Payroll Legislation & Product Changes

2021-22 tax year

pegasus

Payroll Legislation & Product Changes guide
2021-22 tax year
Version 1.0
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Contents

Introduction

This release includes the payroll statutory changes for the 2020-21 tax year-end and the new 2021-22 tax year. This release also includes updated MTD for VAT fraud prevention headers that were first made available in Pegasus Scheduler v2.20.50 and released with Opera 3 v2.80.00.

A new version of Pegasus Web Xchange also accompanies this release.

Product	Version	Updates
Pegasus Opera 3 / Pegasus Opera 3 SQL SE	2.81.00	Statutory payroll changes for the 2021-22 tax year with updates to the National Living Wage for under 25s, a new plan type for Scottish Student loans, plain paper options for P60s and new NI, PAYE and statutory payments rates and bands.
Pegasus Scheduler (not applicable to Pegasus Opera 3 SQL SE)	2.20.50	HMRC has recently clarified requirements for software vendors to include updated fraud-prevention details in MTD VAT Return submissions. Opera 3 (2.81.00) is shipped with Pegasus Scheduler (2.20.50) and includes the fraud-prevention changes required by HMRC. For Pegasus Opera 3 SQL SE, the changes are included in the core product.
Pegasus Web Xchange (not applicable to Pegasus Opera 3 SQL SE)	2.20.10	For PWX users, a new version must be installed that reflects all the payroll information for Payroll Self Service and Timesheet processing. In addition, the encryption algorithm which controls the communication between the Pegasus Web Xchange website and the Mobile Sales application has also been updated to enhance the security protection and protocols used within PWX.

Audience

This guide is provided for Pegasus Partners and customers who need to understand the changes in the new tax year.

Pegasus Help Centre

These guides are available from the Pegasus Help Centre docs.pegasus.co.uk.

Rates and Bands guide	This guide explains the new rates and bands for NI, PAYE and Statutory Payments for the new tax year.
Installation guide	If you are unfamiliar with the installations, you should refer to the Pegasus Opera 3 (2.81.00) installation guide.
Implementation guide	This guide provides a high-level view of Pegasus Opera 3 and how to approach an implementation.
Software Requirements guide	This guide lists the editions of Microsoft Office, Microsoft SQL Server, Microsoft Windows Server, Microsoft Windows desktop, web browsers and Microsoft .NET supported for Pegasus Opera 3 (2.81.00).
Opera 3 Help	The F1 Help is installed with Pegasus Opera 3 and published to the Pegasus Help Centre.

Readme/Release Notes

The Readme or Release Notes is installed with the application. This includes a summary of the payroll changes, details of other non-payroll changes and late-breaking news.

Online Filing Manager

There is no upgrade to Online Filing Manager this year. Continue to use your existing Online Filing Manager software to send your RTI submissions to HMRC. For new installations of Pegasus Opera 3, you must also install Online Filing Manager - included with the Opera 3 installation files download.

Pegasus Opera II

The software changes for the new tax year are not included in Pegasus Opera II.

National Living Wage

Applies to	Employees affected by the age threshold for the National Living Wage (NLW) reducing from its current level of 25 years of age, to 23 from April 2021.
Effective	From 1 April 2021.
More information	For details about the changes to the National Living Wage, visit https://www.gov.uk/government/consultations/low-pay-commission-consultation-2020

Summary

The age threshold for the National Living Wage (NLW) will reduce from its current level of 25 years of age, to 23 from April 2021. The Opera NLW system table has therefore been updated for this age reduction. This age reduction has also been reflected in Opera's Payroll calculation and reporting functions.

Software Changes

Payroll Calculation

When running a calculation for a pay period end date after 31 March 2021, the Calculation Audit Report now reports any employees who are turning 23 years old during that pay period.

PAYE/NI/Stat. Payments

A new checkbox has been added to the PAYE/NI/Stat. Payments form to ensure, when selected, that the new National Minimum and Living Wage bands are used from 1st April 2021.

Employee Age List

The Payroll - Misc. Reports - Employee Age List report has been amended to show where an employee is 23 years old.

Note: Both variants of the report including the Excel outputs have been changed.

Scottish Student Loans – Plan Type 4

Applies to	Employees who have either new or existing Scottish student loans to repay
Effective	From 6 April 2021.
More information	For details about Scottish students loans, visit https://www.gov.uk

Summary

Scotland will be raising their student loan earnings threshold to £25,000 from April 2021. This threshold will be for new and existing borrowers and the repayment period has also been reduced to 30 years, previously 35 years which will bring it in line with England and Wales. As a result of this increase, a new Scottish student loan plan, type 4 has been introduced. This plan type will be applied at a 9% deduction rate.

Software Changes

Payroll Processing – Details & Bank

A new checkbox called "Student Loan – Plan 4" has been added to the Detail & Bank form which is available from the Payroll Processing form.

Payroll Calculation

The calculation routine has been amended to process employees who have been marked as having a type 4 plan.

P60 Plain Paper Option

Summary

Applies to	Employees with Payroll administrative duties
Effective	From 2020/21 tax year
More information	For details about P60 printing visit https://www.gov.uk

For the 2020-21 tax year, HMRC are no longer providing pre-printed P60 stationery. Therefore, the option to print to HMRC stationery has been removed.

The P60 design itself has been updated for the 2020-21 tax year and includes the new Statutory Parental Bereavement Pay box and new text has also been added to the Certificate by Employer/Paying Office section. The report can now be printed on plain paper in either colour or monochrome format and uses the approved HMRC substitute P60 design.

Software changes

The P60 End of Year Returns selection criteria form has been updated to:

- Remove the existing stationery type option, that allowed P60 reports to be printed on HMRC pre-printed stationery.
- Provide two new stationery type options to allow P60 reports to be printed on plain paper to either colour or monochrome.

Payrolling Company Cars

Applies to	Employees with company cars.
Effective	From 6 April 2021.
More information	For details about payrolling car benefits, visit www.gov.uk/guidance/payrolling-tax-employees-benefits-and-expenses-through-your-payroll.

Summary

The Fuel type field on the Company Car Benefits form in Payroll Processing – Payrolling Benefits and also the Car and Car Fuel section in the Benefits form in the Personnel application has been uplifted to display all the available fuel types for P11D benefits for the 2020/21 tax year. The options available include:

> D | All other diesel cars
>
> A | All other cars
>
> F | Diesel cars meeting Euro standard 6d/RDE2

HMRC have made various description adjustments on the P11D form, Opera 3 has been updated to reflect these changes.

Fields relating to approved zero emissions mileage have been added to the 3 car tabs in Personnel Benefits.

Software changes

The Company Car Benefits form in Payroll Processing – Payrolling Benefits form has been amended to display a new entry – type F – "Diesel cars meeting Euro standard 6d/RDE2"

The Personnel Benefits form has been amended to display some minor text changes to the Vouchers and Credit Card and the Cars and Car Fuel sections.

The Fuel type drop-down list on the 3 Car tabs (F1 – F3) now includes a new entry – type F – "Diesel cars meeting Euro standard 6d/RDE2" has been added.

The new details are available in Reporter.

Other Software Changes

Real Time Information (RTI) updates

Opera's RTI file formats have been updated to comply with HMRC specific 'tax year related fields' in the file format of the FPS and EPS XML files for the 2021/22 tax year.

Job Retention Scheme Assistance Reports

Two new reports (Standard & Excel variants) have been added to this release to handle the Coronavirus Job Retention Scheme (CJRS) from February 2021 to April 2021. Both reports are available from the Payroll, EOY/Special Reports – Advanced Pay/Ded List report.

MTD for VAT fraud-prevention

HMRC has recently clarified requirements for software vendors to include fraud-prevention details in the VAT Return.

The required fraud-prevention changes for MTD VAT Returns were originally included in Opera 3 (2.80.00) and Pegasus Scheduler (2.20.50). HMRC has not clarified exactly when they will start to reject VAT Returns without these fraud-prevention changes. However, customers who send MTD VAT Returns must upgrade their software to avoid VAT Returns being rejected by HMRC.

> **Note**: For Pegasus Opera 3 SQL SE, the changes are included in the core product.

Pegasus Web Xchange (2.20.10)

PWX (2.20.10) is compliant with Opera 3 (2.81.00) and reflects all the payroll information for Payroll Self Service and Timesheet processing. In addition, the encryption algorithm which controls the communication between the Pegasus Web Xchange website and the Mobile Sales application has also been updated to enhance the security protection and protocols used within PWX. Therefore, users of Mobile Sales <u>must</u> upgrade to Mobile Sales (1.00.05) to take advantage of the enhanced security protection.

To download the latest version of the Mobile Sales application please visit
https://play.google.com/store/apps/details?id=uk.co.pegasus.mobilesales