

**My tax code is BR - what does that mean?**

This means that you are being taxed at 20% on all of your earnings. If you are a new employee to Bradford Council and you have not supplied a P45, you will need to contact HMRC on 0300 200 3300.

Typical reasons for being on a basic rate (BR) tax code are:

* Not completing a P45 or P46 - tax code will be changed to 0T.
* Signing statement 'C' on form P46.
* Providing a form P45 with a BR tax code.
* Coding notification of BR received by Bradford Council from HMRC on form P6 or P9.

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

Contact the tax office directly and advise them about your change in circumstances. Please do not download a P46 and send it to us directly, because we can only change your tax code when the tax office advis​e us to.

**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?
* 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)?
* 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, ie, 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 effect your tax code.

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

Send your original P60 end of tax year summary to HMRC (they will not accept a copy), or if you are leaving and not continuing your employment, request a P45 and send it to HMRC. They will then assess your claim.

**National Insurance**

From April 2018 you will pay National Insurance contributions on earnings over £8,424 per year. Most employees will be on NI Category A with a deduction of 12% on earnings above the lower earnings threshold.

**HMRC state that 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 or CF380A to your employer 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 £8,424 per year before paying NI contributions

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

In 2015 Bradford Council decided to introduce a **local living wage** of £7.85 per hour to all employees (excluding Apprentices and any schools who have not opted into the living wage scheme) from October 2015.

From April 2018, the government set **national living wage** has increased to £7.83 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** | **​ Hourly rate** |
| ​Aged 25 and above | ​£7.83 |
| ​Aged 21 to 24 inclusive | ​£7.38 |
| ​Aged 18 to 20 inclusive | ​£5.90 |
| ​Aged under 18 (but above compulsory school leaving age) | ​£4.20 |
| ​Apprentices aged under 19 | ​£3.70 |
| ​Apprentices aged 19 and over, but in the first year of their apprenticeship | ​£3.70 |

**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 mile125cc engine and above: 15.9 pence per mile |
| Bicycle | 14 pence per mile |