

INSIDER MAY 2017

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Gender pay gap reporting becomes law

Employers with more than 250 staff are now required by law to report gender pay gaps, following the introduction of new legislation.

Employers must publish the following figures by April 2018:

- ⦿ their median gender pay gap - difference between midpoints in the ranges of men's and women's pay
- ⦿ their mean gender pay gap - difference between the average of men's and women's pay
- ⦿ the proportion of men and women in each quartile of the pay structure
- ⦿ the proportion of men and women receiving bonuses and the mean and median pay gap for bonuses.

The requirements will allow employers to identify the gaps within their business and take action to close any gender pay gap.

According to government figures, the UK gender pay gap is at a record low of 18.1%. The government estimates that eliminating the gap could add £150 billion to annual GDP by 2025.

Reporting your figures

There are 3 steps to gender pay gap reporting:

1. Gathering payroll data

You will need data on employees, their full pay and bonuses to calculate your figures. Figures are based on a specific date each year which the government calls a 'snapshot date'. For public sector organisations this is 31 March and 5 April for businesses and charities.

2. Calculating figures

Gender pay gap needs to be calculated in hourly pay. We can advise on how to do this.

3. Publishing data

Figures must be published on your website and the government's website within a year of your organisation's snapshot date.

Businesses and charities have to publish a written statement that's signed by an 'appropriate person'. The definition of an appropriate person varies according to the type of employer. For a corporate body (other than limited liability partnership) this is a director or equivalent.

 *Talk to us about your payroll and reporting obligations.*

Digital skills shortage hampers business growth

A lack of digital skills is affecting business productivity and growth, according to the British Chambers of Commerce (BCC).

More than 4 in 5 (84%) firms say digital and IT skills are more important than 2 years ago, however 76% say they are facing a digital skills shortage.

Adverse effects of skills shortages include:

- ⦿ increased workload for existing staff (52%)
- ⦿ higher operating costs (29%)
- ⦿ difficulty meeting customer needs (28%).

Barriers to solving the problem include:

- ⦿ no time for staff training (41%)

- identifying the right training (32%)
- cost of training (25%).

Adam Marshall, director general of the BCC, said:

“The evidence is clear: better digital skills make firms more productive, and a lack of digital skills holds them back.

Government help

The government has created a digital strategy designed to help people get the skills businesses need and help exploit digital opportunities. The strategy aims to give training to 2.5 million people by 2020. For businesses, the plan is to create 5 international hubs in emerging markets to connect UK companies and local tech firms.

We can advise on business planning.

ISA rules misunderstood

More than half of adults don't understand ISA rules, research by Opinium has found.

Key findings:

- 1 in 5 knew that the ISA annual allowance is £20,000 for 2017/18
- 24% knew that you can transfer money from previous tax years into a current ISA
- 9% wrongly believed that you can only move money if your total balance is below the annual ISA allowance.

ISAs allow individuals to save money free of income and capital gains tax.

The annual £20,000 allowance covers each type of ISA including cash, stocks and shares, Lifetime, innovative finance and Help to Buy.

ISA rules allow people to split the allowance between different types of ISA. For example, saving £10,000 into a cash ISA and £5,000 into a stocks and shares ISA and £5,000 into an innovative finance ISA. Lifetime ISAs and Help to Buy ISAs have their own annual limits – both of which count towards the £20,000 threshold.

Type of ISA	Annual limit
Cash	£20,000
Stocks and shares	£20,000
Innovative finance	£20,000
Help to Buy	£200 per month plus an extra £1,000 in the first month
Lifetime	£4,000

Some ISAs are flexible which means you can take money out and put it back in during the same tax year without it affecting your allowance.

You can transfer savings between providers and into different types of ISA. However, if you want to transfer money deposited in the current tax year you must transfer it all.

Talk to us about tax and ISAs.

IR35 changes for public sector contractors

Important changes to public sector contractors working under IR35 legislation have taken effect for 2017/18.

Individuals who work through intermediaries, such as personal service companies, are no longer subject to IR35 rules if they work in the public sector.

Public sector organisations or agencies paying off-payroll workers are now responsible for deciding whether the work falls within IR35. They must deduct income tax and national insurance (NI) if they deem the worker an employee within IR35.

Under previous rules, intermediaries were responsible for calculating and paying the contractor's income tax and NI owed to HMRC.

The new rules apply to any payments made on or after 6 April 2017, including payments made for contracts entered into before this date.

These changes apply to the following:

- public authorities hiring off-payroll contractors
- public sector managers – tax, payroll, human resources and procurement
- agencies who supply contractors to the public sector
- contractors providing services to a public authority through an intermediary.

Impact on contractors

Contractors working with any of the following public sector organisations will no longer have their IR35 status determined by their intermediary:

- government departments
- the NHS
- police and fire authorities
- local authorities
- educational institutions including universities
- the BBC and Channel 4.

Contact us to discuss how these changes may affect you and your business.