

## 2016 Autumn Statement: Employment law key points



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23 November 2016 the Chancellor of the Exchequer delivered the 2016 Autumn Statement. Below is a summary of the key points relating to the sphere of Employment.

### Employee shareholder status tax relief abolished

The income tax and capital gains tax relief associated with Employee Shareholder Status (ESS) agreements will be abolished for those agreements entered into on or after 1 December 2016. Tax advantages for agreements entered into before 1 December 2016 will continue to apply.

Government plans also include an intention to close ESS status to new users altogether 'at the earliest opportunity'. In the meantime updated BEIS guidance on employee shareholders has been published to reflect changes.

### National minimum wage increases

From 1 April 2017, there are proposals to further increase the national minimum wage (NMW):

- National living wage (age 25 and over) will increase from £7.20 to £7.50;
- Standard adult NMW rate (age 21 to 24) will increase from £6.95 to £7.05;
- Development NMW rate (age 18 to 20) will increase from £5.55 to £5.60;
- Young workers NMW rate (age 17 to 17) will increase from £4.00 to £4.05;
- Apprentice NMW rate (age 19 or in the first year of an apprenticeship) will increase from £3.40 to £3.50;

- Daily accommodation offset will increase from £6.00 to £6.40.

### Termination payments

As previously announced at the 2016 Budget, from April 2018:

- The exemption from income tax and NICs for termination payments up to the current threshold of £30,000 will be retained.
- Employer NICs will be payable on payments above £30,000.

The previous proposal to tax certain 'post-employment' and 'expected bonus' payments, as earnings, seems to have been dropped by the government. Income tax will only be applied to the equivalent of an employee's basic pay if their notice is not worked. A revised draft of the Finance Bill 2017 is expected 5 December 2016 which will clarify the government's position on the issues.

### Salary sacrifice schemes: restricted to certain benefits

It has been proposed that from April 2017, only the benefits, if provided through a salary sacrifice arrangement, below will continue to benefit from tax and NICs relief:

- Enhanced employer pension contributions to registered pension schemes (and pensions advice);
- Childcare benefits (employer-supported childcare and provision of workplace nurseries);
- Cycles and cyclists' safety equipment provided under the cycle to work scheme.

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- Ultra-low emission cars
- Existing arrangements will be protected until April 2018 (or April 2021 for cars, accommodation and school fees).

### Off-payroll working in the public sector

From 6 April 2017, all payments by public sector engagers to workers supplied by personal service companies will be treated as payments of employment income on which either the engager or third party intermediary (if any) will be required to account for tax.

### Legal support from employer: tax exemption extended to witnesses

From April 2017, all employees who are called on to give evidence in court will not be liable to tax on legal support from their employer. At present the relief applies only to support received to assist employees in defending allegations against them.

The information contained in this document provides background information only. The document may be misleading if relied upon as an exhaustive list of the legal issues involved. If any matter referred to in this document is sought to be relied upon, further information should be sought.