

National Minimum Wage 2020 Increase

The National Minimum (NMW) or the National Living Wage (NLW) if you are 25 or over, is set by the government each year as the minimum amount a person can be paid for hours worked.

We've summarised the changes for the 20/21 tax year below - if you would like any more information on what you need to do, please get in touch.

New Rates from 1st April 2020



National Living Wage
Over 25 years old



Adult Rate
21 - 24 Inclusive



Development Rate
18-20 Inclusive



Under 18
But over the school age



Apprentices
under 19 or in the first year

What can be deducted from the minimum wage

- Tax and National Insurance Contributions
- Paying back and advance or overpayment
- Pension contributions
- Trade union fees

What you can't deduct from the minimum Wage

Some pay deductions and work related expenses are not allowed to reduce employee's wages below minimum wage – some are listed here:



Tools



Uniforms



Travel costs



Training courses

For example: if an employee has to buy a uniform for work. This is allowed, as long as total pay minus the uniform cost is still above the minimum wage.

What does not count toward the minimum wage

Some earnings are not included when calculating minimum wage, these are:

- Tips and gratuities
- Premium payments (extra pay for working bank holidays or overtime)
- Loans from the employer
- Wage advances

Talk to an advisor today

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