

Inland Revenue Notes for Payroll Software Developers

SERIES 10 – NUMBER 16

December 2003

Contents:

1. Income Tax and National Insurance changes from 6 April 2004

- 1.1 *Income Tax Changes*
- 1.2 *Class 1 National Insurance Contributions* **Annexes A-C**
- 1.3 *Summary of changes from 6 April 2004*
- 1.4 *Effecting the changes*
- 1.5 *Computer Specification for PAYE Tax Table Routines*

2. Other Information

- 2.1 *Forms P11 and P14/P60 for 2004/2005*
- 2.2 *P35 (2003) Employer's Annual Return*
- 2.3 *P11D 2003/2004* **Annex D**
- 2.4 *P11D Working Sheets 2003/2004* **Annex E**
- 2.5 *National Insurance Number Formats for PAYE forms*
- 2.6 *Tax Code numbers with suffix 'A' or 'H'*
- 2.7 *Tax Credits*
- 2.8 *Modernising PAYE Processes for Customers (MPPC)*
- 2.9 *Expenses and Benefits Returns on Magnetic Media 2003/2004 (EEC1 booklet)*
- 2.10 *PAYE GovTalk Forums*

3. Next Issue of these notes

4. Mailing List for these notes

5. Contacts for enquires

1. Income Tax and National Insurance changes from 6 April 2004

1.1 Income Tax Changes

In his Pre-Budget Report on 10 December 2003, the Chancellor of the Exchequer announced that the income tax personal allowance will be increased to £4,745 for 2004/05.

There are above inflation increases to the age related personal allowances with effect from 6 April 2004. Other personal tax allowances, including the married couple's allowance for couples in which one of the spouses was born before 6 April 1935, will all rise in line with indexation with effect from 6 April 2004.

Income tax rates and bandwidths will be announced in the Budget in the usual way.

1.2 Class 1 National Insurance Contributions

Following the Chancellor's Pre Budget Report on 10 December 2003, we can confirm, subject to parliamentary approval, that with effect from 6 April 2004:

- the Lower Earnings Limit will be raised to £79.00 per week
- the Earnings Threshold will be raised to £91.00 per week; and
- the Upper Earnings Limit will be raised to £610.00 per week.

Annexes A to C provide a summary of the National Insurance earnings limits, thresholds and rates.

1.3 Summary of changes from 6 April 2004

- the income tax personal allowance is increased to £4,745
- age related allowances are increased
- both employees and employers earnings threshold for NICs has risen to £91 per week (£395 per month).

1.4 Effecting the changes

Employers should continue to use Taxable Pay tables SR + B to D (June 2003).

There will be a general uplift of tax codes with suffix 'L'. Full instructions will be issued to Employers on form P9X (2004) which will be issued as part of Employer's pack.

As a general rule, unless an amended code notification has been received on form P9(T) or (code list, magnetic tape or cartridge, or via EDI) employers should amend 2004/05 codes as follows:

'L' suffix code –increase by 13 e.g. code 461L becomes 474L

The PAYE threshold **with effect from 6 April 2004 is raised to £91 per week (£395 per month).**

The code for emergency use **with effect from 6 April 2004 is 474L.**

1.5 Computer Specification for PAYE Tax Table Routines

There is no amendment to the Computer Specification.

2. Other Information

2.1 Forms P11 and P14/P60 for 2004/2005

The following forms will be available from the Employer's Orderline:

P11(2004-05) - available from January 2004

P14/P60(Continuous-Portrait)(2004-05) - available from February 2004

P14/P60(Continuous-Landscape)(2004-05) - available from February 2004

P14/P60(LaserSheet-Portrait)(2004-05) - available from February 2004

P14/P60(LaserSheet-Landscape)(2004-05) - available from February 2004

P60(Single sheet)(2004-05) - available from February 2004

P60(Continuous)(2004-05) - available from February 2004

Illustrations of all the above mentioned 2004/05 forms (labelled 'For information only') are now available to download from the Inland Revenue website at :

www.inlandrevenue.gov.uk/ebu/pnforms.htm

P11 2004/2005

Employers can calculate Class 1 National Insurance contributions by

- applying the exact NIC percentage rates currently in force to the gross earnings. This is called the exact percentage method **or**
- using the official NI Tables.

When using the exact percentage method, calculations involve both pounds (£) and pence (p), and our guidance to employers is to record these amounts on form P11. To help employers comply with this instruction we have introduced two new 'pence' columns to the P11 from tax year 2004/2005. These additional 'pence' columns are indicated by the presence of a dotted line down the right hand side of existing columns 1b (*Earnings above the LEL, up to and including the ET*) and 1c (*Earnings above the ET, up to and including the UEL*).

In addition to the two new extra 'pence' columns, we have also included an instruction on the P11 reminding employers to round down the annual total of the earnings recorded in columns 1b and 1c, to the nearest pound. This is situated beside the 'End of Year Summary', on page 2 of the P11.

P14/P60 2004/2005

We are pleased to advise that for tax year 2004/05 there will be no changes to the P14/P60 Continuous and LaserSheet form layouts. The box positioning on these forms, and the data

to be printed in the boxes, is unchanged from 2003/04. We have updated the tax year, changed the colour-bands on the top copy of the form, and made a few minor text changes.

The layout of the single-sheet P60 is changing for 2004/05 to incorporate new boxes showing 'Total for year' figures of pay and tax deducted. Online filing of end of year returns for employers with 250 or more employees is to become compulsory from 2004/05. And we are encouraging smaller employers to make their returns in this way. We therefore expect increased use of the single-sheet P60, and as explained in the September 2003 issue of these notes (Series 10 number 15), we are for the first time, making available a continuous-stationery version of this form.

As the tax year is prominently printed on forms P11 and P14/P60 we regret 2003/04 versions will not be usable for 2004/05.

In April 2004 Inland Revenue's Forms Unit will contact all producers of substitute forms P14/P60 to inform them of the changes needed for 2004/05.

2.2 P35 (2003) Employer's Annual Return

Due to the legislative changes that affected employers from 6 April 2003, the P35 (2003) has been revised to incorporate:

- Statutory Paternity Pay recovered
- NIC compensation on SPP
- Statutory Adoption Pay recovered
- NIC compensation on SAP

whilst removing

- NIC Rebate claimed.

These revisions have resulted in a change to the numbering of the boxes on the P35.

This version will be sent to employers for their 2003/04 Employer's Annual Return and is presently being issued to any employer ceasing in business during the 2003/04 tax year.

An illustration of the revised form P35 (2003) is available at:
www.inlandrevenue.gov.uk/ebu/pnforms.htm

2.3 P11D 2003/2004

There are no further changes to the draft P11D issued in the September 2003 edition of the notes (Series 10 number 15), apart from a minor wording change in the "Note to employer" section.

A copy of the P11D for 2003/04 is attached at Annex (D) and will also be available on the IR website later this month at www.inlandrevenue.gov.uk/employers/emp-form.htm

We recognise that the car and car fuel section of the 2003/04 P11D does not, in certain limited circumstances, allow an employer to record all necessary information on the form. It only affects employees for whom:

- more than one car is declared on form P11D **and**
- free fuel is provided **and** withdrawn from some (but not all) cars in 2003/04.

The problem arises because only one box is available to record the date of withdrawal of free fuel. Those who are affected should calculate the car fuel benefit separately for each car using the date of withdrawal appropriate for that car.

Employers have been asked that when they send us the details on paper:

- to use a separate P11D for each car, i.e. do not use the 'Car 2' boxes
- complete only the main form with the total cash equivalent, together with any other benefits reported.

Using IR Online Services :

- write to us if fuel continues to be provided for any car across the end of the tax year 2003/04 and tell us which car(s) this relates to

Local offices will be made aware that there may be a discrepancy between the total of the car fuel benefit charges for each car and a total calculated using the single date on the P11D. We plan to amend the 2004/05 version of the P11D.

2.4 P11D Working Sheets 2003/2004

There have been major changes to the Car and Fuel Benefit P11D Working Sheet 2 to accommodate the introduction of the new car fuel charge for 2003/04.

A copy of the Car and Fuel Benefit P11D Working Sheet 2 is attached at Annex (E).

Copies of all P11D working sheets will be available later this month at:

www.inlandrevenue.gov.uk/employers/emp-form.htm

2.5 National Insurance Number Formats for PAYE forms

The valid National Insurance Number (NINO) format for all types of submission is two letters followed by six numbers and one letter (A,B,C or D). The tables below give the acceptable alternative when a valid NINO cannot be obtained.

Additional information to help employers if an employee's NINO is not known, is available on the IR website at <http://www.inlandrevenue.gov.uk/faqs/nicqemp.htm#ninoemp>

Table 1.1

SERVICE	END OF YEAR	
	P14	P38A
PAYE Online for Employers - Internet	The NINO field should be left blank and the employee's date of birth and gender shown in the relevant boxes. In exceptional cases where the date of birth is not known, the date of birth field should be completed with the date 01/01/1901.	The letters TN followed by date of birth in the format DDMMYY followed by a letter denoting the employees gender (M for male, F for female) e.g. Female with DoB of 20/11/70 would be: TN201170F.
PAYE Online for Employers - Electronic Data Interchange (EDI)	As above	"NONE"
Magnetic Media	As above but NINO field should be space filled instead of left blank.	Not applicable
Paper	As above	"Not known"

Table 2.1

SERVICE	Expenses & Benefits		
	P11D	P9D	P46 (Car)
PAYE Online for Employers - Internet	"Not known"	"Not known"	A valid NINO must be used.
PAYE Online for Employers - EDI	"NONE"	Not applicable	"NONE"
Magnetic Media	Blank spaces must be left.	Not applicable	Not applicable
Paper	Leave blank	Leave blank	Leave blank

Table 3.1

SERVICE	In Year Movements		
	P45 (1)	P45 (3)	P46
PAYE Online for Employers – Internet	"Not known"	"Not known"	"Not known"
PAYE Online for Employers – EDI	"NONE"	"NONE"	"NONE"
Magnetic Media	Not applicable	Not applicable	Not applicable
Paper	Leave blank	Leave blank	Leave blank

Table 4.1

SERVICE	Pension Notifications and Works Number Update (WNU)	
	P160 / PENNOT	WNU
PAYE Online for Employers - Internet	"Not known"	"Not known"
PAYE Online for Employers – EDI	"NONE"	"NONE"
Magnetic Media	Not applicable	All nine characters must be space filled. Where the suffix is not known, the ninth character MUST be a space.
Paper	Leave blank	Leave blank

2.6 Tax Code numbers with suffix 'A' or 'H'

We announced, in the April 2003 edition of notes (series 10 number 13) that suffixes 'A' and 'H' should no longer be in use for 2003/04. However, we know that for a number of reasons some employers still have employee tax codes with suffix 'A' or 'H'. These are no longer valid and we will not be able to recognise them from 2004/05.

We can identify some of the employees involved ourselves during our day to day work, but there is no guarantee that we will correct them all within the required timescale. We have asked employers to request a revised coding from their local office without delay, providing the employee's name, National Insurance number and current code number.

2.7 Tax Credits

From 6 April 2004 a revised version of form TC703 (emergency stop notice) will be in use.

From that date the form will serve a dual purpose as **both**:

- an emergency stop notice for employers who have already started paying Working Tax Credit to the employee named on the form, or have already set up the payroll to make a tax credit payment which it is too late to stop (as per its current use) **and**
- as a cancellation notice (in the 42 days between the issue of a start notice (form TC700) and the start date on that notice) where the employer has not yet started paying Working Tax Credit to the employee concerned.

Please note that the effect of this change on the Electronic Data Interchange (EDI) version of the TC703 will be to output a blank date field where the reason for issue is cancellation. Currently a date field is always present. EDI users will be advised separately of this change and an amended specification is to be produced.

The effect of this change on the Internet version of the TC703 will be to output blank date fields for start date and stop date. If blank fields are output, the notification is a cancellation. If date fields are present, the notification is an emergency stop.

The new TC703, whether it is used as an emergency stop notice or as a cancellation notice, will only ever be issued as a follow-up confirmation of details already agreed between the Inland Revenue and the employer. It follows that the online (electronic) TC703 may not need to be applied. Developers will need to ensure that where their systems allow manual stopping of Working Tax Credit by an end user, the subsequent online TC703 is handled appropriately.

2.8 Modernising PAYE Processes for Customers (MPPC)

In response to queries raised by developers, the following information focuses on the implications of the new Regulations and should be read in conjunction with the details provided in Notes for Payroll Software Developers published in April (Series 10 number 13), July (Series 10 number 14) and September 2003 (Series 10 number 15).

PAYE Regulations

The Regulations needed for online filing have finished their parliamentary process and were published on 22 October 2003. There are two statutory instruments and three Board's Directions. The Income Tax (Employments) (Amendments) Regulations (S.I. 2003 No.2494) cover mandatory electronic payment for large employers and online filing for large and medium employers. The Income Tax (Incentive Payments for Voluntary Electronic Communication of PAYE Returns) Regulations 2003 (S.I. 2003 No.2495) cover the incentive payments to small employers. Copies of the legislation can be found at www.inlandrevenue.gov.uk/si/index.htm

The Board's Directions were published on 22 October 2003 at www.inlandrevenue.gov.uk/ebu/irboardir.htm and confirmed as follows:

- online end of year returns must meet the Quality Standard Validation as published on the Inland Revenue website at www.inlandrevenue.gov.uk/ebu/qual_stand.htm
- the approved methods of electronic communication for online filing and the incentives
- the precise date that the count of employees took place (26 October 2003) to inform the 2004/05 end of year.

We have been asked why the Directions for the incentive payments mention Electronic Data Interchange (EDI) as an approved method of communication, while those for mandatory online filing do not. The reason is that the latter Regulations amend the main PAYE Regulations, and therefore are affected by existing definitions in those Regulations. The incentives Regulations are free standing, and therefore need to be supported by their own definitions. The wording of Reg. 46ZC (1)(a) – 'transmit the specified information electronically to the inspector...' – was already defined in Reg. 2 of the PAYE regulations as meaning EDI. So there was neither need nor scope for a Board's Direction to re-iterate the existing position. What was needed in the mandatory online filing Direction was the *addition* of the Internet service.

We needed 'old-style' Regulations effective this Autumn to provide statutory backing for the employer count that we did on 26 October. However, from 6 April the governing Regulations will be the Tax Law Rewrite version. Those look to cover EDI and the Internet service as approved methods to be specified under future Board's Direction. These Regulations were made and laid in October and are available on our website.

IR's Online Services

Mandatory online filing only applies to employer end of year submissions but to take advantage of the further business benefits that online business provides there are wider issues to be considered.

When an employer 'activates' PAYE Online for Employers - **Internet**, the Gateway secure mailbox is activated and our systems assume that all future notices outbound messages (for example P6 and P9 data and tax credit and student loan notices) and reminder notices are to be sent to the secure mailbox. All output for a single scheme reference will be sent to the employer's secure mailbox (or the agent's mailbox if the agent has been 'linked' to the employers client scheme reference - either using the online 'Add Agent' function or by an FBI2). It is then up to the employer/agent to make his own internal arrangements to distribute the data to the appropriate payrolls.

Any employer who wishes to continue to receive paper output from IR (or use EDI, magnetic media for bulk issues) will need to contact the online services helpdesk 0845 60 55 999.

Messages sent to the secure mailbox will stay there until deleted by the employer/agent. Employers should be aware that the secure mailbox has a capacity of 1MB (roughly 2 – 3,000 P9s or P6s) and therefore needs to be checked regularly for incoming messages. Agents have a mailbox capacity of 10MB. For EDI users, the question of whether a message is re-sent depends on the communications link. We are investigating this issue and will provide more details in a future issue of 'Notes'.

EDI submitters using an ISDN line can attempt to collect the data up to three times. If that fails the message will no longer be available for them to collect and the employer should contact their EDI account manager at EBU who can arrange for the message to be re-sent. The situation is slightly different for EDI submitters using third party Value Added Network (VAN). The requirement to re-send data depends on the arrangement the employer has with the VAN provider. The Inland Revenue will re-send data to a Trading Partner where the original has been lost but we would ask them to ensure that the message is definitely lost at their end as re-issues can sometimes cause confusion.

In Spring 04 the situation changes with the introduction of the Portalisation of PAYE. This new service will mean that employers will be able to choose on screen whether or not to receive statutory notices over the Internet to the secure mailbox without having to contact the online services helpdesk.

Penalties

Where an employer (who should file online) makes a return or part of a return, by paper or magnetic media, they will attract a penalty for not filing online even if they seek to correct the position by resubmitting the return online. In these circumstances the penalty will continue to apply, as the first return was not made by the correct medium, and the employer failed the first time to deliver the return in accordance with Reg 46ZC S.I. 2003 No. 2494. The subsequent event of filing the return online can't rewrite the history of how the return was originally delivered by an unapproved method.

The penalty for not filing a return online (Reg. 46ZG S.I.2003 No. 2494) does not depend upon the return being made at a specific time. The criteria are that the whole return is of the required quality and submitted online, irrespective of the date of receipt. There is an entirely different penalty regime set out in Sec 98A(2)(a) and (b) TMA 1970 for those occasions that a full and complete return is not made by 19 May.

Magnetic Media

As explained in earlier editions, and now in accordance with the Regulations and Board's Directions, employer returns made by magnetic media are not online returns. Magnetic Media includes floppy discs, CD-ROM and any other media written to the requirements of CA51/52. Employers who should file online but choose to use magnetic media for part of their return will incur a penalty under – Reg. 46ZG(1) S.I.2003 No. 2494. Details of these penalties were set out in Notes for Payroll Software Developers Number 15 para 2.13.

We have explained that magnetic media fragment(s) can form part of a return made in multi-parts (Notes Series 10 Number 15) and will be subjected to all the validation requirements set out in the CA51/52. Returns will be rejected if they don't meet these requirements and errors are identified in the validation process. An error message will be sent to the employer or agent, dependant upon who has filed the return. On the basis that the return is not full and complete within the meaning of Reg 43 S.I.1993 No 744, errors will have to be corrected quickly and the return filed again by the 19 May to avoid penalties for failure to file on time under Sec 98A(2) TMA'70.

The Inland Revenue has, until now, allocated permit numbers to submitters of magnetic media and EDI part returns. From April 2004, starting with the 2004/05 returns, this will no longer be the case. Each part, or fragment, of a multi-part return, irrespective of submission channel, will require a unique identifier (unique within that scheme reference) of up to 12 alphanumeric characters, chosen by the employer. These identifiers should be meaningful to the employer, for example, the names of geographic regions or types of employees (i.e. weekly/monthly paid, temporary/permanent, directors or staff), since they will be used to identify submitted parts within that scheme. Employers already familiar with allocated permit numbers may continue to use them if they wish, but NICO will not be issuing new or additional ones for 2004/05. It will become the employer's responsibility to manage them and to allocate new ones.

Fiche

Allowing end of year data to be transmitted by four media (paper, magnetic media, EDI and the Internet) involves converting all magnetic media returns into an electronic XML message and then handling them like an online submission. Coupled with the withdrawal of permit numbers, this will mean that the facilities to produce, for the employer, both fiche and the P35(CS)MT are no longer available. This change will be introduced for the tax year 2004/05 return filed after 5 April 2005. Employers retain their prime payroll records for reference, although they may want to check that their archiving has sufficient capacity and allows the required access to closed years.

The withdrawal of fiche and the P35(CS)MT removes the requirement to submit sub-total records in magnetic media returns to provide convenient sub-divisions of the output. The grand total record fulfils the role of the part sub-totals required in each part of the multi-part submission.

Incentives

The regulations provide that small employers will be paid an incentive for making their end of year return online either directly or by an agent acting on their behalf (Reg 4 S.I. 2003 No. 2495) as follows:

Tax year		Amount
2004/05 return	Due by 19 May 2005	£250
2005/06 return	Due by 19 May 2006	£250
2006/07 return	Due by 19 May 2007	£150
2007/08 return	Due by 19 May 2008	£100
2008/09 return	Due by 19 May 2009	£75

The incentive will be paid to the employer in all cases irrespective of who filed the return. The amount will be credited to the employer's PAYE accounting record in the current year. For example, £250 will be credited for 2005/06 where the 2004/05 P35 and P14 data is filed online. An employer can either choose to reduce a later payment by the amount of the incentive or claim it back as a repayment by contacting their Inland Revenue office. There are no plans for the incentive to be paid direct to an agent.

Amended returns

In the July 2003 edition of Notes for Payroll Software Developer (Series 10 number 14, para. 1.13), we said that that mandatory online filing applied to both first and amended returns. Unfortunately this was wrong. In addition to filing end of year returns using PAYE Online for Employers it is hoped that employers who exceptionally need to send us amended details will do so online. There has been no change in the Regulations provided for only one return, it must be a full and complete return and failure to do this by 19 May will attract penalties under Sec. 98A(2) TMA 1970. An incorrect return may attract a penalty under Sec. 98A(4) TMA 1970.

As there is no statutory provision for 'an amended return' it follows that no further incentive payment will be paid when one is filed.

If an employer needs to send us any amendments we will require the second P14 data to include only details of the amended items and the amount of the change. We do not want replacement P14 data containing the new figure, neither should the report try to track both old and new figures. We only want the value of the change. For example, if the pay has been overstated by £1000 then the amended P14 should show '-1000' in the relevant field. Similarly, the accompanying P35 must be consistent with the amended P14s – the accounting totals must reflect only the P14 data in the amended return.

Where an amended return, comprising P35 and no P14 data, is filed, products operating in the Internet channel must generate a complete submission with zero P14s, whereas products operating in the EDI channel must generate a P35-part submission with a zero P14-part count.

Confirmation of P35 and P14 data

Key points to note:

- a small number of employers continue to include Class 1A National Insurance in the P14 data. Software developers may wish to check that their product is handling Class 1A correctly and making separate returns on P11D(b) by 6 July each year
- the National Insurance number, date of birth and private address details are sought as part of P14s data to help us to match and allocate contributions or tax payments to the correct record. However, because we are unable to verify the information with the

contributor or taxpayer, we do not capture any changes to these details or update our records when a return includes new information in respect of existing employees

- when making an end of year return online only one submission of P35 data is required. Each fragment needs sub-total details as described in Notes for Payroll Software Developers September 2003 Series 10 Number 15.

Quality Standard

Work has started on the Quality Standard for the year 2005/06, (returns filed by 19 May 2006) and we expect to publish the final detail in Summer 2004.

2.9 Expenses and Benefits Returns on Magnetic Media 2003/2004 (EEC1 booklet)

The technical specification for Expenses and Benefits on magnetic media, also known as the EB5 (Mag Media) is now only available on the Inland Revenue Website.

Go to www.inlandrevenue.gov.uk/ebu/ebu_paye_ts.htm

2.10 PAYE GovTalk Forums

The Electronic Business Unit holds regular 'GovTalk' forum for software developers, including those organisations who are actively developing their own PAYE for Employers Internet or EDI products to send and receive forms and returns online.

'GovTalk' has been running for over two and a half years and the meetings provide detailed technical specification and business rules etc, information, general guidance and an opportunity for developers to give feedback, share ideas and discuss the impacts of change.

Feedback from attendees to date has been encouraging and their response indicates that the meetings have helped them better understand information provided and ensure the products they provide are enabled for mandatory online filing of end of year returns etc.

If you are a software developer and wish to find out more about our 'GovTalk' forum please contact Stephen Benn on 01274 534647. Please note however that 'GovTalk' is geared to meet the needs of commercial software developers and organisations who are actively developing their own payroll software products, rather than the employer and agent users customers, of the software provider attendees.

3. Next issue of these notes

The next issue of these notes is scheduled to follow the Chancellor's Budget announcement in March 2004.

4. **Mailing List for these notes**

The mailing options for these Notes are:

- Advance notification by email
- Advance notification by post
- Paper issue of these Notes

Requests to be included on the mailing list and notification of address changes should include details of your preferred option, your email address, company name and address and be sent by email to irnotes@reply.co.uk

Or you can write to:

**“Inland Revenue Notes for Payroll Software Developers”,
PO Box 7364
Ashby de la Zouch
LE65 1XG**

If you wish to be removed from the mailing list please send your request, including details of your company name and address, by email to irnotes@reply.co.uk or write to the address shown above.

5. **Contacts for enquiries**

Where Helpline numbers are shown for a specific topic within the notes please ring the number quoted for more information.

General payroll enquiries should be directed to your local Inland Revenue Office or to the Employer’s Helpline on **0845 7 143 143**.

Any other queries about the contents of the notes should be made to the Online Services Helpdesk:

Email **helpdesk@ir-efile.gov.uk**
Telephone **0845 60 55 999**
Fax **01274 841288**
Minicom **01274 841278**

Please note, the Online Services Helpdesk cannot deal with change of mailing address information, these should be directed to irnotes@reply.co.uk

Class 1 Not Contracted-out contribution rates

Category Letters A (Standard rate), B (Married Woman's Reduced Rate) & C (Employer only rate)

Earnings Bands	Employee's contribution			Employer's contribution
	Contribution Category letter A	Contribution Category letter B	Contribution Category letter C	Contribution Category letters A, B and C
Below £79.00 weekly, Below £343.00 monthly, Below £4,108.00 yearly	Nil	Nil	Nil	Nil
£79.00 to £91.00 weekly, or £343.00 to £395.00 monthly, or £4,108.00 to £4,745.00 yearly	0%	0%	Nil	0%
£91.01 to £610.00 weekly, or £395.01 to £2,644.00 monthly, or £4,745.01 to £31,720.00 yearly	11% on earnings above the Earnings Threshold	4.85% on earnings above the Earnings Threshold	Nil	12.8% on earnings above the Earnings Threshold
Over £610.00 weekly, Or over £2,644.00 monthly, Or over £31,720.00 yearly	11% on earnings above the Earnings Threshold, up to and including the UEL and 1% on earnings above the UEL	4.85% on earnings above the Earnings Threshold, up to and including the UEL and 1% on earnings above the UEL	Nil	12.8% on all earnings above the Earnings Threshold

Weekly LEL = £79, ET = £91, UEL = £610.

Employer's rates for mariners should be reduced by 0.5%

Class 1 contribution rates for Contracted-out Salary Related Schemes (COSR)

Annex B

Category Letters D (Standard Contracted-out) & E (Married Woman Reduced Contracted-out rate). These rates should only be used where the employer operates a COSR occupational pension scheme.

	Employee's contribution		Employer's contribution	Employee's NIC Rebate on earnings above the LEL, up to and including the Earnings Threshold (Applies to contribution category letter D only)	Employer's NIC Rebate on earnings above the LEL, up to and including the Earnings Threshold
Earnings Bands	Contribution Category letter D	Contribution Category letter E	Contribution Category letters D and E		
Below £79.00 weekly, Below £343.00 monthly, Below £4,108.00 yearly	Nil	Nil	Nil	Nil	Nil
£79.00 to £91.00 weekly, or £343.00 to £395.00 monthly, or £4,108.00 to £4,745.00 yearly	0%	0%	0%	1.6% on earnings from £79.01 , up to and including £91.00 (or monthly or annual equivalents)	3.5% on earnings from £79.01 , up to and including £91.00 (or monthly or annual equivalents)
£91.01 to £610.00 weekly, or £395.01 to £2,644.00 monthly, or £4,745.01 to £31,720.00 yearly	9.4% on earnings above the Earnings Threshold	4.85% on earnings above the Earnings Threshold	9.3% on earnings above the Earnings Threshold		
Over £610.00 weekly, Or over £2,644.00 monthly, Or over £31,720.00 yearly	9.4% on earnings above the Earnings Threshold, up to and including the UEL, and 1% on earnings above the UEL	4.85% on earnings above the Earnings Threshold, up to and including the UEL, and 1% on earnings above the UEL	9.3% on earnings above the Earnings Threshold, up to and including the UEL, then 12.8% on all earnings above the UEL		

Weekly LEL = £79, ET = £91, UEL = £610.

Employer's rates for mariners should be reduced by 0.5%

Class 1 contribution rates for Contracted-out Money Purchase Schemes (COMP)

Annex C

Category Letters F (Standard contracted-out rate for COMP schemes) & G (Married Woman's Reduced Rate). These rates should only be used where the employer operates a COMP occupational pension scheme.

	Employee's contribution		Employer's contribution	Employee's NIC Rebate on earnings above the LEL, up to and including the Earnings Threshold (Applies to contribution category letter F only)	Employer's NIC Rebate on earnings above the LEL, up to and including the Earnings Threshold
Earnings Bands	Contribution Category letter F	Contribution Category letter G	Contribution Category letters F and G		
Below £79.00 weekly, Below £343.00 monthly, Below £4,108.00 yearly	Nil	Nil	Nil	Nil	Nil
£79.00 to £91.00 weekly, or £343.00 to £395.00 monthly, or £4,108.00 to £4,745.00 yearly	0%	0%	0%	1.6% on earnings from £79.01 , up to and including £91.00 (or monthly or annual equivalents)	1.0% on earnings from £79.01 , up to and including £91.00 (or monthly or annual equivalents)
£91.01 to £610.00 weekly, or £395.01 to £2,644.00 monthly, or £4,745.01 to £31,720.00 yearly	9.4% on earnings above the Earnings Threshold	4.85% on earnings above the Earnings Threshold	11.8% on earnings above the Earnings Threshold		
Over £610.00 weekly, Or over £2,644.00 monthly, Or over £31,720.00 yearly	9.4% on earnings above the Earnings Threshold, up to and including the UEL, and 1% on earnings above the UEL	4.85% on earnings above the Earnings Threshold, up to and including the UEL, and 1% on earnings above the UEL	11.8% on earnings above the Earnings Threshold, up to and including the UEL, then 12.8% on all earnings above the UEL		

Weekly LEL = £79, ET = £91, UEL = £610.

Employer's rates for mariners should be reduced by 0.5%