

NI changes from 6th April 2022

1. Veterans

Veterans from the armed services can be employed for up to a year without attracting employer NI. The year starts from the date the veteran is first employed in a civilian job and is fixed even if the veteran changes jobs in that time.

The NI code used is V. The employer should record the date of first civilian employment, since it may be earlier than the start date. Once the year is finished Superpay changes the NI code to a non-veteran code.

Employer NI is zero up to the Veterans Upper Secondary Threshold (VUST). Currently the VUST is the same as the Upper Earnings Limit.

The veteran code can be used and filed through RTI from 6th April 2022. Also, from that date it can be applied retrospectively to the 2021-22 year. Any reruns of 2021-22 payrolls for veterans can be filed with an Early Year FPS from 6th April 2022. There will be a way to claim outside of RTI for those who choose not to rerun.

2. Freeports

Employees working at a Freeport are not subject to employer NI. There are conditions attached:

- a) The employee must be a new hire starting 6th April 2022 or later.
- b) They must not have worked for the employer or a connected company in the previous two years.
- c) They must spend at least 60% of their working time at the geographic area that defines the freeport.
- d) Eligibility to claim expires three years after their start date.

Employer NI is zero up to the Freeport Upper Secondary Threshold (FUST). Currently the FUST is £25,000.

The relief is intended to be available for up to nine years with reviews. The earliest possible end date is 5th April 2026. Any new hires up to 5th April 2026 will receive three year's relief regardless of whether the scheme continues. If relief is extended it will not be available past 5th April 2031, even for employees partway through their eligibility period.

The NI codes used are:

- F – Standard
- I – Reduced rate
- S – Retired
- L – Deferred

If more than one NI code could be applied the employer can pick the most beneficial.

3. Superpay changes

We have added a series of questions to the employee record for you to provide information about the employee. We encourage you to answer these questions instead of entering an NI code, although you can still enter the code. The NI code now defaults to blank in a new employee record, and you can leave it blank in the same way that you can with tax codes.

In the employee record, pressing F7 on the NI code field brings up this dialog:

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Set the NI code

Apprentice? N
Apprenticeship start date / /
(if different from start date)

Freeport worker? N

If this is a veteran, enter the
date of first civilian employment / /

Reduced rate NI? N
Deferred NI? N
Mariner? N

No NI? N
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When you run the payroll the correct NI code is calculated based on the answers to these questions and the birth date, start date, and gender. A message is displayed on the run screen whenever the NI code is added or changed. Superpay checks for the end of veteran or freeport eligibility in addition to the existing checks on the employee's age.

You can set the employee as a veteran in 2021-22, but the setting won't be actioned in the that year unless today's date is 6th April 2022 or later. From that date the veteran rate can be used to rerun 2021-22 payrolls with the zero rate employer NI.

If you don't answer any of these questions the employee will get the standard NI code that is appropriate for their age.