

Paying someone for the first time

How to operate your payroll

- Using the Employer CD-ROM, or
- the manual tax, and National Insurance contributions Tables

Use from 6 April 2008

You may need help and further guidance not only when you take on your first employee, but also as your business grows.

We offer a range of help to suit all needs and will support you every step of the way.

We'll work with you to get your payroll started and support you through any problems that you may encounter.

Help and further guidance is available from the following sources:

The internet

Go to HM Revenue & Customs (HMRC) website at www.hmrc.gov.uk/employers

Your Employer CD-ROM

Your Employer CD-ROM is in your New Employer Pack. The CD-ROM has:

- a P11 Calculator that will work out and record your employee's PAYE tax, National Insurance contributions (NICs) and any Student Loan deductions every pay day. It also has a linked P32 record of deductions that works out what you need to pay us. Using the P11 Calculator is the easiest and quickest way to work out tax and NICs
- a Payroll Basics section for new and less experienced employers explaining what to do when employing someone for the first time
- a Learning Zone to help you understand payroll topics for example, tax and NICs
- copies of most of our forms, Helpbooks and guidance.

By phone

New Employer Helpline. Our Helpline Advisers are dedicated specifically to helping new employers just like you. They will not confuse you with technicalities and jargon. Their aim is to help you meet your obligations correctly first time.

Phone **0845 60 70 143**
Monday to Friday 08:00 – 20:00
Saturday and Sunday 08:00 – 17:00.

If you have a hearing or speech impairment, and use a **textphone – 0845 602 1380**.

Your HM Revenue & Customs office

Your own HMRC office can also help you. All our office contact details are on our website at www.hmrc.gov.uk/local/employers/index.htm

When contacting us please tell us your Employer reference. You will find it on correspondence from your HMRC office.

Employer Helpbooks

If your enquiry is about one of your employees, you must tell us their National Insurance number.

Our Employer Helpbooks will help you understand and operate PAYE, NICs and other payroll related matters.

The Helpbooks are for guidance only; they are not comprehensive and have no legal force.

You can view, download and print the full range of Helpbooks, booklets and other forms and guidance from:

- our website at www.hmrc.gov.uk/employers
- your Employer CD-ROM.

You can order copies from the Employer Orderline:

- from our website at www.hmrc.gov.uk/employers/emp-form.htm
- by phone **08457 646 646**
- by fax **08702 406 406**.

For details of employer forms and guidance in Braille, large print or audio call the Employer Orderline on **08457 646 646** and ask to speak to the Customer Service Team.

Yr laith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

In person

We can offer you education and support on all aspects of your payroll explaining:

- what you need to do
- the deadlines you need to meet
- the forms you need to fill in
- the records you need to keep.

We have a range of workshops which are free of charge on many payroll topics, including 'Paying your Employees' based on the Employer CD-ROM and 'Calculating National Insurance contributions for Directors'.

Further information is available from our website at www.hmrc.gov.uk/bst/index.htm or by calling the New Employer Helpline **0845 60 70 143**.

Online Services

For information about our online services go to www.hmrc.gov.uk/online/index.htm

For help and assistance using our online service contact the Orderline Services Helpdesk:

- Email helpdesk@ir-efile.gov.uk
- phone **0845 60 55 999**
- open Monday to Sunday 08:00 – 20:00.

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This booklet will help to get you started and, in most circumstances, provide all the information that you need to pay your employee(s) the correct amount after taking off tax and National Insurance contributions (NICs).

Running your payroll

You have several choices about how you run your payroll.

You can:

- use an intermediary such as a payroll bureau or an agent, **or**
- use a payroll software package, **or**
- operate the payroll yourself. This Helpbook and your Employer CD-ROM both give step by step advice to help you do this.

Whatever option you choose, you are still responsible for your payroll even if you don't prepare the records yourself.

Once you have set up your payroll you may have to deal with Student Loan deductions, Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, Stakeholder Pensions and Payroll Giving.

If you come across any of these phone the New Employer Helpline on **0845 60 70 143**.

How do I get started?

We recommend that you work your way through this booklet in the order that it has been written and return to it when you have carried out each instruction.

Once you take on an employee, you are responsible for calculating and deducting PAYE tax and National Insurance contributions (NICs) from their pay. Before you do this, you have to recognise who counts as an employee.

Who counts as an employee?

An employee is anyone you employ under a contract of service, and includes full-time, part-time and casual workers. If someone working for you says they are self-employed you must check that this is actually the case. This is because the tax and National Insurance rules for self-employed people are different to the rules for employees.

You can check whether a person is self-employed by either:

- looking in the 'Payroll Basics' section of your CD-ROM, **or**
- using the employment status tool on our website, at www.hmrc.gov.uk/calcs/esi.htm **or**
- by phoning the New Employer Helpline for advice, on **0845 60 70 143**.

Directors of limited companies are also employees of the company so you must deduct tax and NICs from their pay. There are special rules for directors – phone the New Employer Helpline for advice.

What counts as pay?

The main things that count as pay are:

- wages
- salary
- overtime payments
- bonuses.

But there are others. Please phone the New Employer Helpline for advice if you:

- pay expenses to your employee(s), **or**
- supply extras, such as a car or private medical insurance.

National Minimum Wage

Most people working in the UK for an employer are entitled to be paid a minimum amount defined by law. This is called the National Minimum Wage. To find out more about the National Minimum Wage, including how much this is:

- go to www.hmrc.gov.uk/nmw or
- phone the National Minimum Wage Helpline on **0845 60 00 678**
Monday to Friday 09:00 – 17:00.

Identity checks

The Home Office has introduced identity checks for all new employees in order to safeguard you from employing someone illegally.

For more information:

- phone the Home Office on **0845 010 6677**, or
- go to
www.employingmigrantworkers.org.uk

Your employee's tax code, National Insurance number and date of birth

You will need the following information from your employee:

Tax code

You will usually obtain this from item 6 of their form P45.

If your employee does not give you a form P45, you and your employee must complete a form P46 – see the example on pages 7 and 8. You will be able to determine your employee's tax code from the details given on the completed P46.

If your new employee gives you a form P45, please turn to pages 5 and 6.

If your new employee does not have a form P45, please turn to pages 7 and 8.

National Insurance number

You will normally obtain this from item 2 of their form P45 – see the example on pages 5 and 6.

If your employee does not give you a form P45, you may need to send us a form P46 – see pages 7 and 8. If you send us a form P46 we will automatically trace the National Insurance number and let you know what it is.

If the P45 does not show the National Insurance number, ask your employee if they can find the number on any other documentation they have, for example, their plastic National Insurance number card (RD3) or a form P60 from their previous employer.

If you have been unable to obtain your employee's National Insurance number you will need to complete a form CA6855 to enable us to trace the number for you. The CA6855 is available on your Employer CD-ROM or from the Employer Orderline. You will find an order form in your New Employer Starter Pack.

If your employee has never had a National Insurance number they must contact their Jobcentre Plus office on **0845 600 0643** to arrange an interview to obtain one.

Date of birth

You should always enter your employee's date of birth on the form P11 *Deductions Working Sheet* (or equivalent record) – see pages 10, 35 and 36 for further information on completing the form P11.

All new employees who come to you from another job, or from a period on state benefits, should bring with them a completed form P45.

The P45 provides details from your new employee's previous employment. Your employee must keep Part 1A of the P45 and give you Part 2 and Part 3.

When you are given a form P45 the first thing you must do is check that the information on the P45 is correct.

This diagram explains the form and gives details of the checks that you must make.

The instructions at the bottom of page 6 tell you what to do with Part 2 and 3 of the form P45.

Item 4

Check which tax year the P45 is for. To do this look at the leaving date at item 4 of the P45.

- If the leaving date is **before 7 September 2008** phone the New Employer Helpline for advice.
- If the leaving date is **on or after 7 September 2008** use the tax code on the P45.

Items 6 and 7

Check that the entries on both pages of the P45 at items 6 and 7 are the same. If they are not, call the New Employer Helpline.

Check tax

If the P45 is for the current tax year and there is an entry at item 7, 'Total tax to date', you must check this figure is correct. If you are using your Employer CD-ROM the 'P45 checker' in the Calculator Section will check this figure for you. Otherwise, call the New Employer Helpline and ask them to check the 'Total tax to date' figure for you.

The diagram shows a portion of a P45 form from Inland Revenue. It includes the following items:

- 1 Previous PAYE Reference**
- 2 Employee's National Insurance number**
- 3 Surname** (Smith) and **First name(s)** (John)
- 4 Leaving date** (22 / 05)
- 6 Tax Code at leaving date.** 'X' in the box means Week 1 or Month 1 basis applies.
- 7 Last entries on Deductions Working Sheet (P11)** (If there is an 'X' at item 6, there will be no entries here.)

Below the form, there is a section titled **To the employee** with the following text:

This form is important to you. Take good care of it. Copies are not available. Keep Parts 2 and 3 of the form together and do not alter them.

Going to a new job
Give this form (Parts 2 and 3) to your new employer, or you will have tax deducted from your wages. If you do not want your new employer to deduct tax, give them the emergency code and may pay too much tax. If you do not want your new employer to deduct tax, send it to your Inland Revenue office immediately with a letter explaining the situation and giving the name and address of your new employer. The Inland Revenue will then advise you on what to do.

Details of employee leaving work **P45**
Copy for new employer **Part 2**

Office number: 000 Reference number: 9876

AB 12 34 56 C
(Mr Mrs Miss Ms Other)

Year: 2008 5 Continue Student Loan Deductions(Y) 4

Code: 510L Week 1 or Month 1

Week or Month number: 7

Pay to date: £ 1546 15 p

Tax to date: £ 171 60 p

Becoming self-employed
 You must register with the Inland Revenue within 3 months, or you could incur a penalty. To register, get a copy of *Thinking of working for yourself* (leaflet P/SE/1) from your Inland Revenue office or call 08459 154515.

Claiming Jobseeker's Allowance
 Take this form to the Benefit Office. ... you any tax refund you may ... ends,

National Insurance number

Continue Student Loan deductions

If there is a 'Y' an 'X' or a '✓' entered at item 5 either:

- use the Student Loan Deductions Calculator on your Employer CD-ROM, or
- call the New Employer Helpline for advice.

Tax code

You will use either the tax code shown on the P45, or the tax code given to you by the New Employer Helpline (see item 4 on page 5) when you set up your payroll record – form P11.

Codes D, K, NT

If the code number you are using starts with a D, K or is NT, call the New Employer Helpline for advice.

What to do with Parts 2 and 3 of form P45

Fill in Part 3 of the P45. Send it to the HM Revenue & Customs office that deals with you as an employer.

If you are registered for PAYE Online For Employers, you can complete the P45 online. See page 64 for more details or go to www.hmrc.gov.uk

You must keep Part 2 of the P45 for at least 3 years after the end of the tax year it is for.

Once you have checked the form P45 and have your employee's tax code you are ready to set up your payroll and work out how much to deduct from your employee's pay. Please turn to page 10.

Filling in a P46 continued

Section two

You **must** complete Section two.

- Enter your employer and your employee's details.
- In the Tax code used part, you should
 - tick box A, B or C in line with the box ticked in Section one
 - refer to the table below to find out what tax code to use.

On the form P46	Tax code to use
Box A ticked	<ul style="list-style-type: none"> • Pay day before 7 September 2008 543L cumulative • Pay day on or after 7 September 2008 603L cumulative
Box B ticked	<ul style="list-style-type: none"> • Pay day before 7 September 2008 543L week 1 or month 1 • Pay day on or after 7 September 2008 603L week 1 or month 1
Box C ticked	BR cumulative
No box ticked	BR cumulative

- write the tax code you have used in the **Tax code used** box. You will use this tax code when you set up your payroll records – form P11. (Do not worry if you do not understand the code numbers at the moment, these will be explained in detail later.)

Exceptionally, if your employee has not completed the form P46 or provided you with the information to fully complete Section one (if you send your P46s online), in time for their first pay day you must complete Section one to the best of your knowledge on their behalf and enter your details in Section two. Use tax code BR on a cumulative basis and **send the P46 to your HMRC office on the employee's first pay day**, do not delay sending us the form.

- Send the P46 to your HMRC office on the first pay day. However, if the employee has ticked box A or box B do not send the form until their earnings are equal to the National Insurance Lower Earnings Limit of £90.00 per week or £390.00 per month.
- If you need to make Student Loan deductions (see box D of form P46), phone the New Employer Helpline and they will tell you what you need to do.

Once you have determined your employee's tax code you are ready to set up your payroll and work out how much tax and NICs to deduct from their pay.

Whether you are using a form P45 or a form P46, you will now need to set up your payroll.

When you pay someone for the first time you must keep a record of all the payments you make and calculate the tax and NICs to deduct from these payments. You must record this information each time you make a payment.

If you are going to operate your payroll yourself you will need to prepare and maintain a P11 *Deductions Working Sheet* (or equivalent record) when either:

- you pay your employee
 - *£90.00, or more in any week
(National Insurance contributions weekly Lower Earnings Limit)
 - *£390.00, or more in any month
(National Insurance contributions monthly Lower Earnings Limit), **or**

*(If your pay period is other than weekly or monthly please see the Employer Helpbook CWG2 *Employer Further Guide to PAYE and NICs.*)

- your employee has given you a form P45 with a date of leaving in the current tax year, **or**
- you have paid your employee and you have to operate tax code **BR** in accordance with the P46 procedures, see pages 7 and 9, **or**
- you have paid your employee and HM Revenue & Customs has sent you a tax code.

If your employee has worked for you previously in the tax year you must complete a new form P11 for their latest spell of employment.

If you are not required to maintain a form P11 *Deductions Working Sheet* you must keep a record of the employee's name, address, and the amount of wages paid each pay period for example, weekly/monthly/four weekly.

You will find a copy of a form P11 in your New Employer Starter Pack.

The P11 is a double-sided form; the left-hand columns are used to record NICs and the right-hand columns to record tax deductions. You must use a separate form for each employee. The illustration on pages 35 and 36 shows an example of a manual form P11.

Using your P11 Calculator on your Employer CD-ROM

If you are going to operate the payroll yourself there are three ways to complete a form P11.

This is the **easiest** and **quickest** way to complete a form P11. The P11 Calculator will:

- work out the tax deductions and NICs for you
- complete the on-screen equivalent of the paper P11 *Deductions Working Sheet*
- allow you to save the details on your computer and update the P11 each time you pay your employee.

You must **install** your CD-ROM to use the P11 Calculator.

Using the PAYE tax and NICs calculators on your Employer CD-ROM and a paper form P11

If you are completing a paper form P11, you can use the PAYE tax and NICs calculators to work out the deductions for you. The calculators will tell you the figures you must enter in the tax and NICs columns on your P11.

Using the manual tax and NICs tables and a paper form P11

If you are completing a paper form P11 and are not using your Employer CD-ROM, you will need to calculate the tax and NICs using the tax and NICs tables.

If you have decided to use the P11 Calculator on your Employer CD-ROM please turn to page 12.

If you have decided to use either the:

- tax and NICs calculators on your Employer CD-ROM, **or**
- the manual tax and NICs tables

please turn to page 34.

Using the P11 Calculator

You can calculate and record PAYE tax and NICs using the P11 Calculator on the Employer CD-ROM.

What does the P11 Calculator do?

The P11 Calculator:

- works out and records each employee's tax deductions and NIC
- completes all relevant columns on the P11 *Deductions Working Sheet* for you
- produces an up-to-date P11 summary
- gives you the detail you will need to complete your end of year Returns
- provides a summary of amounts of tax and National Insurance due to HMRC each month on the P32 *Deductions Summary*.
- can save your payroll data to a spreadsheet.

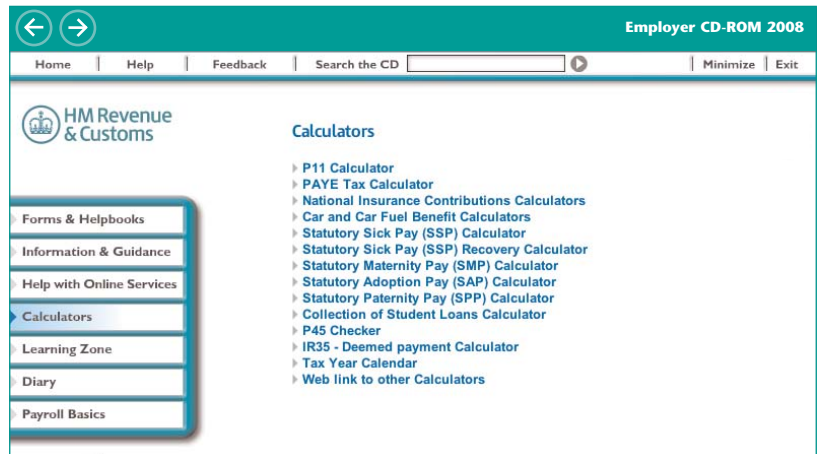
Installing the Employer CD-ROM

Before you can use the P11 Calculator you **must** install the CD-ROM onto your computer. Installation and systems requirement details are on the back of your CD-ROM cover.

Due to continuing improvements the screens on the CD-ROM may look different to those shown within this Helpbook.

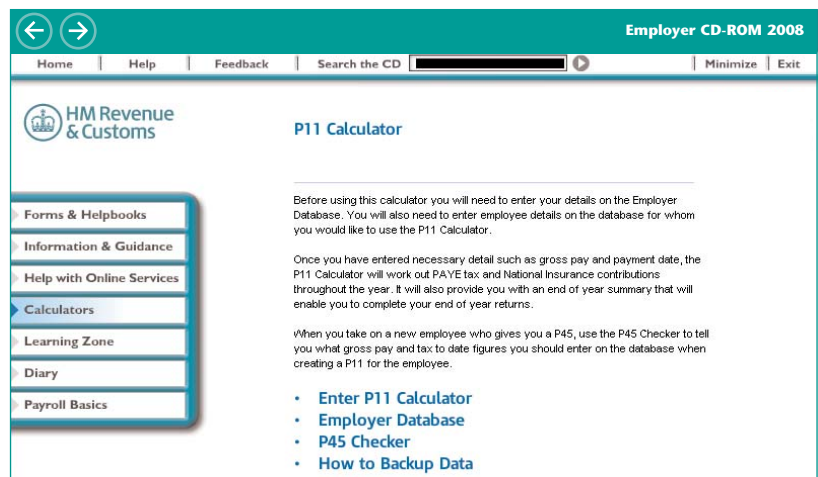
Accessing the P11 Calculator

The easiest way to access the P11 Calculator is from the Calculators section on the CD-ROM home page.



This will take you to the P11 Calculator menu page where you can access the:

- P11 Calculator
- Employer Database
- P45 Checker
- How to back up data.



If your employee has given you a P45 go to the **P45 Checker** on page 14 otherwise continue from **Employer Database** on page 14.

P45 Checker

When you take on a new employee who gives you a P45, use the **P45 Checker** to help you work out whether the total tax to date figure on the P45 is correct.

Employer CD-ROM 2008

HM Revenue & Customs

**PAYE Tax Calculator
P45 Checker**

Employee tax code
 Is tax code on a week 1 month 1 basis? Yes No

Week or month number Week
 or Month

Total pay to date £
 Total tax to date £

Is the employee's P45 for the 2008-09 tax year? Yes No

Calculate **Reset**

Once you have entered details from the P45, select 'Calculate' and the P45 Checker will tell you if the tax deducted is correct and tell you what to do next.

Employer CD-ROM 2008

HM Revenue & Customs

**PAYE Tax Calculator
P45 Checker - Results**

The P45 tax figure is correct - enter pay and tax details shown on the P45 into the P45 section of the employee's details in the Employer Database.

Note: If there is a tick in the Continue Student Loan Deductions box you must start making Student Loan deductions. Use the Student Loan Calculator on this CD-ROM to help you.

Back

Employer Database

The P11 Calculator uses the information held on the Employer Database.

The database is in two sections, one that holds Employer information and the other for Employee details.

What details are needed?

You will need the following details to set up the database.

Employer details:

- Name and address
- PAYE reference
- Accounts Office reference.

Employer Database continued

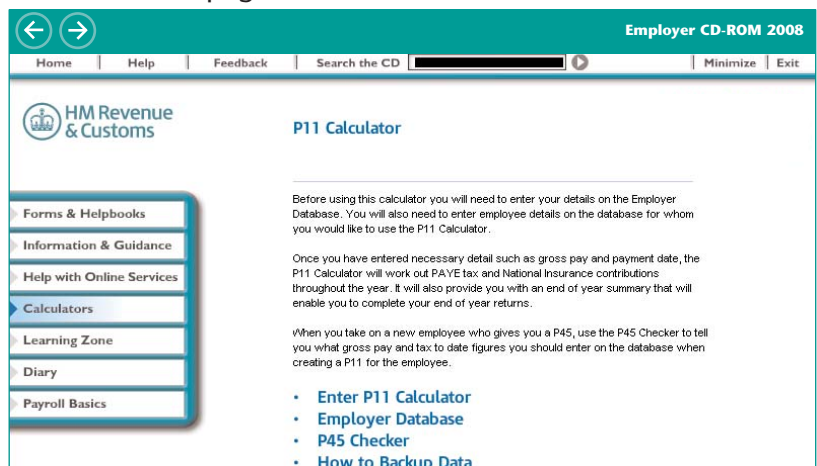
Employee details:

- Name and address
- National Insurance number
- National Insurance category letter (see page 18)
- Tax code
- Date of birth.

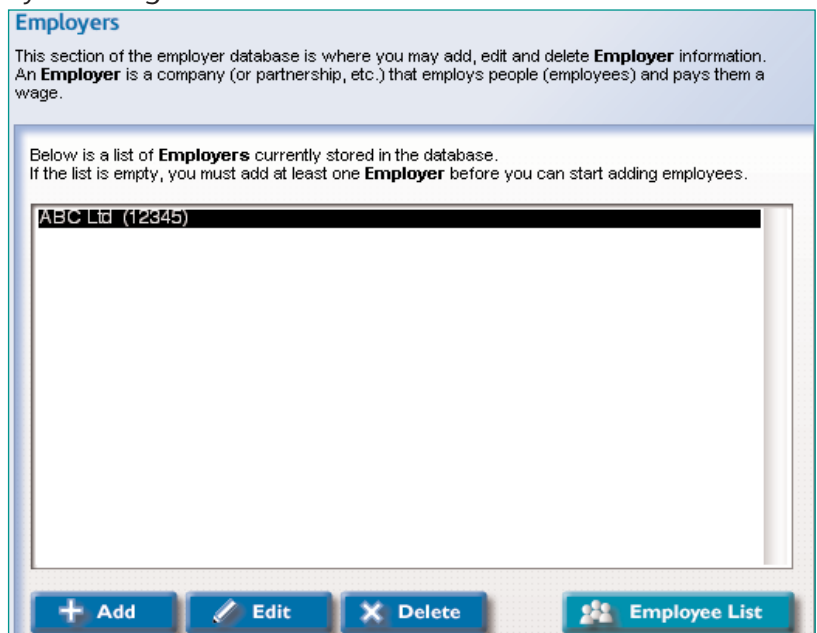
You will need to enter frequency of pay works/payroll number (if applicable) and employment start date (if they started after 6 April 2008) plus details of previous pay and tax if the new employee has given you a P45.

The following pages describe the process for setting up an employer and employee database. You can also view a demonstration on the CD-ROM. Select the 'Help' section then select 'How to use this CD-ROM'.

You can access the Employer Database from the first P11 Calculator page.



Once you have entered the Employer Database for the first time you must enter your employer details by selecting 'Add'.



Employer Database continued

You will find your Employer PAYE reference and Accounts Office reference on the letter that we sent to you with your New Employer pack.

Employers **Employer Details**

This section of the employer database is where you may add or edit **Employer** information. Please fill in the details in the form below (a * denotes a required field).

Name *
ABC Ltd

Address
1 High St
London

Postcode
WW1 1AA

Tax year end * **Employer PAYE ref ***
2009 123 / 45

Accounts office reference * **Employer's Contracted Out Number (ECON)**
123AA45678

After entering your details select 'Save'. Once you have saved the details, you will be taken back to the Employer list that now displays the name of your business and your Employer PAYE reference number. If you have more than one Employer PAYE reference you can add other employer details by following the above process again.

Employers

This section of the employer database is where you may add, edit and delete **Employer** information. An **Employer** is a company (or partnership, etc.) that employs people (employees) and pays them a wage.

Below is a list of **Employers** currently stored in the database.
If the list is empty, you must add at least one **Employer** before you can start adding employees.

ABC Ltd (12345)

+ Add Edit X Delete Employee List

Employer Database continued

You must now add details about the employee(s) you wish to use the P11 Calculator for. You do this by selecting 'Employee List' and then selecting 'Add'.

Employees ABC Ltd

This section of the employer database is where you may add, edit and delete **Employee** information. An **Employee** is someone who works for an employer (a company or partnership, etc.) and is paid a wage by them.

If you have stored more than one **Employer** in the database please select from the drop-down list on the right, and then a list of **Employees** currently stored in the database for that employer will be shown below.

ABC Ltd

Smith, John

Employer List **+ Add** **Edit** **X Delete**

You must now add details about your employee.

Employees Employee Details ABC Ltd

This section of the employer database is where you may add or edit **Employee** information. Please fill in the details in the forms below (a * denotes a required field).

Main Details **P11 Calculator Details** Smith, John

Title **First name *** **Middle Initials** **Surname ***

Mr John Smith

Address

1 Main Street
London
Postcode QZ1 1AA

National Insurance No. **Sex (M/F) *** **Date of Birth (dd/mm/yyyy)**

AB123456C M 01/01/1977

Scheme Contracted Out Number (SCON)

Works Number **Department**

1234567 8910

Once you have entered these details select the orange P11 Calculator Details tab at the top of the screen.

Select 'Yes' to use the employee in the P11 Calculator.

You must now add the following details about your employee.

Tax code

If your employee has just started to work for you, use the tax code:

- on their P45 or the tax code given to you by the New Employer Helpline (see page 6)
- from their P46, if your employee does not have a P45 (see pages 7 and 8).

If the tax code is followed by 'week 1', 'month 1' or 'X' you must highlight the week 1/month 1 box on-screen.

If you want more information about tax codes and how they work turn to pages 44 and 45.

How are NICs made up?

NICs are made up of two elements:

- employee's contributions, which you deduct from your employee's pay, **and**
- employer's contributions, which you must pay.

National Insurance category

There are several different NICs categories. For most men aged 16 to 64 and most women aged 16 to 59 category A NICs apply.

If you are unsure about which NI category letter applies click the link underneath the NI category box and follow the flowchart. If you are still unsure which letter applies phone the Employer Helpline on **08457 143 143**.

Please note the NI category letter is **not** the check character at the end of the employee's National Insurance number.

- Is the employee a director** Indicate whether the employee is a director. If the employee was not a director at the start of the tax year enter the date appointed or joined the business as a director here.
- Select NIC method (directors only)** If you have indicated 'Yes' to the previous question select either:
- 'calculate NICs as a normal employee'
- This method calculates NICs as a normal employee subject to the conditions set out on page 7 in the Employer Helpbook CA44 *National Insurance for Company Directors*. But if you use this method you need to carry out an Annual Earnings Period check when the last payment is made for the tax year, or when the directorship ceases.
- 'directors Cumulative NICs' to calculate NI throughout the year using an annual or pro-rata annual earnings period.
- You will find more information about NICs for directors in the Employer Helpbook CA44 *National Insurance for Company Directors*.
- Student Loan deductions** Select 'Yes' if you have received a form SL1 *Student Loan – Start Notice*, or for new employees who have given you a form P45 with an entry in box 5 'Continue Student Loan deductions'. If your new employee does not give you a form P45 they should complete a form P46. If they have ticked the Student Loan box select 'Yes'.
- Date of birth** If not already pre-populated from the database, enter your employee's date of birth in the format DD/MM/YY or DD/MM/YYYY.
- Employee is paid** Select the pay period for your employee, either weekly paid, two-weekly, four-weekly or monthly.
- Start date** If your employee started working for you on or after 6 April 2008, enter the date they started.

Details from previous employment

If your employee has given you a P45, use the P45 Checker to check the figures are correct – see page 12, and enter the figures confirmed by the P45 Checker.

The completed screen will look like this:

The screenshot shows the 'Employee Details' form for 'Smith, John' at 'ABC Ltd'. The form is divided into 'Main Details' and 'P11 Calculator Details' tabs. The 'P11 Calculator Details' tab is active. The form contains the following fields and options:

- Tax code ***: 510L. A checkbox for 'click here to indicate week1 /month1' is present.
- NI category ***: A. A note states: 'If you are unsure which National Insurance category letter applies, click here for help'.
- Is this employee a director? ***: Radio buttons for 'Yes' and 'No' (selected).
- Select NIC method ***: Radio buttons for 'Calculate NICs as a normal employee' (selected) and 'Directors' Cumulative NIC'.
- Employee is paid ***: Radio buttons for 'Weekly' (selected), 'Two Weekly', 'Four weekly', and 'Monthly'.
- Date of Birth * (dd/mm/yyyy)**: 01.01.1977.
- Student Loan deductions apply ***: Radio buttons for 'Yes' and 'No' (selected).
- Previous Employment (P45)**: A note says 'Important: check P45 total tax to date using the P45 Checker on this CD'. Below this are two columns: 'Gross Pay' (1546.15) and 'Total tax paid' (171.60).
- Start Date**: 26.05.08. **Leaving Date**: (empty).
- Use this employee in the P11 calculator?**: Radio buttons for 'Yes' (selected) and 'No'.

Buttons at the bottom include 'Cancel', 'Back', and 'Save'.

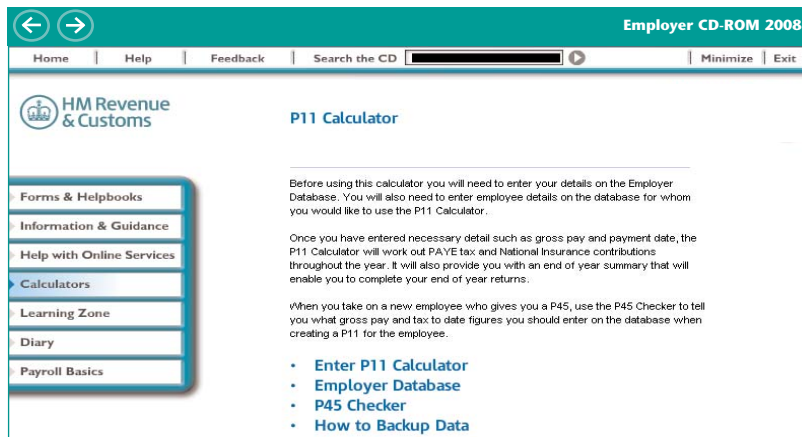
You must now select the 'Save' button to add these details to the Database.

If you want to use the P11 Calculator for additional employees select 'Add' from the 'Employee List' and work through this process again.

Once you have added all your employees select 'Return to P11' to close the Database. You can return to the Database at any time to amend the entries or add additional employer and employee details.

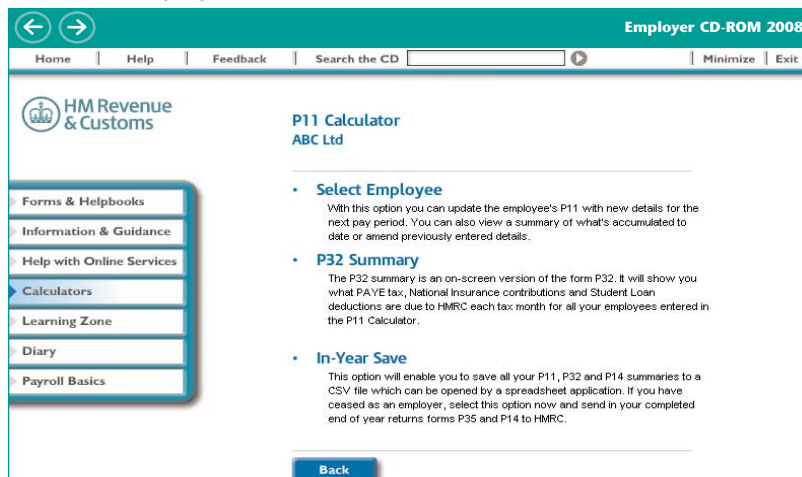
P11 Calculator

You will now be taken back to the P11 Calculator menu. From here you can access the P11 Calculator by selecting 'Enter P11 Calculator'.



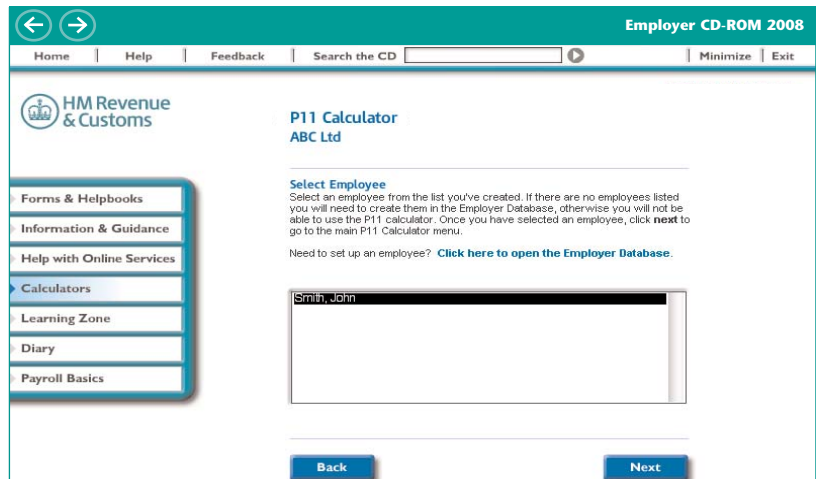
Select Employee

Click 'Select Employee'. There are two other options here. The 'P32 Summary' option summarises all your employees' tax and NICs each tax month and this is covered in more detail on page 28. 'In-Year Save' is covered on page 32.

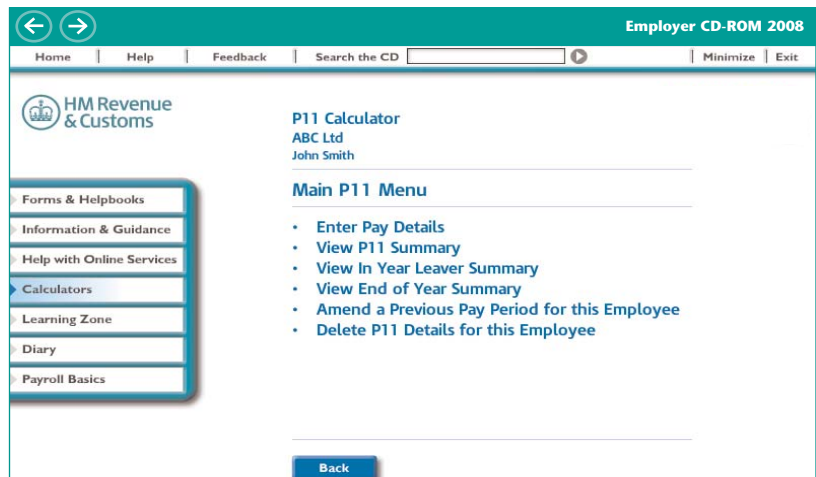


Select Employee continued

Once you have entered the P11 Calculator section, select your employee.



Once you have highlighted the employee select 'Next' to be taken to the main P11 Menu.




This is the main P11 menu. You will see your employer and employee details towards the top of the page.

Pay details Select 'Enter Pay Details'.

You must now enter the:

- payment date
- gross pay during this pay period
- gross pay for NICs if it is different. If you pay anything other than salary, wages, overtime, bonuses or commission the gross pay for NICs may be different. For more information see pages 74 to 78 of the CWG2 *Employer Further Guide to PAYE and NICs*. You can find the CWG2 in the Forms and Helpbooks section of your CD-ROM. **Do not make an entry in this box unless the gross pay for NICs is different to the 'gross pay this period'.**

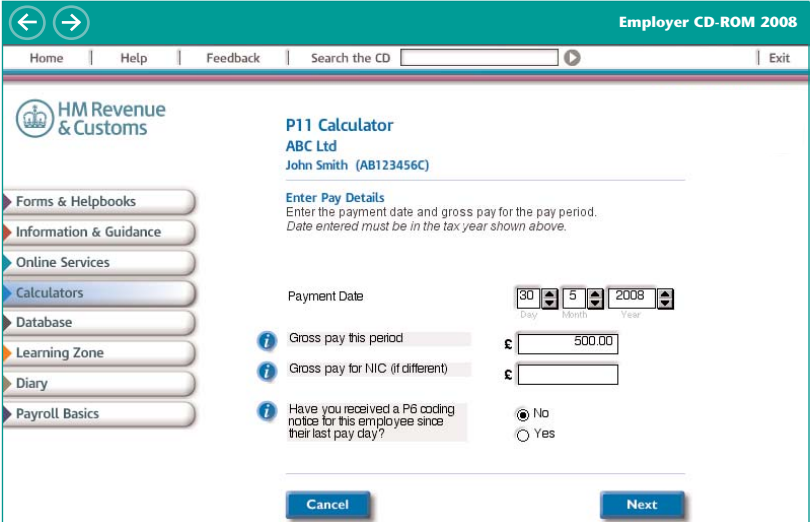
If you are unsure what to include in any of the boxes, look in the  symbols for more information.

You must now indicate whether you have received a P6 coding notification from your HM Revenue & Customs office.

The P6 tells you when your employee's tax code has changed.

If you have received a P6, turn to page 26 for further information.

If you have not received a P6, select 'Next'.



Employer CD-ROM 2008

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HM Revenue & Customs

P11 Calculator
ABC Ltd
John Smith (AB123456C)

Enter Pay Details
Enter the payment date and gross pay for the pay period.
Date entered must be in the tax year shown above.

Payment Date: 30/5/2008

Gross pay this period: £ 500.00

Gross pay for NIC (if different): £

Have you received a P6 coding notice for this employee since their last pay day?
 No
 Yes

Cancel Next

Pay details continued

Now enter details of any statutory payments paid to your employees during this pay period.

If a Student Loan deduction needs to be made the amount will appear on this screen in a greyed out box.

Leave the boxes blank if these do not apply.

If you would like to know more about these topics, go to the Learning Zone on your Employer CD-ROM or phone the New Employer Helpline.

Once you select 'Next' you will be taken to a confirmation page that summarises the details you have entered for your employee during this pay period.

The screen will look like this:

If the details are incorrect select 'Back' to re-enter the correct information.

When you are certain that the information is correct select 'Save to P11' to transfer the details onto the P11.

Pay details continued

The next screen will show your completed form P11.

The screenshot shows the P11 form for Employer ABC Ltd and Employee John Smith (AB123456C). The 'National Insurance and Statutory Payments' tab is active, displaying a table with columns for Month number, Week number, Earnings details (1a, 1b, 1c), Total of employee's and employer's contributions (1d), Employee's contributions due on all earnings above the ET (1e), Employer's contributions due on all earnings above the ET (Emp), Statutory Sick Pay (SSP) (1f), and Statutory Maternity Pay (SM) (1g). Row 8 shows a payment of 500.00 with 90 minutes of earnings above the LEL, resulting in 15.00 in earnings above the LEL, 395.00 in total contributions, 94.01 in employee contributions, and 50.56 in employer contributions. Statutory Sick Pay is 0.00.

The first page of the P11 shows the entries relating to NICs, Statutory payments and Student Loan deductions.

Select the 'PAYE Income Tax' tab to view the second page of the P11 that shows details of the total gross pay and entries relating to PAYE tax deductions.

Use the scroll bar (bottom and right of the P11 Summary) to view the whole of each side of the form P11.

The screenshot shows the P11 form for Employer ABC Ltd and Employee John Smith (AB123456C) with the 'PAYE Income Tax' tab active. The table has columns for Month number, Week number, Pay in the week or month including statutory payments (SMP/SPP/SAP) (2), Total pay to date (3), Total 'free pay' to date (4a), Total 'additional pay' to date (4b), Total taxable pay to date (5), Total 'tax due' to date (6), Tax due at end of current period 'Mark refunds' (6a), and Regulatory limit (6b). Row 8 shows a total pay to date of 2046.15, total free pay to date of 786.08, total taxable pay to date of 1260.07, and total tax due to date of 252.00. Mark refunds are 0.00 and the regulatory limit is 0.00.

As you continue to pay your employee throughout the year, the P11 Calculator will:

- work out the PAYE tax and NICs to deduct for each pay period, and
- complete the P11 entries for you
- give you an end of year summary with all the detail you will need to complete your end of year Returns.

Change of employee's tax code

If your employee's tax code changes during the tax year your HM Revenue & Customs office will send you a form P6. The P6 looks like this:

HM Revenue & Customs
Employer PAYE reference: []
Please use this reference if you write or call. It will help to avoid delay.

Issued by: []

This is a notice of your employee's tax code (or amended code) and previous pay and tax. You should use this tax code for the tax year shown below.

Employee's name:

National Insurance number:

Works or payroll number:

Tax code
This employee's code is amended to:
Please use this tax code from the next pay day

for the year to 5 April:

Please read the notes on the back of this form.

Previous pay and tax	
Previous pay	Previous tax
£ 750.00	£ 56.40

P6 HMRC 03/06

When you receive a form P6, use the tax code on it from the first pay day after you receive it unless your HM Revenue & Customs office tells you otherwise.

You must enter the revised tax code onto the P11 Calculator. To do this, when you enter pay details for the relevant pay period, answer 'Yes' to the question 'Have you received a P6 notice for this employee since their last pay day?'

Then select 'Next'.

Employer CD-ROM 2008

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HM Revenue & Customs

P11 Calculator
ABC Ltd
Mary White (AB234567C)

Enter Pay Details
Enter the payment date and gross pay for the pay period.
Date entered must be in the tax year shown above.

Payment Date: [30] [6] [2008]
Day Month Year

Gross pay this period: £ 1000.00

Gross pay for NIC (if different): £ []

Have you received a P6 coding notice for this employee since their last pay day?
 No
 Yes

Cancel Next

Change of employee's tax code continued

You must now enter the revised tax code, including previous pay and tax details (if any), shown on the P6, see example below.

If there are no pay and no tax details on the P6 leave the 'Total pay to date' and 'Total tax to date' fields blank.

Then select 'Next'.

You must now:

- enter details of any statutory payments and Student Loan deductions, select 'Next'
- confirm your entries are correct and if so, select 'Save to P11'.

The P6 details will now be incorporated. The tax code will be updated in the database and any pay and tax from a previous employment will be included in the current pay period's figures to give you a revised amount of tax due.

P11 for Mary White (AB234567D)

P11 Employer: ABC Ltd Employee: Mary White (AB234567D) Print

Month number	Week number	National Insurance and Statutory Payments			PAYE Income Tax		K codes only		
		Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)	Total pay to date	Total 'free pay' to date	Total 'additional pay' to date	Total taxable pay to date	Total 'tax due' to date	Tax due at end of current period	
			3	4a	4b	5	6	6a	6b
1	1								
1	2								
1	3								
1	4								
1	5								
1	6								
1	7								
2	8	1000.00	1000.00	934.84	0.00	65.16	13.00	0.00	
2	9								
2	10								
2	11								
2	12								
3	13	1000.00	2750.00	1402.26	0.00	1347.74	269.40	0.00	
3	14								
3	15								
3	16								
3	17								

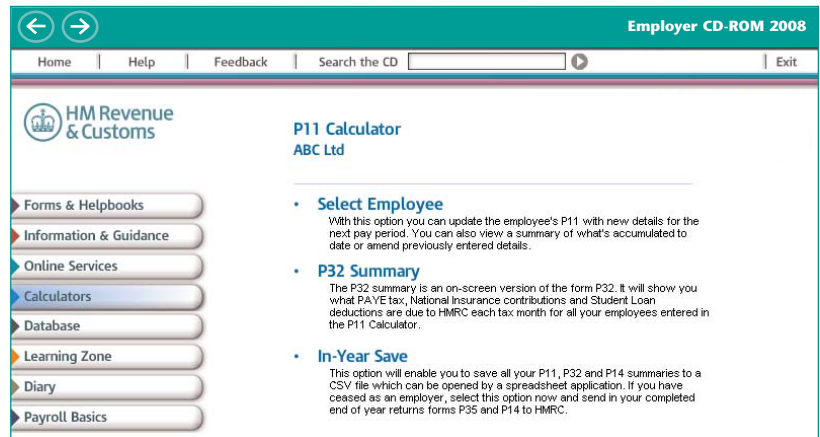
P32 employer deductions summary

The P32 Summary will total all your employees' PAYE tax, National Insurance contributions and Student Loan deductions for each tax month and show what is due to HMRC.

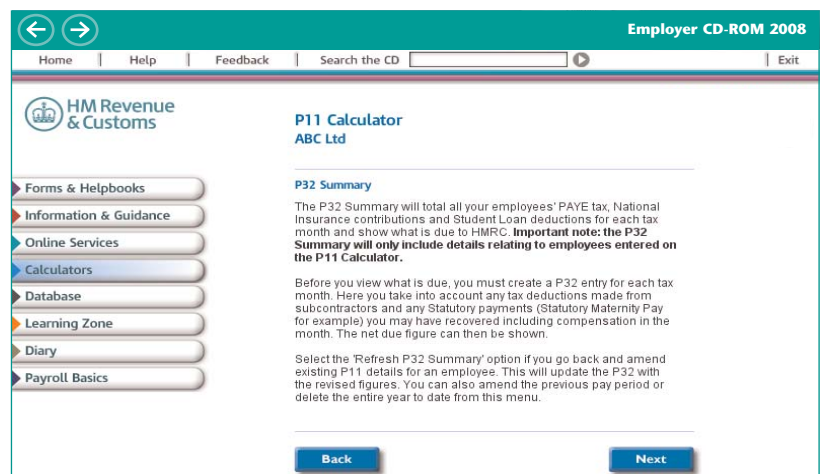
Important note: the P32 Summary will only include details relating to employees entered on the P11 Calculator.

Where to find the P32 Summary

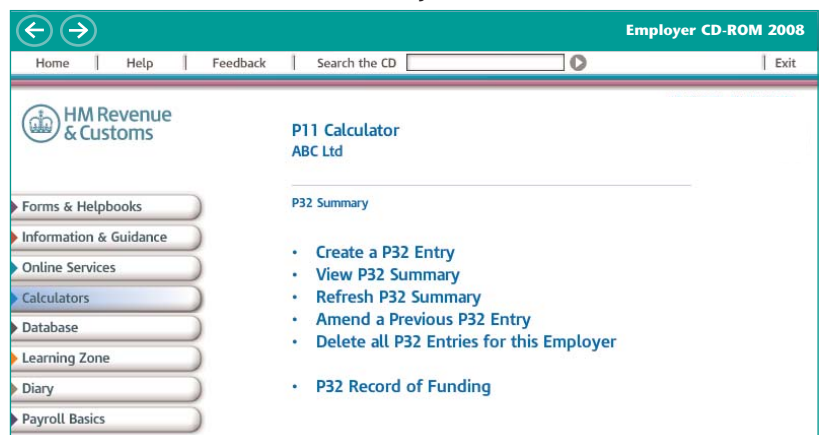
The P32 Summary is found within the P11 Calculator menu.



This screen explains what the P32 Summary will do. Select 'Next' to continue.



There are a number of options, but to start your P32 record select 'Create a P32 Entry'.



Create a P32 Entry

Before you can view what is due you must create a P32 entry for each tax month.

This will show the total PAYE tax, Class 1 NICs and any Student Loan deductions from all P11s for the employer chosen. The P32 will build a record month by month starting at month 1. But it will not skip a month, so if you have entries in months 1 and 3 and none in month 2 you must still create a 'nil' entry for month 2.

This screen also has an entry for 'Income Tax Subcontractor Deductions', in case you need to add these to your record.

Either leave blank or enter the relevant details then select 'Next'.

	£
PAYE Income Tax	166.54
Student Loan Deductions	0.00
Gross NICs	190.19
Income Tax Subcontractor Deductions	0.00

On this screen you can enter any statutory payment recoveries and compensation.

	recovered	NIC compensation
Statutory Sick Pay (SSP)	£	£
Statutory Maternity Pay (SMP)	£	£
Statutory Paternity Pay (SPP)	£	£
Statutory Adoption Pay (SAP)	£	£

Create a P32 Entry continued

Recovered statutory payments and compensation are deducted from your monthly National Insurance and PAYE liability.

Leave blank or enter details then select 'Next'.

Then select 'Finish' to view the P32 Summary.

P32 for ABC Ltd
Employee: ABC Ltd

Period	Income Tax (inc subcontractor deductions)	Student Loan Deductions	Net Income Tax (1 + 2)	Gross National Insurance contributions (NICs)	Statutory Sick Pay (SSP) recovered	Statutory Maternity Pay (SMP) recovered	NIC compensation on SMP	Statutory Paternity Pay (SPP) recovered	NIC compensation on SPP
	1	2	3	4	5	6	7	8	9
	£	£	£	£	£	£	£	£	£
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	93.40	0.00	93.40	224.20	0.00	0.00	0.00	0.00	0.00
3	200.00	0.00	200.00	130.19	0.00	0.00	0.00	0.00	0.00
4									
5									
6									
7									
8									
9									
10									
11									
12									
Grand totals months 1-12	237.47	0.00	237.47	354.39	0.00	0.00	0.00	0.00	0.00

View P32 Summary

Select this option to view the P32 Summary.

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HM Revenue & Customs

P11 Calculator
ABC Ltd

P32 Summary

- Create a P32 Entry
- View P32 Summary
- Refresh P32 Summary
- Amend a Previous P32 Entry
- Delete all P32 Entries for this Employer
- P32 Record of Funding

Forms & Helpbooks
Information & Guidance
Online Services
Calculators
Database
Learning Zone
Diary
Payroll Basics

Refresh P32 Summary

Select this option if you amended any details in the P11 Calculator. For example, if you have amended an employee's pay details for a previous pay period, you will need to refresh the P32 Summary to take into account changes made.

Amending a previous P32 entry

If you make a mistake and have to amend your record of deductions, you can do this by selecting 'Amend a previous P32 entry'.

If you need to amend the last P32 entry you will need to delete the whole entry and input the details again. If you need to amend an entry before the last one, you will need to delete all entries going back to the month in question. You will then have to re-enter all deleted entries.

Delete all P32 entries for this employer

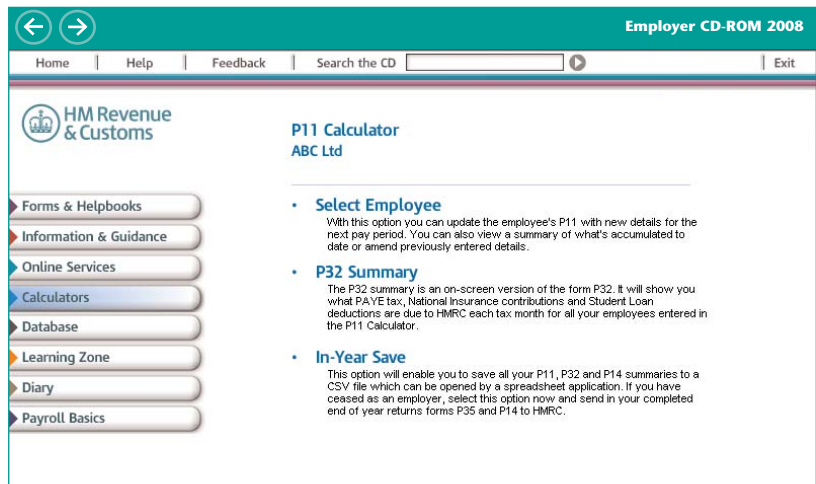
This option will allow you to clear the whole year's P32 entries.

P32 Record of Funding

If you have received funds from HM Revenue & Customs to pay for statutory payments or to refund PAYE income tax you should record this by selecting 'P32 record of funding'. Creating and amending funding entries is identical to creating and amending P32 entries.

To find out how to apply for funding please go to page 62.

In-Year Save – saving data to a spreadsheet



You can copy the P11 data – P11 summary, P14 and P32 to a spreadsheet by selecting the 'In-year save' function.

This creates 'csv' (comma separated values) files which can be read by any spreadsheet application, for example, Excel or Quattro Pro.

This will be saved to 'My Documents'. However, you can save the information to a different location by selecting 'Change'.

This will then allow you to select a different destination folder.

Once saved the files can be opened by any spreadsheet application such as Excel or Quattro Pro.

Backing up data

You can back up data and save it onto a floppy disc, CD-ROM or USB memory stick.

For pay period backups

We recommend that you back up the data after each pay period and keep it separate from the computer. You can do this either on a disc or on a server.

To find the data file that you will need to backup, you will need to find the installation folder 'Employer CD-ROM 2008'. On a standard installation you will find this using the following steps:

My computer
Local Disc (C:)
Program Files
HMRC
Employer CD-ROM 2008

P11 Calculator only back ups

If you wish to save details from the P11 Calculator you do not need to save the whole 'Data' folder. Instead, follow the steps shown above and:

- open the 'Data' folder
- copy the file named 'empcd.v12' onto your chosen means of backup
- right click the file 'empcd.v12'
- select 'Send to'.

If you need to restore the information, simply replace the 'empcd.v12' file with the saved version.

If you have had to reinstall the 2008 CD-ROM, the 'empcd.v12' file will not yet exist in the 'Data' folder. Simply:

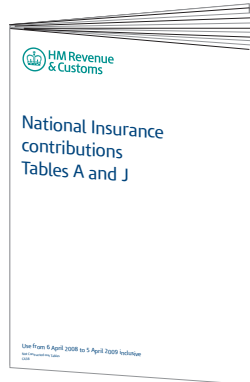
- copy the saved file 'empcd.v12' into the 'Data' folder.
- right click the saved file 'empcd.v12'
- select 'Copy'
- right click into an empty area of the 'Data' folder and select 'Paste'.

Full instructions can be found in FAQs in the Help section of the CD-ROM.

What to do next

Now you have completed your P11 turn to page 60 to find out what to do next.

If you are completing a paper form P11 and not using your Employer CD-ROM you will need to order the following tables from the Employer Orderline. See the *Order Form* in your New Employer pack for details or phone **08457 646 646**.



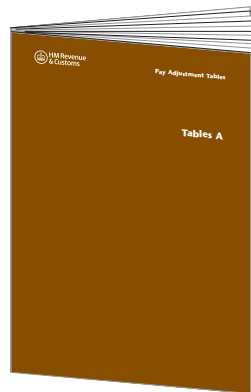
National Insurance contributions Tables

There are many different types of National Insurance contributions Tables. For most men aged 16 to 64 and most women aged 16 to 59 you will use the *CA38 National Insurance contributions Tables A and J* pictured aside.

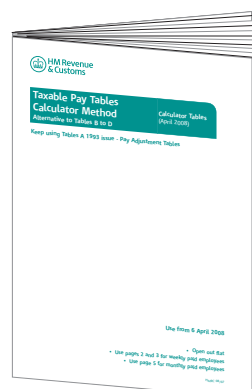
However you will need to contact the New Employer Helpline to ask which tables you need to order if:

- your employee is a married woman or widow who tells you that they are entitled to pay reduced rate NICs
- your employee is State Pension age or over
- you operate a company pension scheme.

The National Insurance contributions tables work out how much National Insurance contributions you and your employee have to pay.



- *Tables A, Pay Adjustment Tables* – use to work out how much of your employee's pay is tax free.



- *Taxable Pay Tables Calculator Method* – use to work out how much tax is due. You need a calculator to use these tables.

If you are using the tax and National Insurance contributions Calculators on your Employer CD-ROM, or the manual tax and National Insurance contributions tables, you will need to complete a paper form P11 for each employee. You will find a form P11 in your New Employer Pack. To prepare a new P11, fill in boxes A–L, as shown here.

Tax year

Check you are using a form for the correct year. The tax year runs from 6 April to 5 April. Tax year 2008–09 starts on 6 April 2008 and ends on 5 April 2009.

Box C

Employee's surname.

Box D

Employee's first names.

Box A

Enter the name of your business here.

Box B

Enter the name of your business's HM Revenue & Customs (HMRC) office and Employer PAYE reference if you know it. If not, your HMRC office will let you know what this is shortly.

Deductions Working Sheet P11 Year to 5 April 2009

Employee's details use capitals

Box A Employer name: *Businesses Incorporated*

Box B HM Revenue & Customs office name: *London* Employer PAYE reference: *123/4567*

Box C Surname: *Bloggs*

Box D First two forenames: *Joseph John*

Box E National Insurance number: *AB 12 34 56 C*

Box F Date of birth DD MM YYYY: *23 09 1967*

Note 1 Using the P11 Calculator on your Employer CD-ROM is the easiest and quickest way to complete the P11. Look at the CD-ROM for guidance on how to use the calculator and to find the Employer Helpbooks on tax and NICs (E10, E11 and E13), on 'Statutory Sick Pay', 'Statutory Maternity Pay and E15', 'Statutory Sick Pay and E10', 'Statutory Adoption Pay'. Copies of the Helpbooks are available from the Employer Orderline on 0845 7 646 646. For further assistance go to www.hmrc.gov.uk or phone the Employer helpline on 0845 7 143 143.

Note 2 In the NI Tables, a letter is shown at the top of each section, for example A, B, C, D. Copy the Table letter you use to the Table letter box in the 'End of Year Summary' overview. If the employee's circumstances change part way through a year, the Table letter may change as well. Record all Table letters used and enter separate totals for each one.

Month number	Week number	National Insurance contributions						Statutory payments							
		Earnings details			Contribution details			Statutory Sick Pay (SSP)		Statutory Maternity Pay (SMP)		Statutory Paternity Pay (SPP)		Statutory Adoption Pay (SAP)	
		1a	1b	1c	1d	1e	1f	1g	1h	1i					
1															
2															
3															
4															
5															
6															
7															
8															
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19															
20															
21															
22															
23															

Box E

National Insurance number (NI number). As soon as an employee starts working for you, ask them for their NI number. If your employee cannot remember their NI number, check whether it is on any papers they have given to you. If you cannot find it, and you have to send a form P46 to your HM Revenue & Customs office (see page 7), take no further action as we will automatically trace the employee's NI number and tell you what it is on a form P46-5. We will tell your employee what it is on a form P217.

If you do not have to send a form P46, you can complete and send us form CA6855 and we will trace the number for you. The CA8655 is available on your Employer CD-ROM or from the Employer Orderline. You will find an order form in your New Employer Pack.

Box F

Enter your employee's date of birth here. From April 2009 you will have to show an employee's date of birth and gender information on all forms P45 and P46. We strongly recommend that you start collecting this information from your employees now.

Box G

Enter any works number for your employee here.

Box H

Enter the date your employee started working for you.

Box K

Complete Box K with your employee's tax code.

Box L

Only use Box L if you receive an amended tax code for your employee.

Box I

Only complete this box if your employee has stopped working for you.

Box J

If your employee has ticked 'Box D – Student loans' on their form P46, or 'item 5' of their P45 shows that your employee makes Student Loan repayments, tick this box.

Turn over page for Weeks 31–52 (Months 8–12) and End of Year Summary boxes

payroll number

Box H Date of starting DD MM YYYY

Box I Date of leaving DD MM YYYY

Box J Student Loan Deductions case (✓)

Box K Tax code †

† If amended cross out previous code

Box L Amended code † WK/Mth in which applied

Please keep this form for at least three years after the end of the year to which it relates, or longer if you are asked to do so.

PAYE Income Tax

Student Loan Deductions (whole pounds only)	Month number	Week number	Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)		Total pay to date	Total 'free pay' to date as shown by Tables A *		K codes only		Total taxable pay to date: column 3 minus column 4a or column 3 plus column 4b *	Total 'tax due' to date as shown by Calculator Tables or Tax Tables B to D	K codes only		Tax deducted or refunded in the week or month Mark refunds 'R'	K codes only		Tax not deducted owing to the Regulatory limit	For Employer's use
			2 £ p	3 £ p		4a £ p	4b £ p	5 £ p	6a £ p			6b £ p	7 £ p		8 £ p			
1j	1																	
	2																	
	3																	
	4	1																
	5																	
	6																	
	7																	
	8	2																
	9																	
	10																	
	11																	
	12																	
	13	3																
	14																	
	15																	
	16																	
	17	4																
	18																	
	19																	
	20																	
	21	5																
	22																	
	23																	

Example 1 – paying weekly

Look at example 1 below if you pay weekly, or example 2 on page 38 if you pay monthly.

The main part of the P11 is split into columns and rows. Each row represents a week number. To find out which row to start with, look at the table below.

The starting point for completing a P11 is the week that includes the **first pay day**.

Using the chart below find the week number that includes the first pay day. For example, 30 May 2008 (Friday) is in week 8.

In this example you would start to complete your P11 at line 8.

Period	Week number	Period	Week number
6 Apr to 12 Apr	1	5 Oct to 11 Oct	27
13 Apr to 19 Apr	2	12 Oct to 18 Oct	28
20 Apr to 26 Apr	3	19 Oct to 25 Oct	29
27 Apr to 3 May	4	26 Oct to 1 Nov	30
4 May to 10 May	5	2 Nov to 8 Nov	31
11 May to 17 May	6	9 Nov to 15 Nov	32
18 May to 24 May	7	16 Nov to 22 Nov	33
25 May to 31 May	8	23 Nov to 29 Nov	34
1 June to 7 June	9	30 Nov to 6 Dec	35
8 June to 14 June	10	7 Dec to 13 Dec	36
15 June to 21 June	11	14 Dec to 20 Dec	37
22 June to 28 June	12	21 Dec to 27 Dec	38
29 June to 5 July	13	28 Dec to 3 Jan	39
6 July to 12 July	14	4 Jan to 10 Jan	40
13 July to 19 July	15	11 Jan to 17 Jan	41
20 July to 26 July	16	18 Jan to 24 Jan	42
27 July to 2 Aug	17	25 Jan to 31 Jan	43
3 Aug to 9 Aug	18	1 Feb to 7 Feb	44
10 Aug to 16 Aug	19	8 Feb to 14 Feb	45
17 Aug to 23 Aug	20	15 Feb to 21 Feb	46
24 Aug to 30 Aug	21	22 Feb to 28 Feb	47
31 Aug to 6 Sep	22	1 Mar to 7 Mar	48
7 Sep to 13 Sep	23	8 Mar to 14 Mar	49
14 Sep to 20 Sep	24	15 Mar to 21 Mar	50
21 Sep to 27 Sep	25	22 Mar to 28 Mar	51
28 Sep to 4 Oct	26	29 Mar to 4 Apr	52
		5 April – call the Helpline	

Example 2 – paying monthly

The main part of the P11 is split into columns and rows. To find out which row to start with, look at the table below.

The starting point for completing a P11 is the month that includes the **first pay day**.

Using the chart below find the month number that includes the first pay day. For example, 30 May 2008 (Friday) is in month 2.

In this example you would start to complete your P11 at line 8.

Period	Month number	Period	Month number
6 Apr to 5 May	1	6 Oct to 5 Nov	7
6 May to 5 June	2	6 Nov to 5 Dec	8
6 June to 5 July	3	6 Dec to 5 Jan	9
6 July to 5 Aug	4	6 Jan to 5 Feb	10
6 Aug to 5 Sep	5	6 Feb to 5 Mar	11
6 Sep to 5 Oct	6	6 Mar to 5 Apr	12

How are NICs made up?

NICs are made up of two elements:

- employee's contributions, which you deduct from your employee's pay, **and**
- employer's contributions, which you must pay.

Which NICs category do I use?

There are many different NICs categories. For most men aged 16 to 64 and most women aged 16 to 59 you will use **Category A**.

Contact the New Employer Helpline if:

- your employee is a married woman or widow who tells you that they are entitled to pay reduced rate NICs
- your employee is State Pension age or over
- you operate a company pension scheme, **or**
- you are unsure what National Insurance category to use.

How do I work out the NICs due?

The **easiest** and **quickest** way to work out the NICs is to use the NICs Calculator on your Employer CD-ROM.

The Calculator will work out the NICs for you and provide the figures that you will need to enter in columns 1a to 1e of the form P11. An example of a completed form P11 is shown on pages 42 and 43.

You will find the National Insurance Calculator in the 'Calculators' section of your Employer CD-ROM.

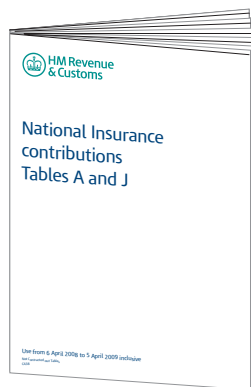
If you are not using your Employer CD-ROM you will need to work through this book and calculate the NICs manually using the NICs tables.

Category A National Insurance contributions have been used in the following examples. If you are required to deduct a different National Insurance contribution category (see page 39), you must ensure that you order the appropriate National Insurance contribution tables from the Employer Orderline – see the *order form* in your New Employer Starter Pack or phone **08457 646 646**.

If you require further advice on how to complete the National Insurance contribution details on your form P11 please phone the New Employer Helpline.

Working out NICs using the National Insurance Tables – category letter A.

To calculate Category A NICs you will need to use booklet CA38 *National Insurance Contributions Tables A and J* which is available from the Employer Orderline – see the *order form* in your New Employer Starter Pack, or phone **08457 646 646**.



- Make sure that the tables are for the correct year.
- Use **Table A** in the booklet *CA38 National Insurance contributions Tables A and J*, starting on page 8 for weekly pay and page 21 for monthly pay.

How to use the tables

Turn to **Table A**. Look up the employee's gross pay in the left-hand column of the table 'Employee's Earnings up to and including the UEL (Upper Earnings Limit)'. If the exact amount is not in the table, use the next smaller figure – see the following examples.

If your employee earns £90.00 per week or £390.00 per month or more, you must keep a record of their earnings, even where no NICs are due.

See:

- example 1 on page 42 if you are paying weekly, **or**
- example 2 on page 43 if you are paying monthly.

Example 1 – paying weekly

- You pay an employee £201.92 on 30 May 2008, for the week. This is week number 8.
- Look at Weekly Table A to find the next smaller figure, which in our example is £201.00.
- Copy the figures from columns 1a to 1e of Weekly Table A to columns 1a to 1e of form P11.

Extract from Weekly Table A

▼ Employee's Earnings up to and including the UEL	Earnings at the LEL (where earnings are equal to or exceed the LEL)	Earnings above the LEL, up to and including the ET	Earnings above the ET, up to and including the UEL	Total of employee's and employer's contributions	Employee's contributions payable on all earnings above the ET	▼ Employer's contributions
	1a	1b	1c	1d	1e	
£	£	£ P	£ P	£ P	£ P	£ P
200	90	15.00	95.00	22.72	10.50	12.22
201	90	15.00	96.00	22.96	10.61	12.35

Extract from P11

Deductions Working Sheet P11 Year to 5 April 2009 Employee's details use capitals

Box A Employer name **Box C** Surname

Box B HM Revenue & Customs office name Employer PAYE reference

Box D First two forenames

Note 1 Using the P11 Calculator on your Employer CD-ROM is the easiest and quickest way to complete the P11. Look at the CD-ROM for guidance on how to use the P11 Calculator and to find the Employer Helpbooks on tax and NICs (E10, E11 and E13), on E14, 'Statutory Sick Pay' on Statutory Maternity Pay and E15, 'Statutory Sick Pay and E10, 'Statutory Adoption Pay'. Copies of the Helpbooks are available from the Employer Orderline on 0845 7 646 646. For further assistance go to www.hmrc.gov.uk or phone the Employer Helpline on 0845 7 143 143.

Note 2 In the NI Tables, a letter is shown at the top of each section, for example A, B, C, D. Copy the Table letter you use to the Table letter box in the 'End of Year Summary' overleaf. If the employee's circumstances change part way through a year, the Table letter may change as well. Record all Table letters used and enter separate totals for each one.

		National Insurance contributions						Statutory pay		
Month number	Week number	Earnings details			Contribution details			Statutory Sick Pay (SSP) paid to employee in the week or month included in column 2		
		1a	1b	1c	1d	1e	1f			
		£	£ p	£ p	£ p	£ p	£ p	£ p		
1	1									
	2									
	3									
	4									
	5									
	6									
	7									
2	8	90	15.00	96.00	22.96	10.61				
	9									
3	10									
	11									
	12									
	13									
	14									

Example 2 – paying monthly

- You pay an employee £900.50 on 30 May 2008, for the month. This is month number 2.
- Look at Monthly Table A to find the next smaller figure, which in our example is £898.00.
- Copy the figures from columns 1a to 1e of Monthly Table A to columns 1a to 1e of form P11.

Extract from Monthly Table A

▼ Employee's earnings up to and including the UEL	Earnings at the LEL (where earnings are equal to or exceed the LEL)	Earnings above the LEL, up to and including the ET	Earnings above the ET, up to and including the UEL	Total of employee's and employer's contributions	Employee's contributions payable on all earnings above the ET	▼ Employer's contributions
	1a	1b	1c	1d	1e	
£	£	£ P	£ P	£ P	£ P	£ P
898	390	63.00	445.00	106.39	49.17	57.22
902	390	63.00	449.00	107.34	49.61	57.73

Extract from P11

Deductions Working Sheet P11 Year to 5 April 2009 Employee's details use ca

Box A Employer name **Box C** Surname

Box B HM Revenue & Customs office name **Box D** First two forenames

Employer PAYE reference: _____

Note 1 Using the P11 Calculator on your Employer CD-ROM is the easiest and quickest way to complete the P11. Look at the CD-ROM for guidance on how to use the P11 Calculator and to find the Employer Helpbooks on tax and NICs (E10, E11 and E13), on E14, 'Statutory Sick Pay' on Statutory Maternity Pay and E15, 'Statutory Sick Pay and E10, 'Statutory Adoption Pay'. Copies of the Helpbooks are available from the Employer Orderline on 0845 7 646 646. For further assistance go to www.hmrc.gov.uk or phone the Employer Helpline on 0845 7 143 143.

Note 2 In the NI Tables, a letter is shown at the top of each section, for example A, B, C, D. Copy the Table letter you use to the Table box in the 'End of Year Summary' overleaf. If the employee's circumstances change part way through the Table letter may change as well. Record all Table used and enter separate totals for each one.

		National Insurance contributions										Statutory Sick Pay (SSP)					
		Earnings details						Contribution details				Statutory Sick Pay (SSP) paid to employee in the week or month including in column 2					
Month number	Week number	Earnings at the LEL (where earnings are equal to or exceed the LEL)		Earnings above the LEL, up to and including the ET		Earnings above the ET, up to and including the UEL		Total of employee's and employer's contributions - mark minus amounts 'R'		Employee's contributions due on all earnings above the ET							
		1a	£	1b	£	p	1c	£	p	1d	£	p	1e	£	p	1f	£
1	1																
	2																
	3																
	4																
2	5																
	6																
	7																
	8																
3	9																
	10																
	11																
	12																
	13																
	14																
	15																

Tax codes

Whether you are using a P45 or P46 you must now consider **deducting tax**.

First of all you will need to know how to use the tax code for your employee.

A tax code is usually made up of one or more numbers followed by a letter. The number indicates the amount of pay an employee is allowed to earn in the tax year before tax becomes payable.

Which tax code?

L, P, T, V or Y codes *not* followed by week 1, month 1 or X

These tax code numbers are called 'cumulative' code numbers. This means that you will be working on a running total basis of 'total pay to date' at each pay day.

If you are using one of these codes and calculating tax using the tables go to page 46.

L, P, T, V or Y codes followed by week 1, month 1 or X

These tax code numbers are not 'cumulative' code numbers. They are known as week 1/month 1 codes. If week 1/month 1, or an 'X' is written after the tax code this means that instead of keeping a running total of the pay to date, you treat each pay day as if it is the first week or month of the tax year.

If you are using one of these codes and calculating tax using the tables go to page 51.

Code BR – basic rate For an employee with a tax code BR you must deduct tax from **all their pay** at the basic rate – currently 20%. You can operate code BR either on a:

- cumulative basis, which means that you will be working on a running total basis of 'total pay to date' at each pay day

If you are using one of these codes and calculating tax using the tables go to page 55.

or

- week 1/month 1 basis. If code BR is followed by week 1, month 1 or X – this means that you must operate the code on a 'non-cumulative' basis. Instead of keeping a running total of the pay to date, you must treat each pay day as if it is the first week or month of the tax year.

If you are using one of these codes and calculating tax using the tables go to page 58.

Working out the tax due (cumulative)

The **easiest** and **quickest** way to work out the amount of tax to deduct is to use the PAYE Tax Calculator on your Employer CD-ROM. The PAYE Tax Calculator will work out the tax due for you and provide you with the figures to enter in columns 2 to 8 of your P11.

You will find the PAYE Tax Calculator in the 'Calculator' section of your CD-ROM. An example of a completed form P11 is shown on page 50.

If you are not using your Employer CD-ROM you will need to continue to work through this book and calculate the tax manually using the tax tables.

You will now have to fill in columns 2 to 8 on the P11. Use the same week or month number you used for the NICs entries.

We will work through an example using the following details.

- pay day = 30 May 2008
- tax week = 8
- pay = £201.92
- P45 details
 - Item 6 code = 510L
 - Item 7 'Total pay to date' = £1,546.15
 - Item 7 'Total tax to date' = £ 171.60

The columns you will use on the P11 for these codes are 2, 3, 4a, 5, 6 and 7.

Column 2 Pay in the week or month

Enter the pay for the pay day in column 2 at the appropriate week or month.

Example: Week 8 pay = £201.92

Column 3 Total pay to date

Column 3 is for the total pay to date, which includes pay from any previous employment your employee may have had during the tax year.

If you have a form P45 see if there is an amount at item 7 'Total pay to date'. If there is:

- copy the figure onto the line in column 3 **above** the line you are using for the pay day
- **add** the amount that you are paying your employee to the 'Total pay to date' figure, **and**
- put the **new total in column 3**, next to the pay for the pay day in column 2.

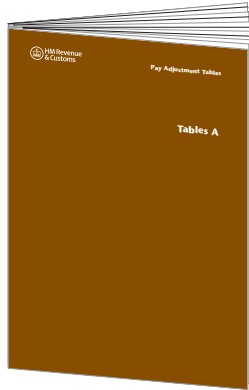
If there is no entry at item 7 'Total pay to date' on the P45 **or** you and your employee have completed form P46, copy the figure from column 2 of the P11 to column 3 on the line for the pay day.

Example:

P45 item 7 'Total pay to date' is £1,546.15
so the entry at week 7 is £1,546.15

The entry at week 8 is £1,546.15 +
 £ 201.92
 = £1,748.07

Column 4a Total 'free pay' to date



Use the Tables A, *Pay Adjustment Tables* as follows (the weekly tables come before the monthly tables):

- find the page for the week or month that includes the date of the pay day
- find your employee's tax code
- enter the figure shown in the 'total pay adjustment' column in column 4a of the P11.

Example:

Code 510L gives free pay £786.08 at week 8.

For codes over 500 you **must** use the instructions in the box at the bottom of the page to calculate the free pay to date.

Week 8 adjustment for code 500 is	£769.28
Week 8 figure for code 10 (510–500)	<u>£ 16.80</u>
Total pay adjustments for week 8	£786.08

Column 5 Total taxable pay to date

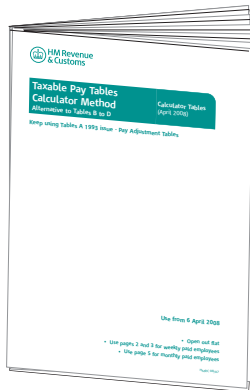
Now work out how much of your employee's pay is taxable. To do this:

- deduct the figure in column 4a from the figure in column 3
- enter the result in column 5.

If the amount in column 4a is more than the amount in column 3 leave column 5 blank.

Example: £961.99 (£1,748.07 minus £786.08)

Column 6 Total 'tax due' to date



Look at the amount in column 5.

If this is blank check that column 4a is more than the amount in column 3. If it is, put 'Nil' in column 6.

If there is an amount in column 5 you now need to work out the tax due. Use the *Taxable Pay Tables, Calculator Method*.

The table that you will need depends on:

- how much total taxable pay is shown in column 5 on the P11, and
- whether you pay your employee weekly or monthly.

For **weekly pay** turn to pages 3 and 4 in the *Taxable Pay Tables, Calculator Method*.

For **monthly pay** turn to page 5 in the *Taxable Pay Tables, Calculator Method*.

- Find the week or month number for your employee's taxable pay.
- Go to Section **A** of the Weekly paid – Calculator Tables or Monthly paid – Calculator Tables as appropriate.
- Follow the guidance given there.

If you have a problem, call the New Employer Helpline.

When you have worked out the tax due enter this amount in column 6 on the line for the week or month that includes the pay day.

Example: Tax due on £961.99 = £192.20

Now look at the P45 from your employee. You must check the 'Total tax to date' figure is correct by following the 'Check Tax' instructions on page 5.

Enter the figure provided by the P45 Checker/New Employer Helpline into column 6 on the line **above** the figure you have just entered.

Then compare the two figures in column 6 and move on to column 7.

$£961.99$ round down to $£961$
 $£961 \times 0.20$ (20%) = $£192.20$

Column 7 Tax deducted or refunded

If the figure in column 6 for the pay day is:

- **more than** the figure on the line above, take away the amount on the line above from the figure for the pay day and put the result in column 7 – this is the amount of tax to take off your employee's pay
- **the same** as the figure on the line above, or if both are Nil, put 'Nil' in column 7
- **less than** the figure on the line above, put the difference in column 7 – plus the letter 'R'. This means a refund is due – you will have to phone the New Employer Helpline.

In our example, the figures will appear on the P11 like this.

Turn over page for Weeks 31–52 (Months 8–12) and End of Year 5

	Box H Date of starting DD MM YYYY	Box K Tax code † <i>510L</i> † If amended cross out previous code	
	Box I Date of leaving DD MM YYYY	Box L Amended code †	Wk/Mth in which applied
	Box J Student Loan Deductions case (✓)		

Please keep this form for at least three the end of the year to which it relates, you are asked to do so.

PAYE Income Tax																		
Month number	Week number	Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)			Total 'free pay' to date as shown by Tables A *			K codes only			K codes only			K codes				
		£	p		£	p		£	p		£	p		£	p	£	p	
1	1																	
	2																	
	3																	
	4																	
	5																	
	6																	
	7				<i>1546</i>	<i>15</i>												
2	8	<i>201</i>	<i>92</i>		<i>1748</i>	<i>07</i>	<i>786</i>	<i>08</i>		<i>961</i>	<i>99</i>		<i>171</i>	<i>60</i>		<i>192</i>	<i>20</i>	<i>20.60</i>
	9																	
3	10																	
	11																	
	12																	
	13																	
4	14																	
	15																	
	16																	
	17																	
	18																	
	19																	

Now that you have completed your P11 turn to page 60 to find out what to do next.

Working out the tax due (week 1/month 1)

The **easiest** and **quickest** way to work out the amount of tax to deduct is to use the PAYE Tax Calculator on your Employer CD-ROM. The PAYE Tax Calculator will work out the tax due for you and provide you with the figures to enter in columns 2 to 8 of your P11.

You will find the PAYE Tax Calculator in the 'Calculator' section of your CD-ROM. An example of a completed form P11 is shown on page 54.

If you are not using your Employer CD-ROM you will need to continue to work through this book and calculate the tax manually using the tax tables.

You will now have to fill in columns 2 to 8 on the P11.

We will work through an example using the following details:

- pay day = 12 September 2008
- tax week = 23
- pay = £201.92
- P45 details
 - Item 6 code = 603L week 1

The columns that you will use on the P11 for these codes are 2, 4a, 5 and 7.

Week 1, month 1 or X after the letter part of the code number means that each pay day should be treated as if it is the first week or month of the tax year.

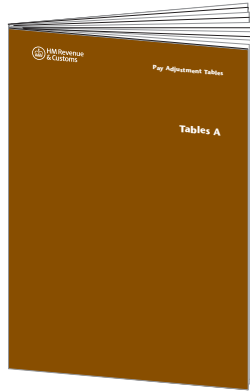
Entries on the P11, however, should still be made on the line for the week or month that includes the pay day.

Column 2 Pay in the week or month

Enter the pay for the pay day in column 2 at the appropriate week or month.

Example: Week 23 pay = £201.92

**Column 4a
Total 'free
pay' to date**



Use the Tables A, *Pay Adjustment Tables* as follows (the weekly tables come before the monthly tables):

- find the page for week 1 or month 1
- find your employee's tax code
- enter the figure shown in the 'total pay adjustment' column in column 4a of the P11.

Example:

Code 603L week 1 gives free pay of £116.15

For codes over 500 you **must** use the instructions in the box at the bottom of the page to calculate the free pay to date.

Week 1 adjustment for code 500 is	£96.16
Week 1 figure for code 103 (603 – 500)	<u>£19.99</u>
Total pay adjustments for week 1	£116.15

**Column 5
Total taxable
pay to date**

Now work out how much of your employee's pay is taxable. To do this:

- deduct the figure in column 4a from the figure in column 2
- enter the result in column 5.

If the amount in column 4a is more than the amount in column 2 leave column 5 blank.

Example: £85.77 (£201.92 minus £116.15)

Column 7 Tax deducted or refunded

Look at the amount in column 5.

If this is blank no tax is due in the week or month.

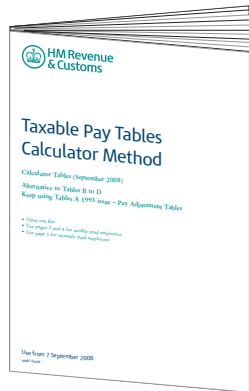
If there is an amount in column 5 you now need to work out the tax due. Use the *Taxable Pay Tables, Calculator Method*.

The table that you will need depends on:

- how much total taxable pay is shown in column 5 on the P11, and
- whether you pay your employee weekly or monthly.

For **weekly pay** turn to pages 3 and 4 in the *Taxable Pay Tables, Calculator Method*.

For **monthly pay** turn to page 5 in the *Taxable Pay Tables, Calculator Method*.



- Find the week or month number for your employee's taxable pay.
- Go to Section **A** of the Weekly paid – Calculator Tables or monthly paid – Calculator Tables as appropriate.
- Follow the guidance given there.

If you have a problem, call the New Employer Helpline.

Working out the tax due (cumulative)

The **easiest** and **quickest** way to work out the amount of tax to deduct is to use the PAYE Tax Calculator on your Employer CD-ROM. The PAYE Tax Calculator will work out the tax due for you and provide you with the figures to enter in columns 2 to 8 of your P11.

You will find the PAYE Tax Calculator in the 'Calculators' section of your CD-ROM. An example of a completed form P11 is shown on page 57.

If you are not using your Employer CD-ROM you will need to continue to work through this book and calculate the tax manually using the tax tables.

You now have to fill in columns 2 to 8 on the P11. Use the same week or month number you used for the NICs entries.

We will work through an example using the following details:

- pay day = 30 May 2008
- tax week = 8
- pay = £201.92
- P45 details
 - Item 6 code = BR
 - Item 7 'Total pay to date' = £1,346.15
 - Item 7 'Total tax to date' = £ 269.20

The columns that you will use on the P11 for code BR are 2, 3, 6 and 7.

Column 2 Pay in the week or month

Enter the pay for the pay day in column 2 at the appropriate week or month.

Example: Week 8 pay = £201.92

Column 3 Total pay to date

Column 3 is for the total pay to date, which includes pay from any previous employment your employee may have had.

If you have a form P45 see if there is an amount at item 7 'Total pay to date'. If there is:

- copy the figure onto the line in column 3 **above** the line you are using for the pay day
- **add** the amount that you are paying your employee to the 'Total pay to date' figure, **and**
- put the **new total in column 3**, next to the pay for the pay day in column 2.

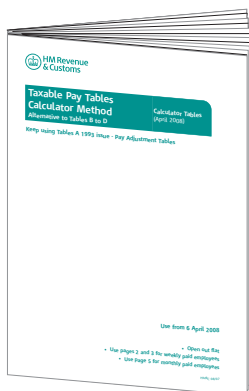
If there is no entry at item 7 'Total pay to date' on the P45 **or** you have completed form P46, copy the figure from column 2 of the P11 to column 3 on the line for the pay day.

Example:

P45 item 7 'Total pay to date' is £1,346.15
so the entry at week 7 is £1,346.15

The entry at week 8 is £1,346.15 +
 £ 201.92
= £1,548.07

Column 6 Total tax due to date



You now need to work out the tax due. Use the *Taxable Pay Tables, Calculator Method*.

For **weekly pay** turn to pages 3 and 4 in the *Taxable Pay Tables, Calculator Method*.

For **monthly pay** turn to page 5 in the *Taxable Pay Tables, Calculator Method*.

Follow the guidance given there.

If you have a problem, call the New Employer Helpline.

Put the combined amount of tax, shown in the tables, in column 6 of the P11 on the line for the week or month that includes the pay day.

£1548.07 round down to £1548
£1548 x 0.20 (20%) = £309.60

Example: Tax due on £1,548.07 = £309.60

Column 7 Tax deducted or refunded

Before you complete this look at the P45 from your employee. You must check the 'Total tax to date' figure is correct by following the 'Check Tax' instructions on page 5.

Enter the figure provided by the P45 Checker/New Employer Helpline into column 6 on the line **above** the figure you have just entered.

Then take away the amount on the line above from the figure for the pay day and enter the total in column 7.

This is the amount of tax to deduct from your employee's pay.

In **our** example, the figures will appear on the P11 like this.

Turn over page for Weeks 31–52 (Months 8–12) and End of Year

<p>Box H Date of starting DD MM YYYY</p> <p>Box I Date of leaving DD MM YYYY</p> <p>Box J Student Loan Deductions case (✓/)</p>	<p>Box K Tax code †</p> <p>† If amended cross out previous code</p> <p>Box L Amended code † Wk/Mth in which applied</p> <p style="font-size: 1.2em; font-weight: bold; text-align: center;">BR</p>	<p><i>Please keep this form for at least three the end of the year to which it relates, you are asked to do so.</i></p>
--	--	---

PAYE Income Tax																														
Month number	Week number	Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)			Total 'free pay' to date as shown by Tables A *			K codes only			K codes only			K code																
		2	£	p	3	£	p	4a	£	p	4b	£	p	5	£	p	6	£	p	6a	£	p	6b	£	p	7	£	p	8	£
1	1																													
	2																													
	3																													
	4																													
2	5																													
	6																													
	7																													
	8		201	92		1346	15																							
3	9																													
	10																													
	11																													
	12																													
4	13																													
	14																													
	15																													
	16																													

Now that you have completed your P11 turn to page 60 to find out what to do next.

Working out the tax due (week 1/month 1)

The **easiest** and **quickest** way to work out the amount of tax to deduct is to use the PAYE Tax Calculator on your Employer CD-ROM. The PAYE Tax Calculator will work out the tax due for you and provide you with the figures to enter in columns 2 to 8 of your P11.

You will find the PAYE Tax Calculator in the 'Calculators' section of your CD-ROM. An example of a completed form P11 is shown on page 59.

If you are not using your Employer CD-ROM you will need to continue to work through this book and calculate the tax manually using the tax tables.

You now have to fill in columns 2 to 8 on the P11. Use the same week or month number you used for NICs entries.

We will work through an example using the following details:

- pay day = 30 May 2008
- tax week = 8
- pay = £201.92
- P45 details
 - Item 6 code = BR week 1

The columns that you will use on the P11 for this code are 2 and 7.

Week 1, month 1 or X after the code number means that each pay day should be treated as if it is the first week or month of the tax year.

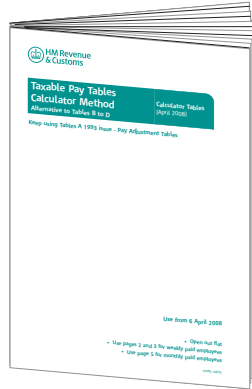
Entries on the P11 should, however, still be made on the line for the week or month that includes the pay day.

Column 2 Pay in the week or month

Put the pay for the pay day in column 2 at the appropriate week or month.

Example: Week 8 pay = £201.92

Column 7 Tax deducted or refunded



Now work out the tax due. Use the *Taxable Pay Tables, Calculator Method*.

For **weekly pay** turn to pages 3 and 4 in the *Taxable Pay Tables, Calculator Method*.

For **monthly pay** turn to page 5 in the *Taxable Pay Tables, Calculator Method*.

Follow the guidance given there.

If you have a problem, call the New Employer Helpline.

Put the combined amount of tax, shown in the tables, in column 7 of the P11 on the line for the week or month that includes the pay day.

This is the amount of tax to deduct from your employee's pay.

£201.92 round down to £201
 £201 x 0.20 (20%) = £40.20

In **our** example, the figures will appear on the P11 like this:

Turn over page for Weeks 31–52 (Months 8–12) and End of Year

	Box H Date of starting DD MM YYYY		Box K Tax code † <i>BR Week 1</i>		
	Box I Date of leaving DD MM YYYY		Box L Amended code †	† If amended cross out previous code	
	Box J Student Loan Deductions case (✓/)		Wk/Mth in which applied		

Please keep this form for at least three months after the end of the year to which it relates, you are asked to do so.

PAYE Income Tax																
Month number	Week number	Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)			Total 'free pay' to date as shown by Tables A *			K codes only			K codes only			K code		
		£	p		£	p		£	p		£	p			£	p
1	1															
	2															
	3															
	4															
2	5															
	6															
	7															
	8															
3	9	201	92												40	20
	10															
	11															
	12															
3	13															
	14															

What do I do next?

You have now worked out how much NICs and tax to deduct from your employee's pay, and made a record of the information. The next step is to work out how much pay to give your employee.

If you have followed the guidance in this booklet:

- take the figure from column 2 of the P11, 'pay in the week or month' – this is 'gross pay'
- from the 'gross pay' take off the figure from column 1e of the P11 (Employee's contributions due on all earnings above the ET), **and** the figure from column 7 of the P11, 'Tax deducted or refunded in the week or month'.

The result is the amount to give your employee.

Using our examples from pages 42 and 50, the amount to give to the employee would be £170.71.

Example

	<i>Gross pay</i>	<i>£201.92</i>
<i>minus</i>	<i>Employee National Insurance contributions</i>	<i>£ 10.61</i>
<i>minus</i>	<i>Tax deducted or refunded in the week or month</i>	<i>£ 20.60</i>
		<hr/>
		<i>£170.71</i>
		<hr/>

Wage/payslips

By law, every pay day you must give your employee a written record of pay and deductions, including:

- gross pay
- employee's NICs deducted
- tax deducted.

At the end of the year you must give your employee a record showing the details for the whole year. See page 66.

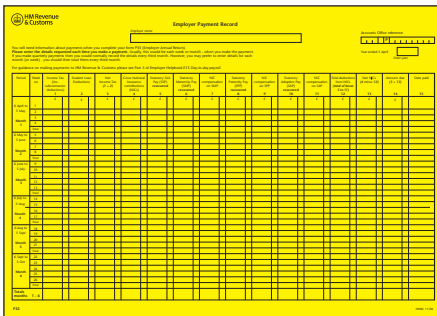
Working out and recording payments

To work out what you have to pay to HM Revenue & Customs add together the:

- Employee National Insurance contributions
- Employer National Insurance contributions
- tax
- Student Loan deductions.

Then take off any amount that you have had to refund.

You can use the form P32(2008) *Employment Payment Record* to work out and record your total monthly payments. Keeping records on form P32(2008) should make it easier for you to work out your monthly payments.

A yellow grid form titled 'Employment Payment Record' with columns for various tax and insurance contributions and rows for monthly entries.

You will find a copy of the P32(2008) in your New Employer Starter Pack. It is also available:

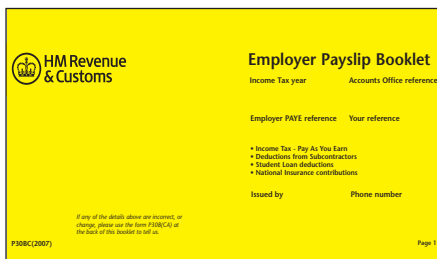
- in the 'Forms & Helpbooks' section of your Employer CD-ROM, **or**
- from the Employer Orderline **08457 646 646**
- if you use the P11 Calculator on the CD-ROM there is a P32 *Summary* that will record all the tax and National Insurance for you. It will also advise you how much tax and National Insurance is payable to HM Revenue & Customs each tax month or quarter, if you pay quarterly.

Making a payment

We accept payment by a range of methods but recommend that you pay electronically. If you pay electronically or through your bank or Post Office, your cleared payment for the full amount must reach our account no later than the 22nd of the month. Where the 22nd falls on a weekend or is a bank holiday, your cleared payments must reach us on the previous bank working day.

When paying electronically you need to allow enough time for your payment to reach us. You will need to check how long your bank or building society takes and what their cut-off time is for initiating payment.

The Accounts Office will have automatically sent you your payslip booklet when you first registered as an employer. If you wish to pay by cheque you will need to complete a payslip from your payslip booklet and send it to your HM Revenue & Customs Accounts Office together with payment for the tax, NICs and Student Loan deductions you have deducted. You must ensure that we receive payment no later than 19th of the month if you pay by cheque.

A yellow booklet cover for 'Employer Payslip Booklet' with fields for 'Income Tax year', 'Accounts Office reference', 'Employer PAYE reference', 'Your reference', 'Issued by', and 'Phone number'. It also lists 'Income Tax - Pay As You Earn', 'Deductions from Subcontractors', 'Student Loan deductions', and 'National Insurance contributions'.

Making a payment continued

For further information about how to pay go to our website at www.hmrc.gov.uk/howtopay/pay.htm or the Employer Helpbook E13(2008).

No payment due in a tax month

If, at the end of the month/quarter you have no payments to make, tell your HM Revenue & Customs Accounts Office by either:

- completing the form at www.hmrc.gov.uk/howtopay/pay_nil.htm
The online form is the most convenient and cost effective way to let us know that no payment is due
- returning a signed payslip, form P30B, for the correct month/quarter marked 'NIL' due
- phoning **0845 366 7816** to advise you have no PAYE/NICs payment to make for a particular month, quoting your Accounts Office reference number.

Refunding tax to your employees

If you need to refund tax to your employees, you can deduct the amount needed from your next payment of PAYE, NIC or any CIS or Student Loan deductions to HM Revenue & Customs. Remember to tell your HM Revenue & Customs Accounts Office if this means that you will have no payment to make for a particular month or quarter.

If you do not have sufficient deductions from which to make the refund, you can apply to HM Revenue & Customs for funding for the difference. We may refuse claims where payments for previous months/quarters are not up to date.

How to claim funding from HMRC to pay a tax refund

To apply for funding in respect of a tax refund you can:

- complete the form at www.hmrc.gov.uk/employers/payefunding or
- send a letter or a fax to your HM Revenue & Customs Accounts Office requesting funding for a tax refund. You will need to provide the following information
 - Accounts Office reference number (shown on the front cover of your P30BC *Payslip booklet* or P30B letter)
 - employer reference number (shown on the front cover of your P30BC *Payslip booklet* or P30B letter)
 - employer name
 - telephone number
 - number of employees for whom you require funding
 - total amount required.

The fax numbers for the HM Revenue & Customs Accounts Offices are:

- Accounts Office Shipley – **01274 539651**
- Accounts Office Cumbernauld – **01236 785251**

After processing your refund application your HM Revenue & Customs Accounts Office will send you a cheque for the amount requested.

Quarterly payment option

If your average monthly payments are likely to be less than £1,500.00 you can choose to pay your Accounts Office quarterly.

For more information about making payments:

- see 'Making Tax and NIC Payments' in the Payroll Basics section of your CD-ROM
- go to www.hmrc.gov.uk/howtopay/employers.htm
- contact the New Employer Helpline.

Do it Online Other things you may need to know

There are lots of ways you can do business with us online during the tax year. PAYE Online for Employers is a secure, convenient and quick way to send and receive day to day information about your employees. It is more reliable and efficient than using paper, and can cut down on storage space, post and administration.

Doing it online can also bring benefits for your employees, such as reduced waiting times for the correct tax code and quicker updates to pensions and benefits records at the end of the tax year.

You can send and receive forms and Returns online using:

- the internet (suits all employers), choose either:
 - our free 'Online Return and Forms' product, or
 - third party software
- Electronic Data Interchange (EDI) (more suitable for large employers), or
- alternatively an agent or payroll bureau can file online on your behalf using our 'PAYE Online for Agents' service.

Employers with 50 or more employees have to file their Annual Return (P14s and P35) online. They will have to do the same for in-year forms P45 and P46 and similar pension notifications from April 2009.

Under government proposals employers with fewer than 50 employees will have to file their Employer Annual Returns (P14s and P35) online by 2010. From April 2011 they will also have to file some in-year information such as employee starter and leaving details (forms P45 and P46) online as well.

Before you can file online you need to register with us. Our team of online filing 'recruiters' have developed a range of products to help you. We can support you over the phone, or in our workshops and presentations, and take you through the registration process step by step. After you have registered, we can give you all the help you may need to send your forms online. To find out what help is available in your area, phone **0133 27 24 410** or go to www.hmrc.gov.uk/inyear

For more information:

- refer to your Employer CD-ROM – it has a learning package giving step by step guidance on all aspects of PAYE Online
- go to www.hmrc.gov.uk/ebu/payee_online.htm

Tax code changes

During the year your HM Revenue & Customs office may send to you form P6, if:

- there is a change to an employee's tax code, **or**
- you have to add in the employee's pay and tax from their last employer.

For further information see page 31 of booklet **E13 Day to day payroll** which is available from the:

- 'Forms & Helpbooks' section of your Employer CD-ROM, **or**
- Employer Orderline phone **08457 646 646**.

Employee leaves

If an employee leaves your employment you will need to complete a P45. You can get a supply from the Employer Orderline. See the *Order Form* for details.

For further information see page 29 of booklet **E13 Day to day payroll** which is available from the:

- 'Forms & Helpbooks' section of your Employer CD-ROM, **or**
- Employer Orderline phone **08457 646 646**.

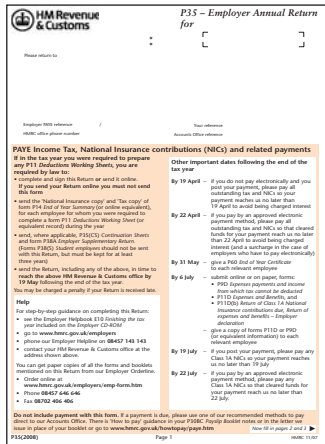
If you have used the P11 Calculator on your Employer CD-ROM for your employee, an in-year leaver summary is provided that will have all the information you will need to complete the P45.

End of Year

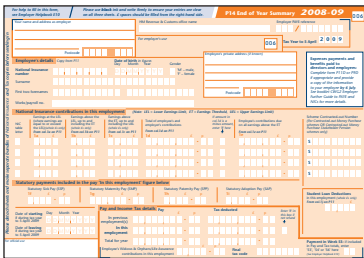
You will have further jobs to do at the end of the tax year.

For example, you will have to send to HM Revenue & Customs a summary of all NICs and tax you have deducted during the year.

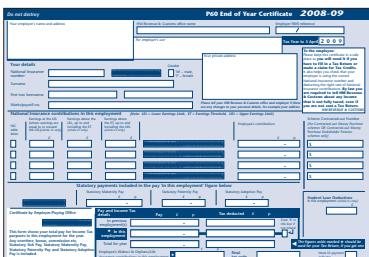
You do this on a P35 *Employer Annual Return*, which we will automatically send to you when you need it.



You will also need to complete a form P14(2008–09) *End of Year Summary* for each employee for whom you have been required to complete a P11 *Deduction Working Sheet*. Use these to record your employees' end of year details and then send them to HM Revenue & Customs.



You must complete a P60(2008–09) and give this to your employee. If you are using a paper form P14 this is the last part of the P14 *End of Year Summary*.



It is very important that you use the right forms for the year. We will tell you when the forms are available from the Employer Orderline.

If you have fewer than 50 employees you may receive money back tax-free from us if you file your Employer Annual Return (P14s and P35) online. For more information about our online services see 'Do it Online' on page 64.

We will send you more detailed information about End of Year procedures in your Employer Pack for 2009, issued before the end of the 2008–09 tax year.

How long to keep records

You must keep the following forms for at least three years after the end of the tax year to which they relate:

- forms P11 and any pay records. This applies even if an employee does not pay any PAYE or NICs in the tax year, but you have completed a form P11 to keep records of earnings
- forms P38(s) including those relating to students for whom a form P14 has been prepared
- forms SL1 and SL2, Start and Stop notices in respect of Student Loan deductions.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

Issued by

Customer Information Delivery

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**HM Revenue
& Customs**