

Important information for Payroll Runs on or after 7th September 2008



Personal Allowances & Basic Rate Tax Band Changes

Following the Chancellor's announcement, the basic Personal Allowance for the 2008-09 tax year is increasing by £600 from £5,435 to £6,035 and the basic rate band is reducing from £36,000 to £34,800. As a result, many employees in Opera for Windows will need to have their tax codes changed for payroll runs from 7 September 2008.

The new tax codes and basic rate tax band must be in Opera for Windows for the first payroll run on or after 7 September 2008 - after the Week 22 or Month 5 payroll run but before the Week 23 or Month 6 payroll run. Instructions to do this are detailed in this guide.

As PAYE tables in Opera for Windows use dates to control when they are used, the basic rate income tax band can be changed at any time before 7 September 2008. However, the tax code changes must be done after the Week 22 or Month 5 payroll run but before Week 23 or Month 6 payroll run. We suggest you make the changes to both the tax codes and basic rate income tax band at the same time.

Do not use the new tax codes and basic rate tax band in payroll runs before 7 September 2008.

Full details of the updates are available on the HMRC website (www.hmrc.gov.uk/employers/epa.htm). The updates will also be included on the revised Employer CD-ROM 2008 (August) Edition that HMRC will send employers in August.

How employee tax codes are changing

This table describes how you should change your employees' tax codes before running the first payroll run on or after 7 September 2008.

Type of tax code	Action
L suffix	Add 60 to the existing tax code number. For example, an old tax code 543L becomes 603L.
T suffix	Only change these tax codes when HMRC send you a P6 notice.
P, V or Y suffix	Only change these tax codes when HMRC send you a P6 notice.
NT, BR or D0	Only change these tax codes when HMRC send you a P6 notice.
K prefix	Only change these tax codes when HMRC send you a P6 notice

STEP 1: Changing Tax Codes in Opera for Windows

Use the Tax Code Changes command on the Payroll > EOY/Special Reports menu to do a bulk update of your employees' L suffix tax codes. Employees using other tax code types can be updated individually in the Payroll > Processing command if necessary.

Important: This must be done after the Week 22 or Month 5 payroll run but before Week 23 or Month 6 payroll run. Do not use the new codes in payroll runs before 7 September 2008.

To change employees' L suffix tax codes

1. From the **Payroll** menu, select **EOY/Special Reports**.
2. If you are using groups, in the *Select Groups* list, click to select the group(s) you want to process and then select **F9**.
3. Select *Tax Code Changes*.
4. In the *Suffix Code L* box, type '60'.
5. Press the **Return** key through the remaining fields. Then choose an option to report the changes.

How the basic tax rate band is changing

The basic rate income tax band from 7 September 2008 is reducing from £36,000 to £34,800. This band needs to be changed in Opera for Windows.

STEP 2: Changing the basic tax rate band in Opera for Windows

Use the PAYE/NI/SSP command on the Payroll > Utilities menu to change the basic rate income tax band.

Note: As PAYE tables in Opera for Windows use dates to control when they are used, the basic rate income tax band can be changed at any time before 7 September 2008.

To Update the PAYE Tables

1. From the **Payroll** menu, select **Utilities** and **PAYE/NI/SSP**.
2. Click **New Tables**. The existing detail from *Table 2*, which was effective from 18 May 2008, is copied to *Table 1*. *Table 1* is then used in Payroll calculations until 7 September 2008 when the new *Table 2* becomes effective.
3. Update the fields exactly as **highlighted** below.

P.A.Y.E.				S.S.P.	
% Rate	Cumulative Bandwidth	% Rate	Cumulative Bandwidth	Rate	Range
1 10.00		11		1	90.00
2 20.00	34800	12		2	75.40
3 40.00		13		3	
4		14		4	
5		15		5	
6		16		6	
7		17		7	
8		18		8	
9		19		9	
10		20		10	

Base Rate 2

4. Select the **Page Down** key until the **OK** button is displayed.
5. Click **OK**. You are now ready to do the Week 23 or Month 6 payroll run.