Newry: 028 3026 7715 | Lurgan: 028 3832 4924 | Belfast: 028 9072 6000

dalypark
& company ltd
Chartered Accountants & Registered Auditors

INSIDER • JANUARY 2016

www.dalypark.com

Preparing for the national living wage

The national living wage (NLW)
wor
1

The national minimum wage will continue to apply to all other eligible workers.

Although April may seem like a long way off, there are steps employers can take now to ensure they comply with the new rates.

These include:

- finding out which staff are eligible for the new rate
- updating your company payroll in time for 1 April 2016
- communicating changes to staff.

A government survey of 1,000 employers found that although 93% think the NLW is a good idea, many businesses haven't started preparing for the changes:

- 63% know who should receive the NLW
- 45% have updated their payroll to take account of staff aged 25 and over
- 39% have communicated the upcoming changes to their staff
- 29% have looked online for more information about NLW.

Business minister Nick Boles, said:

"I am urging businesses to get ready now to pay the new £7.20 rate from 1 April 2016. With just under 4 months left, there are some easy steps employers can take to make sure they are ready.

"By taking these measures, companies will be able to properly reward their staff and avoid falling foul of the law when it takes effect."

Contact us today to discuss about your plans for the NLW.

Help to Buy ISAs popular in first month

Two thirds of potential home buyers plan to use the Help to Buy ISA scheme to save a deposit for a home.

The research by MoneySuperMarket found that 82% of prospective buyers think the scheme will help them get on the property ladder earlier than planned.

Help to Buy ISAs, which were launched on 1 December 2015, allow individuals over the age of 16 to save up to £200 into an account per month. Buyers can also deposit a lump sum of up to £1,000 when they set up their account.

The money will earn interest and will also qualify for a 25% bonus (up to £3,000) from the government provided the funds are used to buy a house.

To be eligible a person must be 16 or over and be planning to buy a home under £250,000 (or £450,000 in London).

However, MoneySuperMarket found that people don't necessarily intend to spend their Help to Buy savings on a deposit.

Of those who plan to open a Help to Buy ISA:

- 32% will put the money towards their deposit
- 13% will use it to pay stamp duty
- 10% will spend it on legal fees
- 15% will buy furniture
- 9% will spend it on home renovations.

Contact us to talk about personal financial planning.

New state pension: a guide

The new state pension comes into effect from 6 April 2016 but research has found that many savers don't understand the changes.

A survey by Aviva found that:

- 24% are unaware of the flat rate pension
- 42% of 55-64 year olds aren't sure if they'll receive it
- 57% know that the state pension age is increasing.

Key changes

You will get your state pension under the current rules if you have already started receiving the state pension or reach state pension age before 6 April 2016.

People will be eligible for the new state pension if they are:

- a man born after 6 April 1951 or
- a woman born after 6 April 1953 and
- have at least 10 qualifying years on their national insurance (NI) record.

The additional state pension (which is based on earnings) will be abolished. It will be replaced with a flat rate (or single-tier system) which is based on your NI record.

You'll need 35 years of NI contributions to receive the maximum amount of £155.65 a week.

A qualifying year is a tax year in which you've paid or have been credited with enough NI contributions to qualify for the state pension.

How it's calculated

The government will use your NI record to calculate your 'starting amount'.

This will be the higher of:

- the amount you'd receive under current state pension rules
- the amount you'd get if the new state pension had been in place when you started working.

Workers who were 'contracted out' of the additional state pension scheme at some point in their career may have a lower starting amount.

Although the calculations are complicated, the important thing to know is that your starting amount won't be less than under the current system.

Options

Once you know your starting amount you can begin planning.

If your starting amount is **more than the full state pension**, the difference is called a 'protected payment'. It is paid in addition to your state pension and increases each year in line with inflation.

If your starting amount is **less than the full state pension**, you can add more qualifying years to your NI record. Each qualifying year is worth £4.44 a week.

You can continue to add qualifying years until your reach state pension age or the full state pension amount.

You can request a state pension statement from the government to find out how much you may receive.

Talk to us about your retirement planning.

Finance Bill 2016 passes through parliament

The Finance Bill 2016 passed through parliament in December 2015. This bill puts into law many of the measures announced by the Chancellor in his Budget and Autumn Statement speeches.

Important areas which were clarified:

- the annual investment allowance is £200,000 from 1 January 2016
- tougher rules tackling offshore tax evasion will be introduced
- large businesses will have to publish their tax strategies
- landlords will see the wear and tear allowance replaced by a new relief that allows them to deduct the cost they incur
- the personal savings allowance will see basic rate taxpayers not paying tax on the first £1,000 of savings income
- the pension lifetime allowance will reduced to £1 million from the 2016/17 tax year.

We can advise on how legislative changes may affect you or your business.