Payroll 2024/2025 EOY Overview

This release includes the statutory payroll changes for the 2023/24 year-end and the new 2024/25 tax year.

Statutory Rates & Bands

The release also includes the usual adjustments to tax and NI bands/rates and statutory payment amounts. Automatic Enrolment thresholds remain unchanged and the Scottish and Welsh Tax amendments are present in the software but are subject to their respective parliamentary approvals.
As a result of the above point, it may be necessary for a further update of the tax and NI/band rates.

Real Time Information (RTI)

The usual 'year on year' uplifts to support a new tax year have been applied.
In addition, the following changes have also been made for 2024/25:
- The additional NI codes applicable to the Investment Zone legislation have been added.
- The BACS payment hash tag has been removed.
- The validation on a SMP payment having to be paid to a female employee has been removed.

Investment Zones

The refocused Investment Zones programme is designed to grow the economy, whilst empowering local places and supporting levelling up, by building knowledge intensive clusters which build on an areas' existing strengths. The package of tax reliefs available to Investment Zones has been carefully designed to bring forward new investment by reducing the cost of doing business. Local government and research institutions will be able to select interventions, including the tax offer, when designing their Investment Zone proposal.
Employer National Insurance Contributions (NICs) is to be included in the wider Investment Zone initiative and a reduction in the rate of employer NIC's will be available for all Investment Zone tax site-based businesses i.e., employers located within a prescribed geographic area and only for employees who are working in that area (where the conditions to claim the relief are met). This change in rate would see all employers based within and employing people working within the Investment Zone geographic area, apply a zero-secondary rate of employer NICs for such employees' earnings above the secondary threshold up to and including an upper secondary threshold equivalent to the Freeport upper secondary threshold, where the conditions to claim the relief are met. The balance of earnings above this upper secondary threshold will be charged at 13.8%. The calculation of primary Class 1 NICs is unaffected.

There are four new Investment Zone NIC category letters being introduced from 6 April 2024. They are:
- N - (standard category letter)
- E - (married women and widows entitled to pay reduced NICs)
- K - (employees over the state pension age)
- D - (employees who can defer paying 12% NICs and pay only 2% because they are already paying it in another job).

 These new category letters mirror existing NIC category letters A, B, C and J, respectively. For the new NI letters, there will be a point in time whereby use of the new letter expires, at which point the employee must be reverted to the standard equivalent letter. For Investment zones, use of their letters expire approx. 36 months from the date the employee starts working for the employer.
Where several different NIC Category letters could be applied, the employer has discretion to choose the NIC Category letter which provides most benefit.
For example; if an Investment Zone employer hired a new worker, who was also a Veteran, various category letters may apply. It would be for the employer to select which category letter is most beneficial to them. The reporting of primary Class 1 NICs on the FPS and P60 remains unaffected.

Statutory Paternity Pay

In its manifesto, the Government committed to make it easier for fathers to take Paternity Leave. Changes to the existing Paternity Pay and Leave (PPL) entitlement, led out of the Department for Business and Trade (DBT), will introduce greater flexibility for fathers, moving to a more equal system of parental leave and pay to promote gender equality. HMRC partly administers this entitlement by providing the forms (SC3, SC4, and SC5) to apply for PPL along with dispute forms (SPP1 and SPP2), requests for advance funding, and online eligibility calculators and guidance for both employers and employees.

The new policy, which covers Great Britain and not Northern Ireland, will come into effect from 6 April 2024 and includes the following changes:

- Employed fathers-to-be will be able to provide notice of entitlement 28 days prior to birth/placement of adoption and 4 weeks' notice prior to taking Paternity Leave.
- An employed father will be able to take PPL in two non-consecutive periods of 1 week or a 2-week block within 52 weeks of the birth of the child or placement for adoption.

Other changes

There is no upgrade to Online Filing Manager this year. Therefore, you should continue to use Online Filing Manager (4.01.00) to send RTI submissions to HMRC.
A new activation key and Update Data Structures* are required for this release. *Not appliable to Opera 3 SQL SE

Non-Payroll changes

Opera's activation key

Historically, the need to reactivate Opera products (i.e., re-enter activation details relevant to the installation) has been principally mandated by changes to the first two significant digits of the version number of the executable.

For those installations where upgraded versions are not kept up to date, an additional demand for reactivation is invoked when sufficient time has lapsed since the last activation.

For commercial reasons Opera's activation will now use a new date mechanism. A date will now be embedded in the main product executable, main.exe. If the installation activation date held in the encrypted file opera.sys is earlier than this embedded date, a reactivation will be required.