

# UK Payroll & Tax Overview

**A GUIDE TO DOING BUSINESS IN THE UK**

*STRICTLY PRIVATE AND CONFIDENTIAL*



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## 1.0 Doing Business in the UK

### 1.1 Investing in the UK

The UK government provides incentives for foreign investment in key industries to attract foreign companies to invest in the UK. The UK offers investors access to a wealthy and stable economy, supported by a highly educated workforce.

### 1.2 Registrations and Establishing an Entity

Every time a new company starts trading in the UK, this company has to be registered as an employer with HM Revenue and Customs (HMRC). This process involves providing HMRC with all the relevant company details, including the trading name of the company, the registered address details etc. in order for them to recognize you as a trading company. More importantly, this process also gives you the reference numbers to allow you to liaise with HMRC in future, and to ensure that you are given full credit for any payments of Income Tax and National Insurance that you make in the future.

### 1.3 Banking

It is mandatory to make payments to both employees and the authorities from an in-country bank account. Generally, banks are open to the public from 0900 to 1700 Mon-Fri, 0900 to 1500 Saturdays, and closed on Sundays.

### 1.4 Working Week

The working week in the UK is Monday to Friday. The working day for commercial offices is usually eight hours, typically from 0800 or 0900 to 1600 or 1700. Lunch breaks are usually one hour.

### 1.5 Basic Facts about the UK

#### General Information

**Full Name:** United Kingdom of Great Britain and Northern Ireland

**Population:** 66.65 million (UN, 2019)

**Capital:** London

**Major Language:** English

**Major Religion:** Christianity

**Monetary Unit:** 1 pound sterling = 100 pence

**Main Exports:** Manufactured goods, chemicals, foodstuffs

**GNI per Capita:** US \$47,880 (World Bank, 2019)

**Internet Domain:** .UK

**International Dialling Code:** +44

## 2.0 Tax & Social Security

The tax year runs from 6 April to 5 April the following year.

### 2.1 Income Tax

PAYE (Pay as You Earn) is the system that HM Revenue & Customs (HMRC) use to collect Income Tax and National Insurance contributions (NICs) from employees' pay as they earn it.

As an employer, you will have to deduct tax and NICs from your employees' pay each pay period and pay Employer's Class 1 NICs if they earn above a certain threshold. You pay these amounts to HMRC monthly or quarterly. If you do not send the correct amount, or if you send it in late, you may have to pay interest.

The amount you can earn before you start paying income tax (personal allowance) is £12,570 in tax year 2022/2023. If you earn in excess of £100,000, then for every £2 you earn over £100,000, you lose £1 of personal allowance.

The income tax bands for the 2022/2023 tax year are different for the rest of the UK and for Scotland, and are as follows:

#### Rest of the UK Rate

TAX BAND	TAX RATE	ANNUAL EARNINGS	MONTHLY EARNINGS
Basic Rate	20%	Over £12,570 - £50,270	£1,048.00 - £4,189
Higher Rate	40%	Over £50,270 - £150,000	£4,189 - £12,500
Additional Rate	45%	Over £150,000	Over £12,500

### Scottish Rate of Income Tax

For the 2022/2023 tax year, the Scottish tax rates to be used are:

TAX BAND	TAX RATE	ANNUAL EARNINGS	MONTHLY EARNINGS
Starter Rate	19%	Over £12,570 - £14,732	£1,048 - £1,227
Basic Rate	20%	Over £14,732 - £25,688	£1,227 - £2,140
Intermediate Rate	21%	Over £25,688 - £43,662	£2,140 - £3,638
Higher Rate	41%	Over £43,662 - £150,000	£3,638 - £12,500
Additional Rate	46%	Over £150,000	Over £12,500

### Welsh Rate of Income Tax

For the 2022/2023 tax year, in addition to the Scottish Rate of Income Tax, there is also a Welsh Rate of Income Tax.

The rest of the UK tax rates are reduced by 10% each to 10%, 30% and 35%, and the Welsh Rate of Income Tax is then added back on to these rates. The Welsh Rate of Income Tax rate has been set at 10% by the Welsh government, so the tax rates and bands are the same as the rest of the UK rates.

### STBV

The STBV arrangement is a relaxation of the strict Income Tax (PAYE) withholding obligations that arise on UK employers in respect of any employees from overseas who spend more than 60 days working in the UK in any UK tax year. The STBV arrangement removes the strict PAYE withholding obligations in respect of certain employees from overseas providing various conditions are met. A more detailed overview of the STBV arrangements is available in a separate communication.

### Calculation Example

Monthly paid employee – annual earnings		£96,000.00
Gross pay in month	-	£8,000.00
Less Personal Allowance	-	£1,048 (£12,570/12)
Taxable pay in the month	-	£6,952

### Tax

£3,141 x 20% =	£628.20
£3,811 x 40% =	£1,524.40
Total Tax	- £2,152.60
Net Pay (no Social Security)	- £5,847.40

## 2.2 Social Security

As an employer, you pay National Insurance contributions (NICs) on the earnings you provide to your employees. Earnings include not only cash amounts but also benefits, such as providing your employees with company cars.

Most workers (both employed and self-employed) also pay NICs on their earnings, in addition to Income Tax. Many of these contributions go towards building up workers' entitlements to social security benefits such as Jobseeker's Allowance and the State Pension.

The tax and NICs due on your employees' earnings are calculated and deducted at the same time through the PAYE (Pay as You Earn) system when you operate your regular payroll. You then pay them to HM Revenue & Customs (HMRC). However, the NICs that apply to many employer-provided benefits are calculated separately after the end of the tax year. Please note, there is no separate NIC rate for Scottish or Welsh employees.

EMPLOYEE	2022/23 6 <sup>TH</sup> APRIL – 5 <sup>TH</sup> JULY 2022
On earnings between £823 per month and £4,189 per month	13.25 %
On earnings above £4,189 per month	3.25 %

EMPLOYER	2022/23 6 <sup>TH</sup> APRIL – 5 <sup>TH</sup> JULY 2022
On earnings above £758 per month	15.05 %

EMPLOYEE	2022/23 6 <sup>TH</sup> JULY – 5 <sup>TH</sup> APRIL 2023
On earnings between £1048 per month and £4,189 per month	13.25 %
On earnings above £4,189 per month	3.25 %

EMPLOYER	2022/23 6 <sup>TH</sup> JULY – 5 <sup>TH</sup> APRIL 2023
On earnings above £758 per month	15.05 %

The UK government introduced legislation, which requires all employers to enroll their workers into a qualifying workplace pension scheme if they are not already in one. Previously, many workers failed to take up valuable pension benefits because they did not make an application to join their employer's scheme. Automatic enrolment is designed to overcome this.

Although automatic enrolment came into force from 1 October 2012, individual employers' duties have been introduced gradually since then, based on the employer's size. All employers regardless of size have had to be involved in the scheme from October 2017 at the latest.

For a defined contribution scheme, the amount of money paid in by the employee, their employer and by the government from tax relief is worked out as a percentage of total earnings. 'Tax relief' means that some of the money that would have gone to the government in the form of tax now goes into the pension pot instead.

The government has set a minimum percentage that has to be contributed in total. This means the employee contribution, the employer contribution and the tax relief added together. This minimum increases gradually and was 2% from October 2012 to April 2018, was 5% from April 2018 to April 2019 and 8% from April 2019 onwards.

## 2.3 Reporting

### Monthly

On a monthly basis, PAYE must be paid over to HMRC. This must reach HMRC by 22nd of the following month if paying electronically. If you operate PAYE (Pay as You Earn), there are a number of key tasks you must complete in the period around the end of the tax year on 5 April.

### Yearly

Under Real Time Information (RTI), reports are sent to HMRC in real time, so HMRC have to be notified “on or before” each payment is made to employees or pensioners. Each employee still has to be provided with a year-end P60 form summarizing their earnings and tax deducted in the previous tax year.

### PAYE Settlement Agreement (PSA)

A PSA is an agreement with HMRC where a company agrees to meet some Income Tax and National Insurance liability on behalf of its employees. This is generally used where a company has paid for staff entertaining, and doesn't want their staff to have a tax liability on this benefit, although it can be used for relocation expenses (over the HMRC limit for allowable expenses) and other irregular items of expenditure.

The PSA is an easement to make life simpler for both the company and HMRC, and can reduce the end of year reporting significantly if used correctly. Entering into a PSA is a good thing, as it demonstrates to HMRC that you are aware of your reporting obligations.

### Taxable Benefits

Where an employer provides taxable benefits in addition to salary, these can be reported and taxed in one of two ways:

- The company can register for voluntary payrolling of benefits, and include the benefits in the taxable pay of each employee through the payroll. The registration for this must be completed prior to the beginning of the tax year.
- At the end of each tax year, employers have to report to HMRC and to the individuals any benefits provided to their employees which have not already been reported and taxed via the payroll. This reporting is carried out using forms P11D. The majority of benefits provided to employees have to be reported to HMRC, including medical cover, mileage payments made in excess of the approved HMRC rates, company cars and so on. In addition to this a benefit summary form P11D(B) has to be prepared and submitted to HMRC by 6th July following the end of the tax year.



DEADLINE	TASK
"On or before" each payment is made to employees or pensioners	Full Payment Submission (FPS) must be sent to HMRC confirming the details of any payments made
19-Apr	Outstanding PAYE tax and Class 1 NICs - postal payments must reach your HMRC Accounts Office
22-Apr	Outstanding PAYE tax and Class 1 NIC - cleared electronic payments reach HMRC bank account.
31-May	Give each relevant employee a form P60
1-June	For employees whose benefits are taxed through the payroll, give them details of benefits you've payrolled, including the cash equivalent of each benefit.
06-Jul	File expenses and benefits annual return (forms P11D and P11D(b)) with HMRC if applicable - give a copy to your employees.
19-Jul	Class 1A NICs - postal payments must reach your HMRC Accounts Office
22-Jul	Class 1A NICs - cleared electronic payments must reach HMRC bank account
19-Jul	Class 1A NICs - postal payments must reach your HMRC Accounts Office
22-Jul	Class 1A NICs - cleared electronic payments must reach HMRC bank account

## 2.4 New Employees

The employer will supply full details of the employee to HMRC via their payroll system when they submit their RTI file.

## 2.5 Leavers

When an employee leaves a company, the employer must complete a form P45 confirming:

- The leaving date
- Full name
- Home address

- National Insurance Number
- Date of birth
- Gender
- Works/payroll number
- The individual's tax code

You also have to provide:

- Their overall pay and tax totals for the tax year so far, including from any previous employments during the year
- Their pay and tax figures relating only to their work for you during the tax year, if these differ from the employee's overall totals for the year

A copy of the P45 form is given to the employee. HMRC are notified that an employee has left a company by including a date of leaving in the next RTI submission.

## **3.0 Payroll**

It is legally acceptable in the UK to provide employees with online payslips.

### **3.1 Reports**

Payroll reports must be kept for 3 years from the end of the tax year they relate to.

### 3.2 Payslip Example

English language example:

Payments			
Description	This Month	Rate	Amount
Salary			4166.67
Childcare vouchers			-243.00
Ee's SW Pension Sac. AVC (%)			-208.33
holiday sacrifice			45.00
Statutory Maternity/Paternity/Sick Pay			0.00
		Total Gross	3760.34

7	31/10/12	TEST	9518Z50878	OPS EMP	810L Y	AA123456A	A	B
Tax Period	Pay Date	Employee Number	Tax District & Reference	Department & Division	Tax Code	National Insurance Number	National Insurance Code	Pay Method

Deductions			Cumulatives	
Description	Balance	Amount	Description	Amount
PAYE		630.76	Taxable Pay TD	3685.34
National Insurance		352.13	Tax paid TD	630.76
Cycle to Work	500.00	50.00	National Insurance TD	352.13
Give as you Earn		25.00	Employee Pension Sacrifice TD	208.33
Medical Ins Deduction	938.88	78.24	Employer Pension TD	416.67
Season Ticket Loan	1000.00	100.00	Employers Nic Savings for Pension	28.75
Student Loan		215.00		
Travel Insurance	593.52	49.46		
Total Deducted		1500.59	Net Pay	2259.75

## 4.0 Employment Law

### 4.1 Holiday Accrual/Calculations

Most employees are legally entitled to paid holidays/annual leave. A worker's statutory paid holiday entitlement is 5.6 weeks (28 days for a worker working a five-day week). This can include public and bank holidays. The entitlement for part-time workers is calculated on a pro-rata basis.

For any employees who were unable to take their leave entitlement as a result of the COVID-19 pandemic, legislation was introduced to allow them to carry forward up to 4 weeks of leave entitlement into the following year. If the carried forward entitlement is not used during the following leave year, it can be carried forward into the next leave year. This legislation only applies to any leave that cannot be taken as a direct result of the pandemic.

### 4.2 Maternity Leave

If an employee is expecting a baby, she may be entitled to Statutory Maternity Pay (SMP). This replaces her normal earnings to help her take time off around the time of the birth.

Whether the employer will have to pay SMP to an expectant employee depends on how long they've worked for that employer and how much they earn.

Payments of SMP count as earnings therefore the employer must deduct tax and National Insurance contributions (NICs) from them in the usual way.

An employer will normally be able to recover some or all of the SMP payments made to the employee.

An employee who is expecting a baby has the right to 26 weeks of 'Ordinary Maternity Leave' and 26 weeks 'Additional Maternity Leave' - making one year in total. As long as they give you proper notice they can take this no matter how long they've worked for you, how many hours they work or how much they're paid.

#### SMP Rates

For the first six weeks, the employer must pay the employee SMP at the rate of 90 per cent of their average weekly earnings.

For the next 33 weeks you must pay them the lower of the following:

- £156.66 or
- 90 per cent of their average weekly earnings
- If the employer's total National Insurance payments were £45,000 a year or less for the previous tax year, they'll be able to recover 103 per cent of the SMP. This is to compensate the employer for the NICs they would have had to pay on the SMP.

- If the employer's National Insurance payments were more than £45,000 for the previous tax year they will be able to recover 92 per cent of the SMP that they have paid.
- The employer can recover SMP by deducting it from your monthly PAYE (Pay as You Earn) payments. Or you can ask HM Revenue & Customs (HMRC) for funding in advance.

### 4.3 Paternity Leave

An employee is entitled to Ordinary Statutory Paternity Pay (OSPP) if their partner has a baby or adopts a child.

This replaces their normal earnings and helps them take time off to care for the child or support the mother.

As their employer, whether you have to pay them OSPP depends on how long they've worked for you, how much they earn and when the baby is due or the date of adoption. The employee will also have to provide the employer with a declaration covering family commitment and give you notice of when they want the payment to start.

Payments of OSPP count as earnings. The employer must deduct tax and National Insurance contributions (NICs) from them in the usual way.

The employer will normally be able to recover some or all of the OSPP you pay

The employee may be entitled to ordinary paternity leave and OSPP for birth if they have responsibility for the baby's upbringing, are taking time off to support the mother or care for the baby and they're either:

- the baby's biological father or
- the mother's husband or partner - including a female partner in a same sex couple

Where a couple adopts a child, the partner, male or female, who is not claiming Statutory Adoption Pay (SAP) may be able to claim OSPP. The employee may be entitled to ordinary paternity leave and OSPP for adoption if they're either:

- adopting a child with their partner or
- the partner of someone adopting a child on their own

In this situation, the adoption must also be being arranged through an adoption agency in the UK, or for adoption from abroad the adopter has to have received Official Notification.

#### Ordinary Paternity Leave

The employee is entitled to ordinary paternity leave if both of the following apply:

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- they've worked for you continuously for at least 26 weeks up to and into the 15th week before the date the baby's due, or 26 weeks into the week the adoption agency told the adopter they had been matched with a child
- they continue to work for you until the date the baby is born, or the date the adopted child is placed

The date an adopted child is expected to be placed is shown on the matching certificate from the adoption agency.

Your employee is entitled to take one- or two-weeks' ordinary paternity leave within 56 days of the date of the baby's birth or the date an adopted child is placed with the adopter. They can't take odd days off and if they take two weeks they must take them together.

### **Ordinary Statutory Paternity Pay (OSPP)**

If the employee is entitled to ordinary paternity leave they may also be entitled to OSPP for the period of their leave. They'll be entitled to OSPP if they have average earnings at least equal to the NICs Lower Earnings Limit (LEL) - £123 a week for 2022-23.

Your employee should inform the employer that they will be taking ordinary paternity leave by the 15th week before the date the baby's due, or within seven days of the date the adopter was told they'd been matched with a child. The employee should give 28 days' notice of when they want their OSPP to start.

### **OSPP rates**

If your employee is entitled to OSPP, you must pay them the lower of:

- £156.66 - from 6 April 2022 or
- 90 per cent of their average weekly earnings

The employer will be able to recover at least 92 per cent of the OSPP that they have paid. The recovery rates and qualifying conditions are the same as for SMP (see above).

If the employee's earnings are below the LEL, or they're not entitled to OSPP for some other reason, they may be entitled to other financial support from the Department for Work and Pensions (DWP).

## **4.4 Sickness**

Statutory Sick Pay (SSP) is paid to employees who are unable to work because of illness. SSP is paid at the same time and in the same way as you would pay wages for the same period.

An employer is responsible for paying SSP to employees who meet certain qualifying conditions. A record must be kept to show any SSP the employer has paid on the employee's form P11 Deductions Working Sheet - or equivalent payroll record.

If you keep paying your employees their normal wage when they're sick - and you pay them at least as much as the SSP they'd get - you don't have to operate the SSP scheme.

You must put your sickness policy in a written statement of employment particulars and give a copy to all employees who have worked for you for at least a month.

SSP isn't payable straight away. The first three qualifying days (days the employee normally works for you) of a Period of Incapacity for Work (PIW) are called 'waiting days' when SSP isn't payable: SSP is payable from the first qualifying day after the three waiting days. However, if several PIWs are linked, the waiting days only apply to the first PIW.

If you have an employee who is off sick for at least four consecutive days, but who does not qualify for SSP, you must complete form SSP1 and give it to them within 7 days of them notifying sickness. They can then claim Employment and Support Allowance (ESA) from their local Jobcentre Plus.

The weekly rate of SSP from 6th April 2022 is £99.35.

To be entitled to SSP for any period of incapacity for work (PIW) commencing on or after 6th April 2022 (and not linked to an earlier period) employees will have to average weekly earnings of at least £123.00.

## **4.5 National Service**

There is no compulsory national service in United Kingdom.

## **5.0 Employee Benefits**

### **5.1 Payrolling of Benefits in Kind (BiK)**

There was an important legislation change for any employers who provide benefits to their employees, and who either report these on forms P11D at the end of the tax year, or who previously taxed these benefits through the payroll.

If you intend to payroll benefits and expenses, or if you are doing so already, you must now register them with HM Revenue and Customs (HMRC) using the online Payrolling Benefits in Kind (PBIK) service. If you use this service and payroll benefits and expenses, you will not have to report them on a P11D. Any unofficial payrolling of benefits schemes (private medical benefit etc.) can no longer be used, and approval for these schemes is now required. From the 2016/2017 tax year, HMRC no longer accepts informal reports of employee benefits, sometimes referred to as lists.

If you use this service, the only benefits you will not be able to payroll for the 2022/2023 tax year are:

- Employer provided living accommodation
- Interest free and low interest (beneficial) loans

If you have previously been payrolling these benefits informally, you can continue to do so but you must still report them on a P11D.

From the start of the 2017/18 tax year, you can choose to account for the tax on the benefits In kind, (BiKs) you provide to your employees through PAYE each payday.

You will need to register before 6<sup>th</sup> April to start payrolling for the following tax year. This is because HMRC will need to amend your employees' tax codes in advance to remove any BiKs previously included.

You work out the cash equivalent of a BiK for payrolling in the same way as you do for a BiK that you report on a form P11D. This has not changed.

If you are not sure what the value of the BiK is at the start of the tax year – for example, you expect to renew your premium part way through the tax year – then you can make an estimate of the cash equivalent of the BiK.

When your employee leaves their job, their BiK will usually stop when they do so, and only occasionally will it continue beyond their leaving date.

The value of a BiK may sometimes change part way through the tax year. This can be for a number of reasons. If this happens then you need to recalculate the cash equivalent of the benefit. This means you recalculate the taxable amount of the BiK to add to your employees' wage payments.

The PAYE regulations prevent employers from deducting more than 50% in tax from an employee's pay. This is called the overriding limit and ensures that employees are not left with too little pay to cover their living costs.

In some circumstances, the provision of a high value BiK/expense, combined with low pay, could mean that the employee takes home little or nothing. This might be where an employee is being paid Statutory Sick Pay.

Employers are allowed to stop payrolling BiKs where payment of the taxable amount of BiK means that the tax payable will exceed 50% of the employee's cash pay. To protect employees and comply with the regulations you have the following options:

**Option 1:**

You can exclude the employee from payrolling. Go into the Online Payrolling Benefit In Kind Service and exclude them. If you exclude them, the BiK that they receive will be reintroduced into their tax code.

Excluding them means that you will be required to send a P11D after the end of the tax year. If you wish to recommence payrolling in the next tax year, you will have to wait until after you have sent your P11D, as it is a trigger for amending tax codes. To recommence payrolling you review the employee exclusion list to take the employee off it.

**Option 2:**

Do not exclude the employee in the Online Payrolling Benefit In Kind Service. Carry forward the taxable amount of BiK into future pay periods.



## 5.2 Expenses

It is important for your staff to know what is expected of them when they travel on business, what they are allowed to claim, and perhaps more importantly from a compliance perspective, what they are not allowed to claim.

### Exemptions and dispensations

HMRC have replaced the old system of dispensations with a series of 'exemptions'. These exemptions mean that you don't have to report some routine employee expenses to HM Revenue and Customs (HMRC). You can no longer apply for a dispensation, but if you had previously agreed a dispensation including bespoke subsistence rates with HMRC between 6 April 2011 and 5 April 2016, you can submit an application to HMRC to carry on using them. You are only allowed to use any bespoke rates for up to 5 years from the date they were agreed by HMRC.

### Expenses covered by an exemption

With the introduction of the exemption system, there is no requirement for you to report certain categories of business expenses and benefits, such as:

- business travel
- phone bills
- business entertainment expenses
- uniform and tools for work

In order to qualify for the automatic exemption, you must be:

- paying a flat rate to your employee as part of their earnings. This flat rate can either be one of HMRC's published benchmark rates or alternatively a 'bespoke' rate approved by HMRC
- alternatively, you can qualify for the reporting exemption by reimbursing the employee's actual costs

You still have an obligation to deduct and pay tax and National Insurance on any other expenses and benefits you provide to your employees, and report them to HMRC as usual.

### How do you apply for an exemption?

If you are paying HMRC's benchmark scale rates for allowable expenses there is no requirement for you to apply for an exemption.

If, however, you want to pay bespoke rates to your employees, you would still be required to apply for an exemption. As part of the application process, you would need to give HMRC evidence that the rates you want to use are based on your employees' actual expenses, usually by providing a sample of actual expense claim forms.

## Checking expenses

As with the old dispensation system, you must still have a system in place to check that any expenses payments you make are within the approved rates. Employees are not allowed to check their own expenses, so someone else within your company needs to do this to make sure the amounts being claimed are appropriate. You should also ensure that your employees keep proof of their expenses, for example receipts or bills, in case you need to check them.

## 6.0 Visas & Work Permits

Whether or not you need to obtain a visa before you travel to the UK depends on your nationality and the reason you want to travel to the country.

From 1 January 2020, 'free movement' in the EU ended and the UK's new points-based immigration system began, which changed the way that employers hire most workers from outside the UK.

For recruitment purposes, EU and non-EU citizens are now treated equally. Employers are required to obtain a sponsor licence to hire employees from outside the UK, with exceptions for Irish citizens and for some other immigration routes such as Global Talent.

At the time of the 2016 referendum on exiting the European Union, there were approximately 3.6 million EU citizens living in the UK of which about 2.4 million were in employment (Office for National Statistics, July16-July17 download, table 1.1). In July 2017, the Government published a policy paper 'Safeguarding the position of EU citizens living in the UK and UK nationals living in the EU', announcing its intention to create a 'settled status' for EU citizens who are already in the UK.

Settled status is equivalent to 'indefinite leave to remain' and would entitle them to broadly the same rights and benefits as UK nationals. This was confirmed in December 2017, when the UK and EU negotiators published a joint progress report that set out their agreement in principle in several areas including protecting the rights of EU citizens in the UK (and UK citizens in the rest of the EU; see 9.12.2 'EU and UK citizens working across borders').

- Those with five years' continuous residence by 31 December 2020 can apply for settled status. Individuals who already have permanent residency status can convert this to settled status without charge, subject to identity, criminal record and security checks.
- Those with less continuous residence can apply for 'pre-settled status', which is also known as 'limited leave to remain'. This allows them to stay until they have five years' continuous residence, then they can apply for settled status.
- Family members who were already in the UK or arrived by 31 December 2020 can also apply to stay until they have five years' residence, and then can apply for settled status. Close family members can join EU citizens in the UK after 31 December 2020 where the family relationship existed before this date. The EU Settlement Scheme is open for applications until 30 June 2021 for those who were

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resident in the UK by the end of 2020. It applies to EU citizens as well as nationals of Norway, Iceland, Lichtenstein and Switzerland. Unsuccessful applicants can repeat their application, apply for an administrative review or appeal to an independent tribunal.

### **Frontier Worker permits for EU citizens**

Frontier Workers are individuals who work in one country while being primarily resident in another. The UK launched Frontier Worker permits in December 2020 to enable existing Frontier Workers who are EU, EEA or Swiss citizens to continue working in the UK after the end of 'freedom of movement' on 31 December 2020. Frontier Worker permits are optional from 1 January 2021 and will become mandatory from 1 July 2021 for all Frontier Workers except Irish citizens.

The scheme does not apply to people with dual British citizenship. Frontier Workers have the right to work in the UK, rent property and access benefits and services, including the NHS, subject to relevant eligibility conditions. UK Visas and Immigration will issue a Frontier Worker Permit to individuals who:

- Are a European Economic Area (EEA), European Union (EU) or Swiss citizen
- Are primarily resident outside the UK
- Have worked in the UK on or before 31 December 2020
- Have worked in the UK at least once in every 12-month period since beginning to work in the UK.
- Individuals who had not worked in the UK before 31 December 2020 and wish to work in the UK must apply for a visa (see 9.13.2 'Points-based immigration system').

If you are travelling to the UK from outside the EEA or Switzerland, then you will usually require either a visa or an entry certificate. Further information on this can be found on the [UK Home Office Border Agency website](#).

You can apply for a visitor visa at visa application centres in any country. You must apply for any other type of entry clearance in the country or territory where you live.

Most work-based categories are part of the UK's points-based system for immigration. If you want to visit the UK for a short time as a businessperson, sports person or entertainer, you may be able to come here as a visitor.

### **High-Value Migrants**

Investors, entrepreneurs and exceptionally talented people can apply to enter or stay in the UK without needing a job offer - but you will need to pass a points-based assessment.

### **Skilled Workers**

If you have been offered a skilled job in the UK and your prospective employer is willing to sponsor you, you can apply to come or remain here to do that job.

**Temporary Workers**

If an employer in the UK is willing to sponsor you, or if you are a national of a country that participates in the youth mobility scheme, you may be eligible to come and work in the UK for a short period.

**Other Categories**

You can also apply to work in the UK as a domestic worker; as the sole representative of an overseas firm; or as a representative of an overseas newspaper, news agency or broadcasting organisation.

**For Workers and Businesspersons from Turkey**

Turkish citizens can benefit from a European agreement with Turkey if they want to establish themselves in business in the UK, or if they are already working here legally.

**For Commonwealth Citizens with UK Ancestry**

If you are a Commonwealth citizen and at least one of your grandparents was born in the UK, you can apply to come here to work.

## 7.0 Further Information

For more information, or assistance with UK Payroll enquiries please contact:

### The Global Payroll Team

**Email**            [activGlobalSales@activpayroll.com](mailto:activGlobalSales@activpayroll.com)

**Telephone**      +44 (0) 1224 860 800

For more information, or assistance with UK Tax enquiries please contact:

### The Global Mobility Team

**Email**            [graham.mckechnie@activpayroll.com](mailto:graham.mckechnie@activpayroll.com)

**Telephone**      +44 (0) 1224 860 800

## 8.0 About This Payroll and Tax Overview

*Please note that this document gives general guidance only and should not be regarded as an authoritative or complete statement of the law, regulations or tax position in any country. You should always seek specific advice for each specific situation. This document should not be relied upon as professional advice and activpayroll accepts no liability for reliance on its contents.*

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