

TECHNICAL BULLETIN FROM GLOBAL BUSINESS SYSTEMS

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Global Payroll April 1999 changes

On the 6th April 1999 new payroll regulations come into effect. The existing payroll calculation routines will need to be amended for the new regulations. This bulletin lists the payroll amendments required and gives details of their release.

CHANGES REQUIRED TO PAYROLL

Statutory National Insurance calculation changes. The March 1998 budget contained a number of issues affecting National Insurance Contributions that are scheduled to come into force on 6th April 1999. Details of the changes are as follows:

- **Employees** - Abolition of the 2% initial percentage rate on earnings up to the Lower Earnings Limit (LEL). For earnings above the Lower Earnings Limit there is no change. Earnings in the range of 1 to 5 pence above the LEL, which would previously have attracted a liability of 0 pence, will attract a liability of 1 pence. This is to protect the right to benefits of employees whose earnings fall within this range.
- **Employers** - Abolition of secondary National Insurance contributions on earnings up to the Lower Earnings Limit. Introduction of a 'nil rate band' for secondary National Insurance contributions on earnings between the Lower Earnings Limit and a new entry threshold referred to as the 'Earnings Threshold' (ET). Abolition of the existing 3%, 5%, 7% and 10% rates respectively. Introduction of a single rate for secondary National Insurance contributions at 12.2% payable on all earnings at or above the new Earnings Threshold.

Year-end reporting (P14/60, P35 forms) for the Tax year 1999/2000. The full layout for the new forms has not yet been released but the information that will be required has been specified. Earnings within the different NI bands (i.e. 0 to LEL, LET to ET, etc.) will be required. This information will need to be calculated and stored from the first payroll run in the new Tax year starting on the 6th April 1999.

New Tax code suffixes. Three new code suffixes (J, A and Y) are being introduced from April 1999.

Additional validation checks required by the Inland Revenue. The Contributions Agency has now become the responsibility of the Inland Revenue and has issued a

booklet titled 'NI Guidance for Software Developers'. One section details the validation checks to apply when capturing static data for employees and employers. The letter sent with the new booklet pointed out that the agency has now been given authority to penalise employers for inaccurate and missing data and “recommends” that software packages observe the validation rules provided in the booklet. The additional vetting required by Global Payroll is in the following areas:

- Additional vetting between an employee's National Insurance rate letter and their pension schemes.
- Extra mandatory checks to be imposed against the employee name and address.
- Marital status to be recorded if known.

Millennium compliance. Changes for year 2000 compliance will be incorporated in this release.

AVAILABILITY

The changes will be issued as 'Global Payroll version 6.5' which will be a full new release.

DOCUMENTATION

A new manual will be issued with the release.

PRICING

Pricing will be as for version 6.4. Users under service may upgrade for a copy charge.

SERVICE

Standard service arrangements will apply and Hotline faxes should be submitted as normal. Service for Global Payroll version 6.4 will cease on the 5th April 1999.

SUPPORTED MODULES

All existing modules that interface with Global Payroll will be updated to support the new version 6.5 software.

SCHEDULE FOR RELEASE

Payroll version 6.5 is scheduled for release during the week starting 8th March. Details of Rates file changes for the new Tax year will be issued at a later date. Due to the large number of Payroll orders that will need to be processed, one day turn round will not be available. We hope to despatch within 3 days of receipt.

