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# Pocket Employment Guide

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Information correct as at 6<sup>th</sup> April 2018 • © Thomas Dunton Solicitors April 2018

## PAYE Tax Rates and Thresholds

### 2018 to 2019

Employee Personal Allowance      **£228 per week**  
**£988 per month**  
**£11,850 per year**

UK Basic Tax Rate                      **20%<sup>1</sup>**  
UK Higher Tax Rate                    **40%<sup>2</sup>**  
UK Additional Tax Rate                **45%<sup>3</sup>**

- 1: On annual earnings above the PAYE tax threshold and up to £34,500.
- 2: On annual earnings from £34,501 to £150,000.
- 3: On annual earnings above £150,000.

The amount of Income Tax you deduct from your employees depends on their tax code and how much of their taxable income is above their Personal Allowance.

## NATIONAL INSURANCE

### Class 1 (Employed) Contracted In Rates

#### Employee National Insurance Rates

Employee	Earnings Per Week %
Up to £162	Nil
£162-£892	12%
Over £892	2%

#### Employer National Insurance Rates

Employer	Earnings Per Week %
Up to £162	Nil
Over £162	13.8%

## ANNUAL LEAVE ENTITLEMENT

Amounts are pro-rata for those that work less than 5 days a week.

**From 6<sup>th</sup> April 2018**                      **5.6 weeks (28 days)**

An Employer can include bank holidays as part of statutory annual leave.

## NATIONAL MINIMUM WAGE

The rates below apply from 6<sup>th</sup> April 2018.

### National Living Wage                      Hourly Rate

**For all workers aged 25 and above**      **£7.83**

Workers aged 21-24 inclusive              **£7.38**

Workers aged 18-20 inclusive              **£5.90**

Workers aged under 18<sup>1</sup>                      **£4.20**

Apprentices aged under 19                **£3.70**

Apprentices aged 19 and over<sup>2</sup>          **£3.70**

1: But above compulsory school leaving age.

2: But in the first year of their apprenticeship.

## SICKNESS PAYMENTS

In order to be eligible for Statutory Sick Payments (SSP), employees must have been sick for at least 4 days in a row (including weekends and Bank Holidays) and earn, before Tax and National Insurance contributions are deducted, an average of £116.00 per week.

Employees must also work for their employer under a Contract of Service.

Current SSP	<b>£92.05 per week</b>
Duration	<b>Maximum of 28 weeks</b>

## PARENTAL ENTITLEMENTS

There are a variety of parental entitlements, some of which are subject to sufficient continuous service, and/or notice, by the Employee.

### Shared Parental Leave

From 6<sup>th</sup> April 2018

Employees may be entitled to Shared Parental Leave (SPL) and Statutory Shared Parental Pay (ShPP) if they've had a baby or adopted a child.

Employees can **start SPL** if they're **eligible** and they or their partner end their maternity or adoption leave or pay early. The remaining leave will be available as SPL. The remaining pay may be available as ShPP.

### Maternity Leave

Totalling 52 weeks:

26 weeks 'Ordinary Maternity Leave' and the last 26 weeks as 'Additional Maternity Leave'.

#### Statutory Maternity Pay (SMP)

SMP for eligible employees can be paid for up to 39 weeks, usually as follows:

- the first 6 weeks - 90% of their average weekly earnings;
- the remaining 33 weeks - £145.18 or 90% of average weekly earnings (whichever is lower).

Tax and National Insurance need to be deducted.

Note: If the Employee is not entitled to Statutory Maternity Pay, then she may be entitled to Maternity Allowance. An application will need to be made by the Employee to the Jobcentre Plus.

### Paternity Leave

Statutory Paternity Pay: for eligible employees it is either £145.18 a week or 90% of their average weekly earnings (whichever is lower).

Employees may be **eligible** for Statutory Paternity Leave and Pay if they and their partner are having a baby, adopting a child or having a baby through a surrogacy arrangement. Leave must finish within 56 days of the birth (or due date if the baby is early). The start and end dates are different if the employee is **adopting**.

One week or two consecutive weeks' leave.

### Parental Leave

Parental leave is unpaid. Employees are entitled to 18 weeks' leave for each child and adopted child, up to their 18<sup>th</sup> birthday.

## FLEXIBLE WORKING

Flexible working is a way of working that suits an employee's needs, e.g. having flexible start and finish times, or working from home. Employees must have worked for the same employer for at least 26 weeks to be eligible.

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## COMPENSATION LIMITS

The maximum amounts which might be payable for dismissal from 6<sup>th</sup> April 2018.

### Redundancy

Statutory Redundancy Payment **£15,240 pa**

### Unfair Dismissal

Basic Award **£15,240**  
Compensatory Award **£83,682**

### Discrimination

Race **No Limit**  
Sex **No Limit**  
Disability **No Limit**

### ACAS Code of Practice

**Unreasonable failure to comply**  
**0-25% increase**

## INCOME TAX RELIEFS

### Income Tax Allowances

Personal Allowance £11,850  
Income Limit for Personal Allowance £100,000

### Married Couple's Allowances

Income Limit for Married Couple's Allowance £28,900

Marriage Allowance £1,190

### Married Couple's Allowance for those born before 6<sup>th</sup> April 1935

Maximum Couple's Allowance £8,695  
Minimum amount of Couple's Allowance £3,360

### Blind Person's Allowance

Blind Person's allowance £2,390

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