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Tax Year End Update - April 2022

We will be releasing the Tax Year End update week commencing Monday 21st March 2022. This will be a staggered release to help ease congestion on our Support Line, so please do not be alarmed if you do not get prompted to download the update immediately.

However, if you have not been prompted by 31st March 2022 please contact the Support Department. The latest versions will be:- CIA (Version 3.3 (Build 1)) and PAYE Plus (Version 3.3 (Build 1)). These latest versions of the software contain the necessary programs to enable you to finalise the Tax Year End on the Payroll. Please follow the separate instructions “**PAYE Plus Tax Year End 2022**” for this.



When paying Week 52 payroll, if you wish to pay holiday pay which relates to Week 1 of the new tax year, you **must not** advance the pay week. Monies paid within the tax year must not overlap into the next tax year, therefore, pay basic and holiday pay in week 52 and do not select the option to advance the Pay Week. Please refer to HMRC document CWG2 (2021 to 2022: Employer further guide to PAYE and NICs) Section 2.7 Holiday Pay, subsections 2.7.4 Working out PAYE on holiday pay and 2.7.5 Working out NICs on holiday pay <https://www.gov.uk/government/publications/cwg2-further-guide-to-payee-and-national-insurance-contributions> (select 2021 to 2022) for more information.



When you submit your FPS for Week 52/53 or Month 12 you will notice that the Checkbox 'Final Submission for Year' will become available – select YES only when it is the final submission for the year. If you run a weekly and a monthly payroll, you only need to show the 'Final Submission' for the last payroll submitted. If you submit an EPS, tick (✓) 'Final Submission for Year', however, this is only necessary if you have not shown 'Final Submission' on the FPS.

Legislation Changes from April 2022

Employment Allowance:-

Employment Allowance:- If eligible, the amount to claim for 2022 remains at £4000. To check eligibility, further information is available at <https://www.gov.uk/claim-employment-allowance>.

A reminder that EA claims can no longer be carried forward from one year to the next. A new claim will need to be made each tax year. If you are eligible this must be done via the EPS. It would be best to do this in Month 1 of the Tax Year 2022/23.

Also included within this version are the 2022/23 Tax Year NI, SSP, SMP, SAP, SPP, ShPP & SPBP Tables and Student Loan Deductions. With effect from 6th April 2022 the rates are as follows:-

Student Loans:-

Student loan deduction is 9% for Plans 1, 2 & 4.

Plan 1 -

English and Welsh students who started their studies **before** 1 September 2012 and all Scottish and Northern Irish students. Employees on Plan 1 will only start repaying their student loan when they earn over £20,195.

Plan 2 -

English and Welsh students who started their studies **on or after** 1 September 2012. Employees on Plan 2 will only start repaying their student loan when they earn over £27,295.

Plan 4 -

All new and existing Scottish student borrowers will begin to pay under this plan from 6th April 2021. Scottish students who prior to 6th April 2021 paid under Plan 1 should now pay under Plan 4. Employers should be notified of this change under the current SL1 notification process. If in doubt, contact HMRC. Employees on Plan 4 will only start repaying their student loan when they earn over £25,375.

Postgraduate Loan:-

The employee earnings threshold is £21,000 and the deduction is calculated at 6%.

Tax Rates:-

UK, Scottish and Welsh Tax Rates remain the same as Tax Year 2021/22 with the Personal Allowance being £12,570.

The Emergency Tax Code remains at 1257L.

Do not carry over any Week 1 or Month 1 markings.

National Insurance:-

There are now 8 levels of earnings used to calculate NICs, these are Lower Earnings Limit (LEL) Primary Threshold (PT) Secondary Threshold (ST) Upper Earnings Limit (UEL) Upper Secondary Threshold (Under 21) (UST) Apprentice Upper Secondary Threshold (AUST) Freeport Upper Secondary Threshold (FUST) and Veterans Upper Secondary Threshold (VUST). Upper Earnings Limit (UEL) Upper Secondary Threshold (Under 21) (UST) Apprentice Upper Secondary Threshold (AUST) and Veterans Upper Secondary Threshold (VUST) are the same value. It is possible that indexation may result in these thresholds having different values in future years. In view of this and in order to avoid making unnecessary changes the UEL, UST, AUST & VUST values are the same resulting in earnings between UEL, UST, AUST & VUST being zero, as will the NICs rebate for that portion of the earnings.

The rates for these are:-

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	Weekly	Monthly	Yearly
LEL	123	533	6396
PT	190	823	9880
ST	175	758	9100
UEL	967	4189	50270
UST	967	4189	50270
AUST	967	4189	50270
FUST	481	2083	25000
VUST	967	4189	50270

New NI Code Letters introduced are:-

- F – Freeport Standard
- I – Freeport Married Woman’s Reduced Rate Election (MWRRE)
- L – Freeport Deferment
- S – Freeport Over State Pension Age
- V – Veterans Standard

The Weekly rate of Statutory Sick Pay (SSP) is £99.35 for employees with average weekly earnings of £123 or more.

The Weekly rate of Statutory Payments for SMP/SAP/SPP/ShPP & SPBP is £156.66 or 90% of the employee’s average weekly earnings, whichever is the lower. The proportion of your payments you can recover from HMRC is 92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year or 103% if your total Class 1 National Insurance for the previous tax year is £45,000 or below.

The above rates will be updated automatically when you run the PAYE Tax Year End Procedure and select the option to Switch to the New Tax/NI Rates for 6th April 2022.

For more information and guidance on PAYE and NICs rates or calculation of SMP, SPP and SAP please refer to <https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2022-to-2023> from HMRC.



P60’s – As of 1st August 2020 HMRC no longer provide P60’s. These can now be ordered from Hague Direct via the internet <https://hague-direct.com/product-category/payslips-forms/other-products/software/clip-it-solutions/> or by phoning 01455 614298. Please ensure you order enough to cover any employees who have left within the tax year. If you would prefer to email your P60’s then there is no need to order stationery and you can use the e-P60 option from the Year End>Reports>P60.

You will note from this link, you can also purchase Payslips that are compatible with our software. We no longer keep stock of these so advise you order from the link above.

P45’s – As of 1st August 2020 HMRC no longer provide P45’s. If you still have some, they can still be used. PAYE Plus will print on the 3 Part, so if you have any existing 4-part stationery, you will just need to discard part 1 before printing. PAYE Plus also has the option to Print a CLiP IT Solutions Substitute P45, this will print onto plain paper or can be emailed.

The Pensions Regulator – Re-enrolment

Every three years after your automatic enrolment staging date, you need to re-assess your employees to identify if you have any employees to re-enrol or no employees to re-enrol. Either way you must complete a re-declaration of compliance to inform the Pensions Regulator that you have met your duties. You can choose a date within a 6 month window (3 months before – 3 months after the 3rd year anniversary of your staging date). For more information refer to www.thepensionsregulator.gov.uk/en/employers/re-enrolment or contact your Pension Provider.

Minimum contribution effective from 6th April 2022 remains at :-

- Employer minimum contribution – 3%
- Employee minimum contribution – 5%
- Total minimum contribution – 8%

Don't forget, PAYE Plus incorporates the facility to "View Archived Databases". This will enable you to run the Tax Year End procedure without having to print your Employee Deductions Working Sheet, P60's or file your Final EPS, but will enable you to clear tax year details so that Week 1 can be run. (You must follow the Year End Procedure Steps 1 through to 4 inclusive, to clear all records). Then at a later date (before May 19th 2022, as this is the deadline from HMRC for filing returns) you can access the 2021/22 records by selecting **Company - View Archived Databases** and selecting the relevant database and then follow the Year End Procedure document, preparing, printing and filing online correctly.

If you have any queries, or are unsure on any of the above, please do not hesitate to contact the Support Department. A reminder of our telephone number is 01935 443340. Please be aware that our phone lines tend to be extremely busy at this time of year, so please bear with us.



If you are a new user, or you are only planning to start going LIVE as of April 2022, and therefore have no need to run a Tax Year End, please change the 'Use Tax/NI Rates from' to 'From 6th April 2022' within Company>Company Setup>General Preferences or alternatively, contact the Support Department to have this module loaded.

Regards,

Melanie Ditch
Support Manager
For and on behalf of CLiP IT Solutions Limited

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