

6th January 2024 NI changes

From 6th January 2024, in accordance with the recent Autumn Statement, employee National Insurance rates will be reduced from 12% to 10%. The employer rates will not change.

Latest update - Superpay version 4.19

Superpay Version 4.19 incorporates these rate changes and was released on 28th November. You don't need a new update if you are already using this version or later. Version 4.19 will automatically apply the revised rates for all payrolls dated on or after 6th January.

If you are still using Superpay Version 4.18 or earlier, then you need to update to Version 4.19 before you run any payrolls dated on or after 6th January 2024.

NI for non-directors

The calculation of NI for employees is done on a week by week or month by month basis, and does not take year to date earnings into account. These employees will see the new rate come into effect on their first payslip dated on or after 6th January. Only the date of the payslip is used to determine the rates used. The period worked is not important and there are no split calculations.

If you have used an earlier version for post 6th January employee payrolls you need to re-run all affected payrolls from 6th January onwards to correct the employees' NI. Each individual payroll with the wrong NI needs to be re-run. This is a major undertaking for most organisations so make sure you update to Superpay 4.19 now.

NI for directors

The annual NI calculation for directors is based on year to date earnings. As this NI change takes effect midyear the annual rate is apportioned and will apply for the whole year.

The main rate of Employee NI is calculated on the pay between the Primary Threshold (PT) and the Upper Earnings Limit (UEL). To give the same rate as non-directors, the 2023/24 employee rate for directors is now set to 11.5% between the PT and UEL.

(6th January is month 10, so the rate is calculated as 9/12^{ths} of 12% plus 3/12^{ths} of 10%.)

This new rate takes effect immediately and will be used for all 2023/24 director payrolls as soon as you install Superpay 4.19.

If you have already run a director's pay on a pre-version 4.19 and you have more payrolls to run in this tax year for the director, Superpay 4.19 will automatically correct the NI for you by the end of the year and you do not have to do anything. If you need to go back and rerun an earlier payroll for this year, Superpay 4.19 will use the new rate and they may get a refund. This is correct for directors.

If you have run the director's last payslip already for 2023/24 on a version prior to 4.19, you need to re-run their last payslip using 4.19 or later. This will use the new annual rate, correcting their NI for the year, which may result in a reduction of employee NI. You only need to re-run the last payslip for directors, not every payslip that was run.

Directors using alternate NI will be calculated in the same way as non-directors before month 12.