

The background of the entire page is a photograph of the Big Ben clock tower and the Houses of Parliament in London. The image is partially obscured by a large teal geometric shape that starts from the top left and extends towards the bottom right. The clock tower is on the right side, and the rest of the building is on the left. The sky is a clear, light blue.

# COUNTRY GUIDE: UNITED KINGDOM

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# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



# WORK PERMITS AND VISAS



There are three broad sorts of UK work visas, each with its own set of subclasses. In the United Kingdom, the most common forms of **work visas** are:

- Short-term work permits in the United Kingdom
- Long-term work visas in the UK
- Entrepreneur, company start-up, and talent visas are all available.

To begin, migrants from outside the European Economic Area (EEA) apply to one of five levels based on their intention to work, study, invest, or train in the nation. They must pass a points-based examination that focuses on the conditions, entitlements, and admission requirements for each tier.

Certain visas are covered by all five **tiers**:

- Tier one visas are intended for highly qualified employees, entrepreneurs, investors, and graduate students residing outside of the European Union (EU) and the European Economic Area (EEA). These candidates are not required to have a job offer in order to apply.
- Tier two: Skilled workers, professional athletes, and clergy members from outside the EEA can apply if they have a job offer and can fill a shortfall in the country's labor force.
- Tier three visas were intended for low-skilled individuals offering temporary labor.
- Tier four: Students over the age of 16 from outside the EEA should apply for a tier four visa if they intend to study.
- Tier five: This group includes six sub-tiers of temporary employees associated to artistic and sporting roles, charity, religious workers, and young people on working vacations in the UK.

# EMPLOYMENT CONTRACTS



## **Probation period**

In the United Kingdom, the most frequent length for a probation period is three or six months.

## **Notice period**

The following are the statutory redundancy notice periods:

- If you are hired for one month to two years, you must provide at least one week's notice.
- If you've been with the company for two to twelve years, you'll get one week's notice per year.
- If you've been with the company for 12 years or more, you're entitled to 12 weeks' notice.

## **Minimum wage**

The minimum salary is determined by the age group in which the person is in. This ranges between 4.81 pounds to 9.50 pounds.

## **Working hours and overtime**

A person cannot work more than 48 hours per week on average. Overtime pay rates and how they are calculated are generally spelled out in the employment contract.

## **Termination**

A contract can be terminated in a variety of ways. These include: either the employer or the employee providing notice; Mutual consent; The end of a fixed-term contract. A fixed-term contract automatically ceases at the conclusion of the fixed-term period with no requirement for notice. Employer's dismissal; Employee termination based on the employer's substantial violation of contract (that is, constructive dismissal).

# EMPLOYMENT CONTRACTS



## Severance

If you are an employee and have been with your present company for at least two years, you are usually entitled to statutory redundancy pay.

They will receive:

- If they were under the age of 22, they would get half a week's salary for each full year.
- If they were 22 or older, they would get one week's salary for each full year, but if they were under 41, they would receive one and a half weeks' pay for each full year they were 41 or older.
- The maximum length of service is 20 years.
- The weekly wage is the weekly average you earned in the 12 weeks before the redundancy notice.

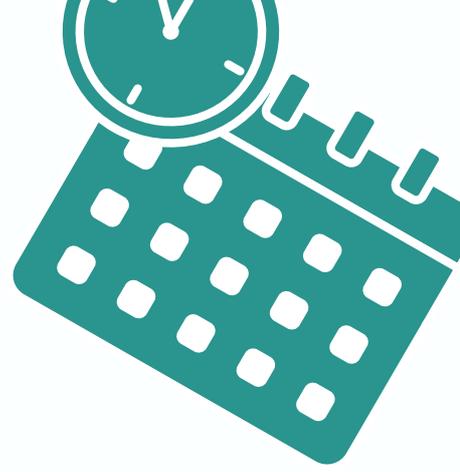
## Non-compete clause

A Non-Compete Agreement is a formalized agreement formed between an employee and an employer in which the employee commits not to compete with the employer after they leave the firm.

## Collective bargaining

Is recognized in the UK.

# PAID TIME OFF



## **Annual Vacation**

Almost all employees are legally entitled to 5.6 weeks of paid vacation per year.

## **Sick**

Employees may be excused from work if they become unwell. If they are unable to work for more than 7 days, they must provide documentation to their employer. If an employee has been ill for more than 7 days in a row and has taken sick leave, they must provide their employer with a doctor's 'fit note' (also known as a 'sick note').

## **Maternity**

New mothers are entitled to up to 52 weeks of paid maternity leave. The first 26 weeks are referred to as "ordinary" maternity leave, while the second 26 weeks are referred to as "additional" leave. Employees are obligated to take at least two weeks off after giving birth, and leave can begin 11 weeks before the planned birth.

## **Paternity**

Employees can take either one week or two weeks off in a row.

## **Family**

Parental leave is not compensated. The person is entitled to 18 weeks of leave for each kid and adopted child up to the age of 18.

The maximum amount of parental leave that each parent can take in a year is four weeks for each kid (unless the employer agrees otherwise).

## **National Holidays**

9 public holidays in the UK.

## **Other Paid Time Off**

In most firms, employees can take no more than 8 to 15 days of unpaid leave every year.

Depending on the proximity of the relative, most HR departments provide 3 to 7 days of mourning leave to their employees.

# EMPLOYEE BENEFITS



## Statutory

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### Unemployment

Covered by Social Security.

### Workers compensation

Covered by Social Security.

### Social Security

Contributions fund sickness and maternity benefits, work injury benefits, pension and unemployment benefits. Employers - 13.8% and employees 12% of weekly earnings up to EUR 866.

### Retirement

Covered by Social Security.

### Health

The National Health Service is a free, publicly financed healthcare system in the United Kingdom (NHS).

## Private

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### Workers compensation

Private workers compensation available.

### Retirement

Private retirement schemes available.

### Health

Private health insurance available.

### Life

Private life Insurance available.

# TAX



## Personal Income Tax ( PIT )

- **Tax year** : A tax year in the United Kingdom runs from April 6 to April 5 of the following year.
- **Tax rate** : Rates are between 0% or 45%.
- **Tax method** : In the United Kingdom, income tax is imposed at a progressive basis; higher rates of income tax apply to higher income categories.
- **Tax residency requirements** : If an individual meets the 'automatic residency test' or the 'sufficient tie test,' they will be considered resident in the United Kingdom for the tax year. If they fulfill none of these requirements, they will be considered a non-UK resident. If they fulfill at least one of the 'automatic UK tests' but none of the 'automatic abroad tests', they pass the automatic residency test. Each of these criteria, as well as the underlying parts, are specified to some extent, and HMRC has issued substantial advice.
- **Double taxation agreements ( DTA's )** : The UK has multiple double tax agreements (DTA) with other countries.

## Investment Income Tax

Gains on capital assets are taxed at the same rates as corporate income.

## Taxable Income

Income tax is levied at graded rates, with higher rates applied to higher income levels. Tax is levied on total income (from all sources of earned and invested income), less specific deductions and allowances. An individual's taxable income is commonly defined as the net amount after allowances. The progressive income tax rates differ somewhat depending on whether the income is earned or derived from investments.

# PAYROLL



## Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** Taxes and social security contributions, loan/advantages repayments and voluntary deductions.
- **Benefits in Kind:** Not mandatory, but can be included in employees remuneration package.
- **Employer contributions:** Social security, unemployment, pension fund, health and workers compensation.

## Payroll Taxes

Additional than employers mandatory social security contributions there are no other payroll taxes on which the employer bears the cost. Employers, on the other hand, are responsible for deducting employees' income tax liability at source via the pay-as-you-earn (PAYE) system.

## Payroll Calendar

Usually done monthly.

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- National Living Wage
- Employment Law

## STATUTORY BODIES

- Pension Service of the Department for Work and Pensions
- Jobcentre Plus of the Department for Work and Pensions
- Department of Health
- UK Tax Authority



Contact us today for further  
information or a **FREE**  
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