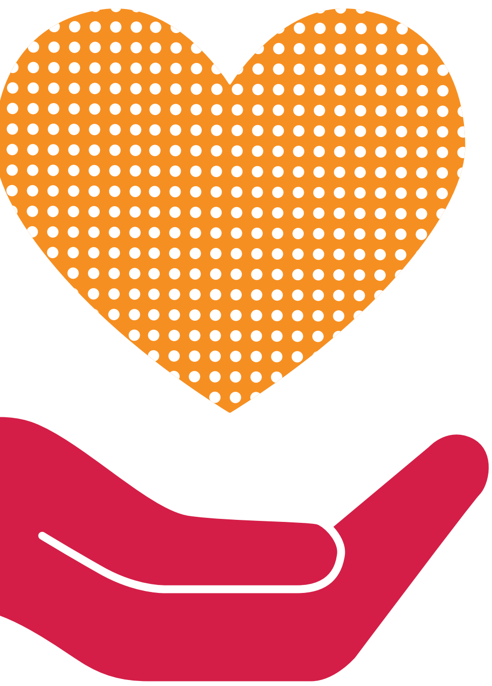
Charity and non-for-profit

UHY Hacker Young
Chartered Accountants

PAYROLL SERVICES

As a charity you have specific payroll requirements we can help with.



As a charity or not-for-profit organisation, your staff costs may be your organisation's largest cost. You may have limited payroll resources and yet there are increasing complexities of payroll through legislation changes which affect your charity/not-for-profit organisation.

We work with a number of charity and not-for-profit clients and we know that as a charity, you have specific payroll needs which may include:

- high staff turnover;
- temporary contract workers;
- large numbers of smaller employee payments;
- fund specific payroll allocation; and
- commission based fundraisers.

You should consider outsourcing your payroll activities, as you will then know that your obligations are being met and that your employees are receiving their wages and salaries on time and with the correct accompanying information.

Our dedicated and highly professional charity payroll teams work with accuracy, confidentiality and compliance on all your payroll matters. We have in-house specialists to deal with any tax or related issues within your sector.

You can be sure that our payroll experts are up to date with the ever-changing legislation that affects both the execution and reporting of your charity's payroll activities.

Using our specialist charity payroll service, you and your employees can focus on your primary purpose.

IS YOUR CHARITY READY FOR AUTO-ENROLMENT?

The law on workplace pensions has changed. The government has introduced auto-enrolment to help more people save for their future. This means that employers will need to automatically enrol some workers into a workplace pension plan and give other workers the option to join.

Every employer with at least one member of staff has a duty to put those who meet certain criteria into a workplace pension scheme and contribute towards it. This is auto-enrolment. It may be automatic for your staff but it is not automatic for you. You need to take steps to make sure they are enrolled.

Identifying your staging date

The employer duties started being introduced in stages from October 2012. The date your employer duties first apply is known as your staging date. The Pensions Regulator (TPR) will inform you of your staging date at least 12 months in advance.

What is the effect on pension schemes?

The legislation requires you to provide a scheme that can automatically enrol your employees into a workplace pension. You must register that you have an auto-enrolment scheme in place with TPR at least five months after your staging date. The good news is, if you have an existing pension scheme, you may be able to use this to meet your employer duties as long as it meets certain criteria.

Many schemes do not meet the requirements, therefore you may need to consider a new scheme or use the government's low cost scheme the National Employment Savings Trust (NEST).

NEST is a pension scheme that is primarily aimed at low to medium earners and small employers that do not have access to a company pension scheme.

What are my employer duties?

Your employer duties will depend on the types of worker you employ. You will need to automatically enrol some workers into a pension scheme and arrange membership for others. You are also responsible for the ongoing maintenance of the scheme and have an obligation to keep certain records.

We have the relevant expertise to help you overcome challenges and exploit the opportunities available to you.

You must:

- comply with your duties;
- have a suitable scheme;
- register your arrangement with TPR;
- auto-enrol eligible jobholders;
- make contributions;
- keep records; and
- re-enrol opt outs periodically.

You must not:

- refuse to comply;
- miss your staging date;
- miss making contributions;
- incentivise workers to opt out; or
- treat workers unfairly.

What happens if I do nothing?

The employer duties are not optional.

TPR will be responsible for ensuring that you comply with your employer duties. Although TPR's approach will be to educate and encourage compliance, you will face substantial fines or even imprisonment if you do not comply.

What records do I need to keep?

You will need to keep records which demonstrate how you have met and continue to meet your employer duties. This includes information about your workers and the pension scheme which must be provided to TPR when requested.

Assessing your workforce

Whether this is an easy or difficult task depends on your type of charity. A charity which uses the services of casual workers, very young or very old workers, will need to spend more time analysing its workforce. A charity which only employs salaried staff will have an easier task.

You will need to assess your workforce to determine whether they are treated as a 'worker'. There are three different categories of worker, determined by their age and how much they earn.

- **Eligible jobholders** must be automatically enrolled.
- **Non-eligible jobholders** have the right to opt in.
- **Entitled workers** have the right to join a pension scheme.

The categorisation of workers can be difficult in some circumstances and assistance may be required. We can help you define categories for each member of your workforce.

Contribution levels

Employers will need to make contributions to the pension scheme for eligible jobholders. All charities will need to contribute at least 3% on the 'qualifying pensionable earnings' for eligible jobholders. However, to help employers adjust, compulsory contributions will be phased in, starting at 1% before eventually rising to 3%. There will also be a total minimum contribution, which will need to be paid by employees if the employer does not meet the total minimum contributions. If the employer only pays the employer's minimum contribution, employees' contributions will start at 1% of their salary, before eventually rising to 4%. An additional 1% in the form of tax relief will mean that there is a minimum 8% contribution rate.

Do you know the answers to the questions below?

- Do you have an adviser to assist you?
- Do you know your staging date?
- Do you understand the implementation timescales?
- Can your payroll system be configured to process the required reports?

THE NEXT STEP

If you do not know the answers to the above questions, we suggest that you act soon and seek professional advice. For further information please contact:

Subarna Banerjee
Chair of charities and not-for-profit, London
t: +44 20 7216 4603
e: s.banerjee@uhy-uk.com

Alternatively, visit our website for more information at www.uhy-uk.com/charities

www.uhy-uk.com

Helping you prosper