



Opera 3 (2.50)

Opera II (7.70)

Online Filing Manager (4.01)

Legislation & Product Changes Guide

**2017-18 Year End
& 2018-19 Tax Year**

Opera 3 (2.50)
Opera II (7.70)
Online Filing Manager (4.01)
Legislation & Product Changes Guide
Version 1.0



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Introduction

This guide will help you understand the background and product changes for this year's payroll upgrade for the 2017-18 tax year-end and the new 2018-19 tax year.

This release includes:

- **Auto Enrolment contribution increases** - under automatic enrolment, minimum pension contributions are required to increase on defined dates over time.
- **National Minimum and Living wage** - new warnings and a report to assist with compliance.
- **Increase in State Pension Age** - by October 2020, the state pension age for both men and women will reach 66.
- **New option to always round up pension contributions** - some pension providers require that contributions are always rounded up to the nearest pence.
- **Real Time Information (RTI)** - changes for the new Government Gateway and RTI submissions.
- **Relaxing of data validation rules** - relaxing data recording rules in the Personnel application and customer and supplier deletion in the ledgers.
- **PAYE, NI and statutory payments** - the rates, bandwidths and thresholds have been updated as per the changes announced in the Autumn Statement and the Scottish Budget.
- **Auto enrolment thresholds** - these have been updated as per the changes announced by The Pensions Regulator.
- **Electronic P60 formats** - these have been updated and approved by HMRC.

Note: The **Personnel Benefits** form in the Personnel application has been changed to match minor changes to labels on the P11D introduced by HMRC.

Links to general sources of information are provided. Please refer to the relevant sections in the F1 Help for details of the changes for this upgrade.

Software versions

Opera 3	2.50.00
Opera II	7.70.00
Online Filing Manager	4.01.00

Other guides

Checklists guide

Helps you understand the steps to:

- Upgrade your Opera 3 or Opera II, and Online Filing Manager installations
- Complete the year-end and file final RTI submissions
- Start the new tax year.

Installation guides

Instructions for installing Opera 3, Opera II, and Online Filing Manager are included in each product's Installation Guide.

All guides are published at www.pegasus.co.uk/pegasusinfocentre.

Auto Enrolment contribution increases

Under automatic enrolment, minimum pension contributions are required to increase on defined dates over time.

From 6 April 2018, the total minimum contribution must be 5% - usually split between the employer (2%) and the employee (3%). Both the employer and employee can pay more if they want to. If the employer contributes more than the minimum the employee can contribute less, provided that the total minimum contribution is paid.

From April 2019, the contributions will increase again.

Applies to

All employees.

The Pensions Regulator

www.thepensionsregulator.gov.uk/doc-library/increases-in-minimum-contributions-automatic-enrolment.aspx
www.thepensionsregulator.gov.uk/docs/minimum-contribution-increases-flow-diagram.pdf
www.thepensionsregulator.gov.uk/en/employers/phasing-calculating-contributions-using-different-elements-of-pay.aspx

Software changes

Effective

The changes apply as soon as the new software is installed.

New 'Change Contribution' form

A new form called **Change Contribution** is available on the **Action** menu of the **Payroll - Maintenance - Pension Scheme** form.

The form makes it easy to change the contributions to the necessary rates for 6 April 2018. You can change both the employer and employee rates at the same time, or change just one of the rates.

The rates can also be changed if they are already set to a particular rate, for example if both the employee and employer rates are already set to '1%'.

New warnings

Warnings in the **End of Year Cleardown** and the audit report that follows the first **Payroll Calculation** in the new tax year will be shown in Payroll to warn you that new minimum contributions apply.

Message displayed after the **End of Year Cleardown** is run.

National Minimum and Living Wage

The payroll has been enhanced with warnings and a new report to help you comply with the National Minimum and Living Wage rates.

Applies to All employees

GOV.UK <https://www.gov.uk/national-minimum-wage-rates>

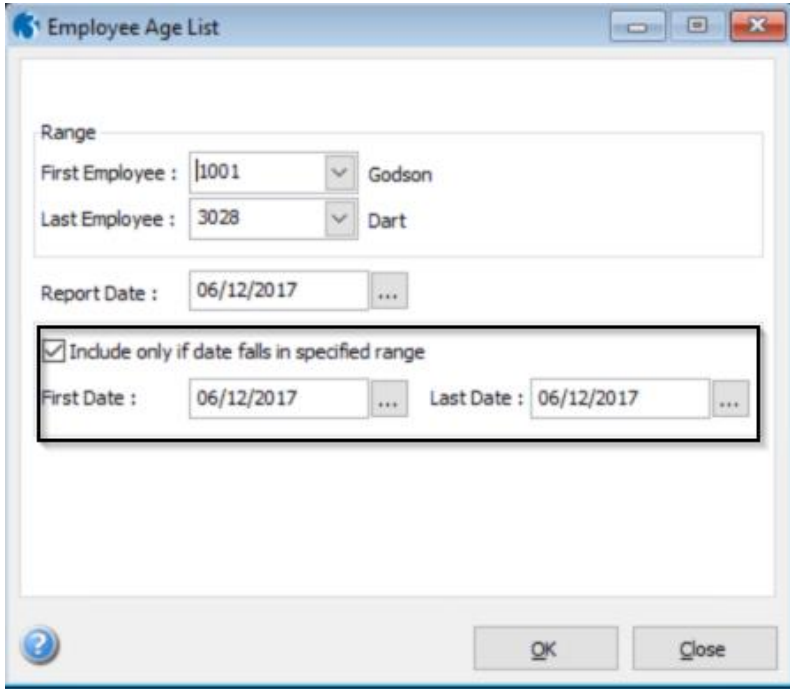
Software changes

Effective The changes apply as soon as the new software is installed.

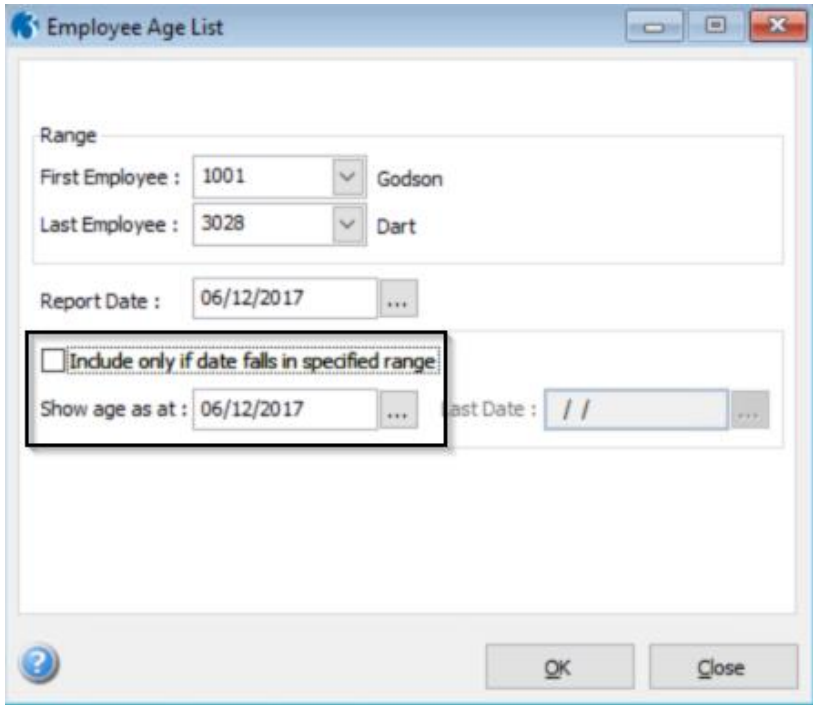
Employee Age List The existing **Birthday List** report has been renamed to **Employee Age List**. This is on the **Misc. Reports** menu.

The report now lists the employees whose ages cross over the National Minimum and Living Wage ages of 19 and 25, as well as listing employees with milestone birthdays of 18, 21, 60 and 65.

Leaving the new option **Include only if date falls in specified range** selected will include only employees whose birthday falls within the date range.



With the new **Include only if date falls in specified range** option cleared you can now enter a **Show age as at** date to show the ages of selected employees at a specified date and the relevant National Minimum Wage band.



In Opera 3 the report can be saved as an Excel spreadsheet.

Payroll calculation

The **Payroll calculation** will include warnings on the audit report if an employee reaches a cross-over age in the current pay period, the previous pay period, or a holiday pay period. This will provide a timely warning if you need to amend the employee's pay rate.

Increase in State Pension Age

Under the Pensions Act 2011, only women are affected by the increase in pension age up until November 2018. By then the State Pension age for women will be 65 years.

From December 2018, the State Pension age for both men and women born from 6 December 1953 to 5 April 1960 will increase so that by October 2020, the State Pension age for both will be 66 years.

State Pension age increases for both men and women from December 2018:

- Born 6 Dec 1953 – 5 Jan 1954: **6 March 2019**
- Born 6 Jan 1954 – 5 Feb 1954: **6 May 2019**
- Born 6 Feb 1954 – 5 Mar 1954: **6 July 2019**
- Born 6 Mar 1954 – 5 Apr 1954: **6 September 2019**
- Born 6 Apr 1954 – 5 May 1954: **6 November 2019**
- Born 6 May 1954 – 5 Jun 1954: **6 January 2020**
- Born 6 Jun 1954 – 5 Jul 1954: **6 March 2020**
- Born 6 Jul 1954 – 5 Aug 1954: **6 May 2020**
- Born 6 Aug 1954 – 5 Sep 1954: **6 July 2020**
- Born 6 Sep 1954 – 5 Oct 1954: **6 September 2020**
- Born 6 Oct 1954 – 5 April 1960: **66th birthday**

Applies to	Employees born from 6 December 1953.
Example	Before these changes, a man born on 6 December 1953 would have reached State Pension Age on 6 December 2018. Now their State Pension Age will be reached on 6 March 2019.
GOV.UK	www.gov.uk/state-pension

Software changes

Effective	The changes apply as soon as the new software is installed.
State Pension age data table	The State Pension age data table that holds the various bands and details now includes the State Pension Age for both men and women born up to 5 April 1960.

New validation checks & warnings	Checks and warnings regarding employees approaching the State Pension Age are now displayed for both men and women born up to 5 April 1960.
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New option to always round up pension contributions

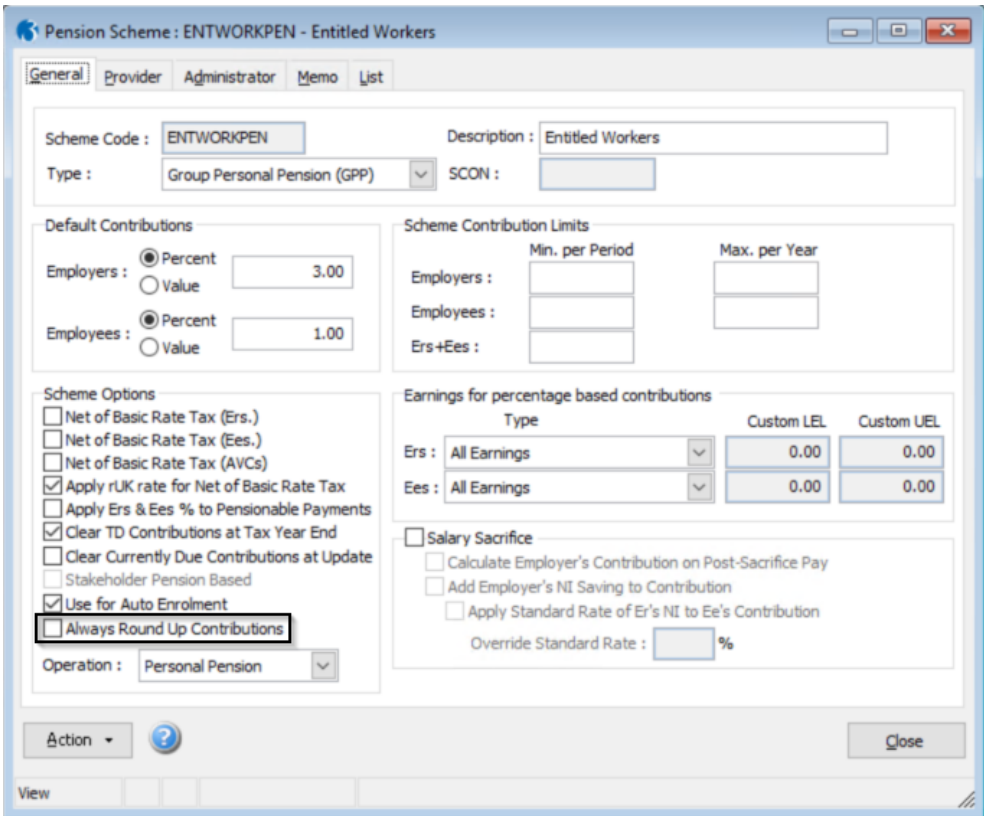
Some pension providers require that contributions are always rounded up to the nearest pence, regardless of the standard rounding rule, which determines that values are rounded to the nearest unit (either up or down).

Software changes

Pension schemes

A new option called **Always Round Up Contributions** has been added to the **Payroll - Maintenance - Pension Scheme** form that controls whether pension contributions are always rounded up to the nearest pence.

For example, with the option cleared, a contribution that is calculated as £40.002 will be rounded down to £40.00. With this option selected, the same calculated contribution will be rounded up to £40.01.



Real Time Information (RTI)

Government Gateway

The existing Government Gateway will be switched off on 13 February 2018. The features provided by the Government Gateway will be migrated to a new 'HMRC Multi Digital Tax Platform' as part of a long term aim.

The new Multi Digital Tax Platform will cater for online document submission using a new 'transaction engine'. The transaction engine has a different web address.

RTI Submissions

The files for the Full Payment Submission (FPS) and Employer Payment Summary (EPS) have been updated for the 2018-19 tax year.

HMRC requires that FPS submissions in the new tax year must also include student loans plan types (either plan 1 or plan 2) for employees repaying student loans.

In the new tax year, details of benefits (like company cars) along with the cash equivalent must be included in the FPS if the benefit is payrolled instead of being included on the form P11D. Previously it was optional to include the details of the benefits.

Note: The new HMRC Multi Digital Tax Platform is also used for VAT Returns and CIS submissions.

GOV.UK

www.gov.uk/running-payroll/reporting-to-hmrc

Software changes

Effective

The changes apply as soon as the new software is installed.

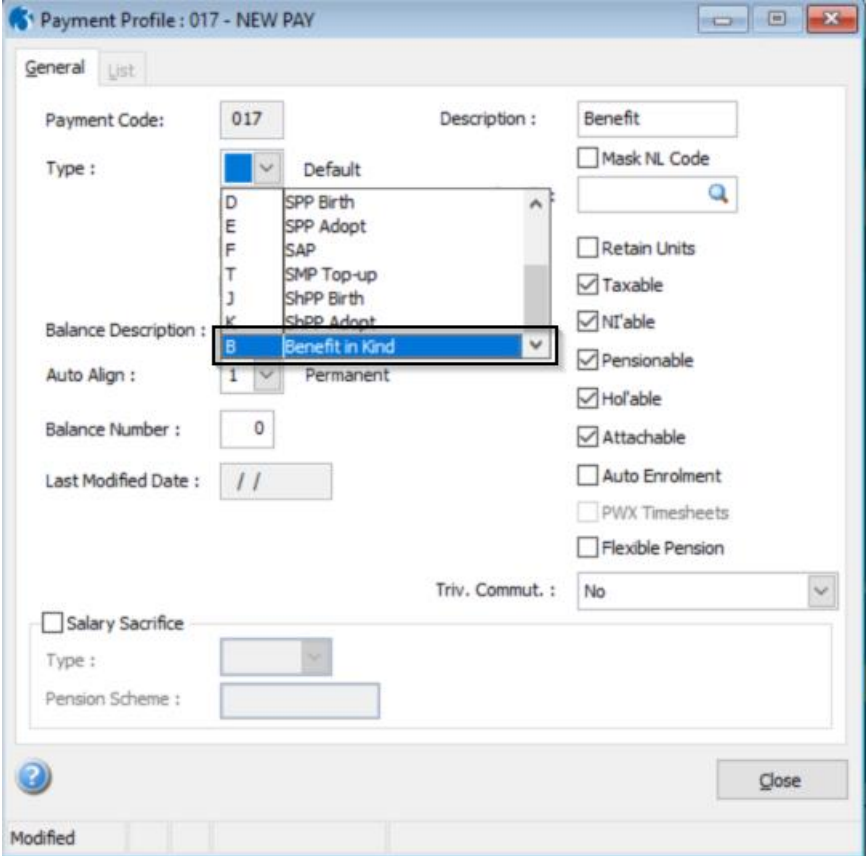
Online Filing Manager (v4.01)

Online Filing Manager (4.01) must be installed before the existing Government Gateway is taken out of service on 13 February 2018.

This version of Online Filing Manager uses the new Multi Digital Tax Platform 'transaction engine'.

RTI submissions

The files for the FPS and EPS have been updated for the 2018-19 tax year.

<p>Student loan plans 1 & 2</p>	<p>The FPS in the new tax year will include student loan plan types (plan 1 or plan 2) - along with the amount of the student loan deducted.</p>
<p>Payrolling Benefits</p>	<p>Opera already includes company car details in the FPS with the facility to record the cash equivalent of payrolled benefits using Benefit in Kind Payment Profiles.</p> 

Relaxing of data validation rules

Some of the data validation rules in the Personnel application have been relaxed so that non-essential data for employees no longer needs to be retained. Also, the validation rules for deleting customer and supplier records in the Sales and Purchase Ledgers have been relaxed.

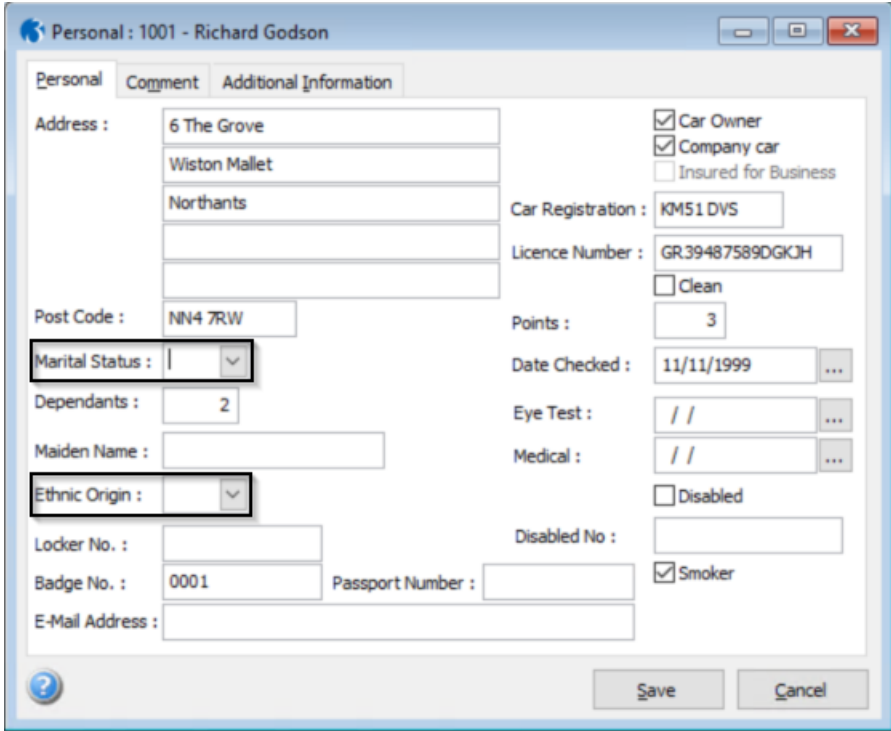
Software changes

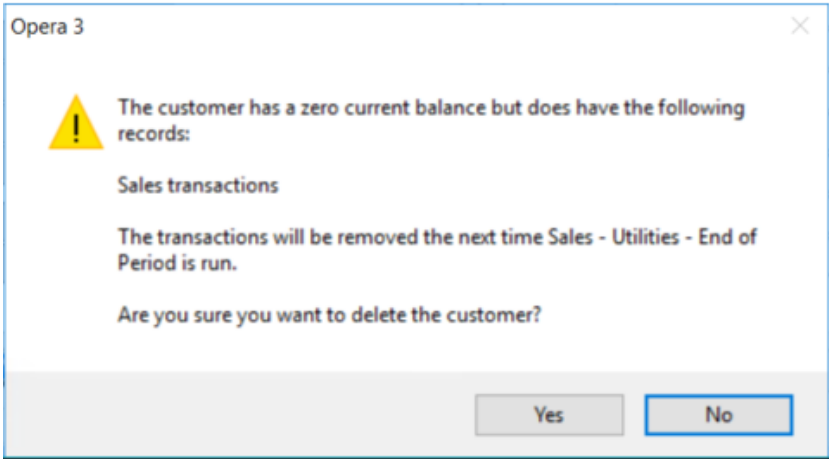
Employee records

Ethnic Origin & Marital Status

It is no longer necessary to record either the ethnic origin or marital status of an employee on the **Personnel - Processing - Personal** form.

The lists of ethnic origins and marital status are still maintained from the **Personnel - Maintenance** menu. Previously if the lists were maintained, the details had to be recorded for each employee's record in the Personnel application. The **Ethnic Origin** and **Marital Status** boxes can now be left empty.



Customer records	<p>The validation rules for deleting customer accounts have been relaxed.</p> <ul style="list-style-type: none">• Customer accounts that just have fully paid transactions in the Sales Ledger can now be deleted, but only if those transactions are not posted as advanced.• Customers can also be deleted if sales history records exist for their account. The sales history records are retained for reporting.• Customers with just invoices or credit notes on the record in the Sales Order Processing or Invoicing applications can also be deleted. Accounts with quotes, proformas, orders and deliveries cannot be deleted. <p>A new message is displayed when a customer is deleted and sales transactions, sales history or SOP/Invoicing documents exist.</p>  <p>In this situation, only Sales Ledger transactions exist for the customer.</p>
Supplier records	<p>The validation rules for deleting supplier accounts have been relaxed.</p> <ul style="list-style-type: none">• Supplier records that just have fully paid transactions in the Purchase Ledger can now be deleted, but only if the transactions are not posted as advanced.• Suppliers can also be deleted if purchase history records exist for their account. The supply history records are retained for reporting. <p>A new message like the one for the Sales Ledger above is displayed when a supplier is deleted.</p>

New rates and bands for NI, PAYE and statutory payments

All the tax rates and bands for the 2018-19 tax year are on www.gov.uk.

NICs bands			
	Weekly	Monthly	Yearly
LEL	116.00	503.00	6,032.00
PT/ST	162.00	702.00	8,424.00
UEL	892.00	3,863.00	46,350.00

LEL = Lower Earnings Limit, PT = Primary Threshold, ST = Secondary Threshold, UEL = Upper Earnings Limit

Employer's (secondary) % NIC rates							
	A	B	C	H	J	M	Z
LEL to ST	0	0	0	0	0	0	0
ST to UEL	13.8	13.8	13.8	0	13.8	0	0
Above UEL *	13.8	13.8	13.8	13.8	13.8	13.8	13.8

* UST (under 21) and AUST (apprentice under 25) are at the same level as the UEL.

Details of NI letters are at www.gov.uk/national-insurance-rates-letters.

Employee's (primary) % NIC rates							
	A	B	C	H	J	M	Z
LEL to PT	0	0	0	0	0	0	0
PT to UEL	12.0	5.85	0	12.0	2.0	12.0	2.0
Above UEL	2.0	2.0	0	2.0	2.0	2.0	2.0

Income tax rates and bands

		2017-18	2018-19
Basic rate	(20%)	1-33,500	1-34,500
Higher rate	(40%)	33,501-150,000	34,501-150,000
Additional rate	(45%)	Over 150,000	Over 150,000

Scottish income tax rates and bands

		2017-18		2018-19
Starter rate			(19%)	1-2,000
Basic rate	(20%)	1-31,500	(20%)	2,001-12,150
Intermediate rate			(21%)	12,151-32,423
Higher rate	(40%)	31,501-150,000	(41%)	32,424-150,000
Top rate	(45%)	Over 150,000	(46%)	Over 150,000

Tax allowances

	2017-18	2018-19
Personal Allowance	11,500	11,850
Marriage Allowance	1,150	1,185

Tax code increases

From 6 April 2018, the emergency tax code is 1185L.

Suffix	Change
L (basic personal allowance)	+35
M (received 10% of personal allowance from partner)	+39
N (transferred 10% of personal allowance to partner)	+31

www.gov.uk/tax-codes/letters-in-your-tax-code-what-they-mean

Statutory payments rates

SSP

From 6 April 2018, the standard weekly rate for sickness absence is £92.05 for employees with average weekly earnings of £116.00 or more.

SMP & SAP

For payment weeks starting on or after Sunday 1 April 2018, the standard rate is £145.18. For the first six weeks of payment, the amount paid to an employee is 90% of the employee's average weekly earnings (the earnings-related rate). For the remaining weeks, it will be the lesser of the standard rate or the earnings-related rate (90% of the employee's average weekly earnings).

SPP & ShPP

For payment weeks starting on or after Sunday 1 April 2018, the standard rate is £145.18. The weekly rate paid to an employee will be the lesser of the standard rate or the earnings-related rate (90% of the employee's average weekly earnings).

Small employers relief

The recovery and compensation rates for Small Employers Relief (SER) and the classification of a small business have not changed.

- Employers who qualify for SER are those with a total annual Class 1 NICs including primary (employee) and secondary (employer) liability of £45,000 or less.
- Employers who qualify for SER are allowed to recover 100% of statutory payments (SMP, SPP, ShPP and SAP) paid to their employees plus 3% compensation.
- Employers who do not qualify for SER can recover 92% of the statutory payments paid to their employees.

Employment allowance

The employment allowance is unchanged at £3,000.00. www.gov.uk/claim-employment-allowance

Apprenticeship levy

The apprenticeship levy is unchanged at £15,000.00 and 0.5%.

www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work

Student loan thresholds

From 6 April 2018, the annual student loan thresholds are:

- Plan 1: £18,330 (was £17,775)
- Plan 2: £25,000 (was £21,000).

The deduction rate is unchanged at 9%.

New thresholds for auto enrolment

The Department for Work & Pensions (DWP) has announced the proposed annual thresholds for the 2018-19 tax year (subject to the parliamentary approval).

Pay reference period	Weekly	2 Weekly	4 Weekly	Monthly	Yearly
Lower level of qualifying earnings	116	232	464	503	6,032
Earnings trigger for automatic enrolment	192	384	768	833	10,000
Upper level of qualifying earnings	892	1,783	3,566	3,863	46,350

New rates and bands – software changes

The new rates and bands for the 2018-19 tax year are updated when you run the **Update Data Structures** command in the System Manager or the **Copy Statutory Rates** command in Payroll.

PAYE, NI and Statutory Payments form (2018-19 tax year)

PAYE/NI/Stat. Payments

Table 1 | Table 2

PAYE & Misc. | NI ER's | NI EE's | SSP | Other Stat. Payments

Date Table Becomes Effective : 06/04/2018 ...

Year Number for Table : 1819

First Week Number for Table : 1

First Month Number for Table : 1

PAYE		PAYE	
% Rate	Cumulative Bandwidth	% Rate	Cumulative Bandwidth
1	10.00	11	
2	20.00	12	34500
3	40.00	13	150000
4	45.00	14	
5		15	
6		16	
7		17	
8		18	
9		19	
10		20	

Student Loans

Annual Threshold - Plan 1 : 18330

% Rate - Plan 1 : 9.00

Annual Threshold - Plan 2 : 25000

% Rate - Plan 2 : 9.00

PAYE

Emergency Tax Code : 1185L

Base Rate : 2

Tax Regulatory Limit % : 50.00

Action ? OK Cancel

PAYE/NI/Stat. Payments

Table 1 | Table 2

PAYE & Misc. | NI ER's | NI EE's | SSP | Other Stat. Payments

Weekly | Monthly | Annual

	Weekly	Monthly	Annual
L	116.00	503.00	6032.00
T	162.00	702.00	8424.00
U	892.00	3863.00	46350.00

Employer

	A	B	C	H	J	M	Z
L							
T							
U	13.80	13.80	13.80		13.80		
	13.80	13.80	13.80	13.80	13.80	13.80	13.80

LEL : 2

ST : 3 PT : 3

UEL/UST/AUST : 4

Apprenticeship Levy

Annual Allowance : 15000.00

% : 0.50

Employment Allowance

Limit : 3000.00

Action ? OK Cancel

PAYE/NI/Stat. Payments

Table 1 Table 2

PAYE & Misc. NI ER's NI EE's SSP Other Stat. Payments

Weekly Monthly Annual

116.00	503.00	6032.00
162.00	702.00	8424.00
892.00	3863.00	46350.00

Employee

	A	B	C	H	J	M	Z
L							
T							
U	12.00	5.85		12.00	2.00	12.00	2.00
	2.00	2.00		2.00	2.00	2.00	2.00

Action ? OK Cancel

PAYE/NI/Stat. Payments

Table 1 Table 2

PAYE & Misc. NI ER's NI EE's SSP Other Stat. Payments

	Rate	Range
0		116.00
1	92.05	
2		
3		
4		
5		
6		
7		
8		
9		

Waiting Days : 3
 Days to make PIW : 4
 PIW Link Period Days : 56
 Maximum SSP Weeks : 28
 Warning Week No. : 23
 Max PIW Link Years : 3
 Relevant Period : 8

Action ? OK Cancel

PAYE/NI/Stat. Payments

Table 1 | Table 2

PAYE & Misc. | NI ER's | NI EE's | SSP | **Other Stat. Payments**

SMP

Earnings Related % Rate : 90.00 Weeks For Maternity Pay Period : 39
 Standard Rate : 145.18 Weeks for Earliest MPP Start : 11
 Max Wks for Earn Rel % Rate : 6 Weeks for Medical Evidence : 20
 Max Wks for Standard Amount : 33 Qualifying Weeks : 15
 Reclaim Percentage Regular : 92.00 Weeks for Continuous Employment : 26
 NIC Compensation % Regular : 0.00 Pregnancy End Weeks : 16
 Reclaim Percentage SER : 100.00 Pregnancy Related Illness Weeks : 4
 NIC Compensation % SER : 3.00 Employee Notification Days : 28
 Use Minimum Value : Relevant Period : 8
 Any Day MPP Start :

SPP

Earnings Related % Rate : 90.00
 Standard Rate : 145.18
 Weeks For Paternity Pay Period : 2
 Time Limit Days : 56
 Employee Notification Days : 28

SAP

Earnings Related % Rate : 90.00
 Standard Rate : 145.18
 Weeks for Adoption Pay Period : 39
 Weeks for Earliest APP Start : 2

ShPP

Earnings Related % Rate : 90.00
 Standard Rate : 145.18

Action ? OK Cancel

Scottish tax rates and bands form (2018-19 tax year)

Scottish Tax

Table 1 | Table 2

Date Table Becomes Effective : 06/04/2018 First Week Number for Table : 1
 Year Number for Table : 1819 First Month Number for Table : 1

-----P.A.Y.E.----->

	% Rate	Cumulative Bandwidth		% Rate	Cumulative Bandwidth
1	19.00	2000	11		
2	20.00	12150	12		
3	21.00	32423	13		
4	41.00	150000	14		
5	46.00		15		
6			16		
7			17		
8			18		
9			19		
10			20		

PAYE

Emergency Tax Code : 1185L
 Base Rate : 2
 Tax Regulatory Limit % : 50.00

? OK Cancel

End of guide