

# Five key Employment Laws that changed in April...



The end of the tax year is usually a very busy time for HR professionals, with the inevitable changes to employment law and policies, and 2017 is no exception!

## 1. Salary sacrifice tax advantages limited

Benefits received in lieu of pay are often dealt with by way of a salary sacrifice scheme. This can be advantageous to employees, who benefit from the reduced tax and NIC they must pay; however, from 6 April 2017, the benefits available are limited. Arrangements already in place will be protected until April 2018, or April 2021 in some cases.

## 2. National minimum wage increases

The national minimum wage and the national living wage increased from 1 April 2017 across all age bands, despite having been reduced in October 2016. The new rates of pay are as follows:

National living wage – £7.50 per hour (applies to those aged 25 years and over).

National minimum wage:

£7.05 per hour (21-24 years).

£5.60 per hour (18-20 years).

£4.05 per hour (16-17 years).

£3.50 per hour (for apprentices aged under 19, or those over 19 who are in the first year of their apprenticeship).

## 3. Statutory family-related absence pay and sick pay increase

Statutory paternity, maternity, adoption and shared parental pay rates increased to £140.98 per week from the week commencing 2 April 2017.

Statutory sick pay increased to £89.35 per week from 6 April 2017.

## 4. New pensions advice allowance

Those who pay into defined contribution or hybrid pension schemes are now eligible to take a tax-free amount of up to £500 from their pension scheme to redeem against the expense of obtaining financial advice. This pensions advice allowance became effective on 6 April 2017.

Eligible persons will be able to use this service three times; however, there is a restriction of once per tax year.

## **5. Changes to statutory redundancy pay**

When an employer dismisses an employee for redundancy, they are required by statute to pay those who have two or more years' service a sum of money based on the employee's weekly pay, their length of service, and their age. The amount paid is subject to a cap on the weekly pay; from 6 April 2017, this cap was increased from £479.50 to £489.00.

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