

# FISH PARTNERSHIP LLP

## FISHPAY AND FISHES EMPLOYERS NEWS BULLETIN

**March 2007**

### **New Thresholds, Compensation Awards & Rates etc.**

Since our last Bulletin in December 2006, certain statutory payments, awards, etc. have been revised. In addition, there will be further changes effective from April 2007.

To start with, from 1 February 2007, the maximum compensation award in cases such as unfair dismissal, has increased to £60,600. The cap on a week's pay, used to calculate basic or additional awards for compensation, is also increased to £310.

Also from 1 February 2007, in consideration of the reduction in fuel prices, the Advisory Fuel Rates for Company Cars were reduced to:

<b>Engine Size</b>	<b>Petrol</b>	<b>Diesel</b>	<b>PLG</b>
1400cc or less	9p	9p	6p
1401cc to 2000cc	11p	9p	7p
Over 2000cc	16p	12p	10p

The new tax year will see changes to allowances, effective from 6 April 2007.

Basic Personal Allowance	£5,225
Emergency Tax Code	522L Week 1/Month 1
<i>National Insurance</i>	
Lower Earnings Limit (LEL)	£87 per week
Earnings Threshold (ET)	£100 per week
Upper Earnings Limit (UEL)	£670 per week
Employees Contributions	11% of £100.01 to £670 per week 1% above £670 per week
Employer Contributions	12.8% above £100.01 per week
Statutory Sick Pay	£72.55 per week
Statutory Maternity Pay (lower)	} £112.75 per week
Statutory Adoption Pay (lower)	
Statutory Paternity Pay	

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### **FISH PARTNERSHIP LLP**

The Mill House  
Boundary Road  
Loudwater  
High Wycombe  
Bucks. HP10 9QN

Phone: ++1628 527956  
Fax: ++1628 810385  
E-mail: [post@fishpartnership.co.uk](mailto:post@fishpartnership.co.uk)  
Web: [www.fishpartnership.co.uk](http://www.fishpartnership.co.uk)



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## **GOOD FRIDAY 'PAY DAY'**

There has been some uncertainty as to how to treat wages payments which are due on Good Friday, 6 April 2007, but will actually be paid on Thursday 5 April 2007. The question is, as the payday is on 5 April, which falls into the 2006/07 tax year, does this constitute a week 53 payment even though the employee is being paid up to and including 6 April? After some hesitation and confusion, the Revenue have issued the following:

*"Pay due on Bank Holiday Friday, 6 April 2007, but paid on Thursday, 5 April 2007, may be treated for PAYE/NIC purposes as being paid on 6 April 2007".*

Therefore, the payment will be made in Tax Week 1 of the 2007/08 tax year and not as a week 53 payment in the 2006/07 tax year.

If you are at all unsure, or would like further clarification, please telephone Julie Stroud, our Payroll Administrator, on 01628 529756.

## **INCREASES IN HOLIDAY ENTITLEMENT**

If you offer your full-time employees twenty days paid holiday, plus paid Bank Holidays (pro-rata for part-time employees) or greater per year, then this will not affect you. If, on the other hand, you allow your employees twenty days paid holiday, including Bank Holidays, then please read on.

Currently, under the Working Time Regulations 1998, full-time workers are entitled to a minimum of twenty days paid holiday per year. The Bank holidays can form part of these twenty days.

The Government has announced it's intention to introduce additional leave entitlement. This will take effect in two stages:

- From 1 October 2007, paid holiday entitlement will increase from twenty days to twenty-four days per year.
- From 1 October 2008, paid holiday entitlement will increase from twenty-four days to twenty-eight days per year.

So as not to affect those businesses who require their staff to work on Bank Holidays, e.g. retail outlets, employees will not have the right to take this additional leave on the actual Bank Holidays themselves.

If you are affected, we suggest you revise your Employment Holiday policy and consider the financial implications.

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## EMPLOYMENT MATTERS

### ***Workplace Relationships***

Very few Employers relish the thought of discussing performance or behavioural issues they have with an employee, preferring to find another task to address or just hope that the problem will rectify itself.

In practice, problems rarely go away, they just escalate! Our advice, no matter how onerous the task may seem, is to deal with things promptly, put the matter right and get back to more profitable tasks. Sometimes, a quick chat is all that is needed. It could be a misunderstanding, a need for further training or the employee will realise they can no longer, for example, continue to arrive fifteen minutes late every single day. If, however, the matter proves to be more serious, then a good Disciplinary and Appeals Procedure, together with a comprehensive procedural checklist, will not only assist you but will inform the employee of the gravity of the situation and the steps that will be taken.

### ***Monitoring Emails***

Have you ever been concerned by the number of potentially personal/private emails which are being received and sent by certain employee(s) and how to address this. We recommend, as best practice, that Employers have an Information Systems and Communications Policy. This should cover not only email but also internet, telephones and mobiles usage, making it clear that monitoring may take place. This won't give you complete freedom to open emails but you will be able to monitor and if you have reasonable grounds to believe that the employee is involved in some type of misconduct, address this accordingly.

### ***Employment Termination***

It is a common fallacy amongst Employers that if an employee has worked for them for under one year, they can terminate their employment without fear of being taken to tribunal etc. To a certain extent this is true. An Employee cannot claim unfair or constructive dismissal but, and this is a big but, they can claim, in particular, that they have been discriminated against. I am sure most Employers don't need reminding that the list of potential areas for discrimination are virtually "as long as your arm". The most frightening part of being an Employer who has a claim against them for discrimination, be it for age, sex, race, sexual orientation etc., is there is no ceiling on the limit of the amount of the award which could be made in favour of the employee. So you may not be talking hundreds of pounds, or thousands of pounds, but possibly hundreds of thousands of pounds. Financially crippling? YES.

We strongly recommend that before you terminate an employment, you consider your actions very carefully. Don't be too hasty just because you want them 'out of the door' as soon as possible. Consider your Disciplinary procedures and please take advice. We want to see you continuing your business and not be financially crippled by an impulse action.

FISHES can provide Clients with a template for Disciplinary, Grievance & Appeals procedure, plus a formal Disciplinary Checklist. We can draft an Information Systems and Communications Policy specific to your business requirements, as well as advise on termination matters, providing professional referral details if required. If you would like further details, please telephone Janet Ellis, our Employers Advisor, on 01628 527956.

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## DATES AND REMINDERS

To round off this quarter's News Bulletin, here are a few of the key dates and deadlines for Employers for the first six months of the 2007/08 tax year.

**6 April 2007** - *New CIS Scheme launches. This will affect all businesses who use the services of Sub-Contractors.*

**19 April 2007** - *The final date for the total PAYE and NIC for the 2006/07 tax year to be paid to the Revenue. Late payments will be subject to interest charges.*

**19 May 2007** - *The final date for submitting Employers End of Year Returns (P35, P14's or equivalent). Late submissions will be subject to penalties.*

**31 May 2007** - *Final date for Employers to give employees, who were working for them on 5 April 2007, their P60's.*

**5 July 2007** - *Last date for agreeing your PAYE Settlement agreement for 2006/07.*

**6 July 2007** - *P11D's and P11D(b)'s to be submitted to the Revenue for the 2006/07 tax year. Late submissions will be subject to penalties. Last date for employees to be given a copy of their P11D.*

**19 July 2007** - *The final date for Employers to pay 2006/07 Class 1A NIC's to the Revenue*

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FISH PARTNERSHIP LLP  
The Mill House  
Boundary Road  
Loudwater  
High Wycombe  
Bucks.  
HP10 9QN

Phone: 01628 527956  
Fax: 01628 810385  
Email: [post@fishpartnership.co.uk](mailto:post@fishpartnership.co.uk)  
Web: [www.fishpartnership.co.uk](http://www.fishpartnership.co.uk)

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