



12Pay

Payroll Made Easy

12Pay Legislation Guide

April 2018



Contents

Tax	4
Scottish Relief at source for pension calculations	4
Tax Code format SD0 – SD8, D0 to D8	4
National Insurance	4
Serious Ill Health Lump Sum	4
Automatic Enrolment.....	4
Increase of minimum contributions to pension schemes.....	4
Change Staging Date to Duty Start Date	5
Cater for General Data Protection Regulation GDPR	5

Dear Customer

All standard rates and parameters for Tax/NI/Statutory Payments/Pensions etc have been updated in the payroll software for the 2018/2019 tax year, as have the standard reports.

- Any changes in tax bands from Scottish Parliament have also been included
- Tax codes have been uplifted as follows:
 - Code Suffix L – increased by 35
 - Code Suffix M – increased by 39
 - Code Suffix N – increased by 31

This guide details other legislation resulting in possible changes to the payroll software. For details of what changes have been applied, please see the Release Notes on the **12Pay** website **Help** section.

Tax

Scottish Relief at source for pension calculations

From April 2018/2019 the 'Relief at Source' for pension deductions must be calculated using the appropriate basic rate for Scotland and the appropriate basic rate for the rest of the UK.

Tax Code format SD0 – SD8, D0 to D8

The tax code formats D0 to D8 and SD0 to SD8 are now permitted in the payroll software if there is an appropriate matching tax band introduced.

National Insurance

Serious Ill Health Lump Sum

If you retire early due to ill health, your pension may be able to offer you some financial support.

This depends on the scheme and its definition of ill health. The usual definition is where:

“your physical or mental health is bad enough to stop you from carrying on working, or which seriously reduces the amount you can earn.”

Provided you meet the criteria of your scheme, you may be able to take benefits early or even receive an ill-health pension.

If your circumstances are immediate, you may be entitled to more access to your pension benefits. For example, if you're diagnosed with a very serious or terminal condition, where your life expectancy is determined to be less than 12 months, you may be able to take the whole of your pension pot as a lump sum, although special tax rules will apply.

Automatic Enrolment

Increase of minimum contributions to pension schemes

The minimum contributions to be paid into automatic enrolment pension schemes are increasing. This is also known as phasing. Minimum contributions are increasing in two phases; the first takes place from 6 April 2018 and the second from 6 April 2019.

All employers operating an automatic enrolment pension scheme must make sure the correct minimum contributions are being paid from these dates, whether you set up a new pension scheme for automatic enrolment or you used an existing scheme.

You do not need to take any action if you don't have any employees in an automatic enrolment pension scheme or if contributions are already above the increased minimum amounts. The increases also do not apply if you are using a defined benefits pension scheme.

This table shows the minimum contributions and the date when they must increase:

Date	Employer minimum contribution	Total minimum contribution
06/04/18 – 05/04/19	2%	5% (including 3% staff contribution)
06/04/19 onwards	3%	8% (including 5% staff contribution)

If you are unsure of any aspect of phasing, please speak to your pension scheme provider.

Change Staging Date to Duty Start Date

The final Staging Dates are for February 2018. After that date, for new employers it will be referred to as **Duty Start Date**.

Cater for General Data Protection Regulation GDPR

General Data Protection Regulation (GDPR) is an EU regulation in which the European Parliament, European Council and European Commission intend to strengthen and unify data protection for living individuals. GDPR will come into effect from 25th May 2018.

For more information on how it will affect employers, visit the EU GDPR website [here](#).