

PAYROLL BUDGET CHANGES

In the March budget, the Chancellor announced changes to Income Tax bands, which come into effect on the first pay day after 17 May 2008. There is no software upgrade required for the budget changes; you need to amend the PAYE tables in the Payroll module to update your software.

Important: These changes must be made before you run week 7 or month 2, but after you have already run week 6 or month 1 (that is, before you run a payroll with a payroll date of 18 May 2008 or later).

TAXABLE INCOME BANDS

The Income Tax bands for the Standard Rate (20%) and Higher Rate (40%) have changed.

2008-2009 Tax Year		
%	6 April 2008 – 17 May 2008	18 May 2008 onwards
20	Up to £34,600	Up to £36,000
40	Over £34,600	Over £36,000

To Update the PAYE Tables

1. From the **Payroll** menu, select **Utilities** and **PAYE/NI/SSP**.
2. Click **New Tables**.
3. Update the fields exactly as highlighted below.
4. Select the **Page Down** key until the **OK** button is displayed.
5. Click **OK**.

The screenshot shows the 'Tax & SSP Rates' window with the following fields highlighted in red:

- Date Table Becomes Effective: 18/05/08
- Year Number for Table: 0809
- First Week Number for Table: 7
- First Month Number for Table: 2
- Under the P.A.Y.E. section, the first three rows of the table are highlighted:

% Rate	Cumulative Bandwidth
1 10.00	
2 20.00	36000
3 40.00	

The S.S.P. section shows a table with Rate and Range columns, with the first row highlighted: 1 75.40 90.00.

Notes: (1) There are no changes to the National Insurance rates set as at 6 April 2008. (2) There are no additional general uplifts of tax codes. Any amended tax codes will be notified to employers on individual forms P6(T) (or code list). (3) The tax code for emergency use from 6 April 2008 is 543L.