

Notes for Payroll Software Developers – Supplementary Edition**SERIES 10 – NUMBER 28****February 2006****Contents:**

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1. Processing Employer Annual Returns 2004-05

1.1 Online filing update

We have processed 68% of all P14 data and are working on the remainder of the 2004-05 returns so we can process them. We have cleared 78,000 of the 100,000 returns, which contain errors. In the vast majority, we have taken the corrective action ourselves. In previous editions of these 'notes' (July, September and December 2005) we outlined the type of errors employers made.

We know that some employers sent us a test submission for 2004-05 but failed to follow the test up with a live submission. This means that our back-end records show that no return was received. This and other matters, such as employers submitting their 2004-05 data as a 2003-04 return, are presently being investigated and more information will be placed on our website as soon as we have it. Employers affected may have received a reminder recently, we would ask them to take no further action yet but check our website for an update.

Towards the end of February 06 we will be writing to all those employers who last year filed an inaccurate return over the Internet that was accepted because of our contingency arrangements. The letters will outline the mistakes that were made. If these returns had been validated they would have been rejected. We strongly recommend that employers review the errors and take steps to make sure that the same mistakes are not repeated in their 2005-06 return. Employers may contact their software supplier for help in both interpreting the error message and making the data correction in order to improve this year's return. Guidance on error correction is attached to these notes at **Annex A**.

Note: We are not asking employers to correct the errors and resubmit their 2004-05 return. The mailing is intended to help employers to get their 2005-06 return right first time.

1.2 Requirement to file a Return

Having identified some examples of employers filing unnecessary returns, it is worth clarifying the requirement for submitting a return to HMRC.

An employer is required to file an Employer Annual Return (P14s and P35) where there has been a requirement to maintain a P11 Deductions Working Sheet (or equivalent record) for any employee during the year.

A P11 Deductions Working Sheet (or equivalent record) must be prepared where for any week or month an employee:

- receives pay equal to or greater than the NIC Lower Earnings Limit
- received tax credits in addition to pay
- receives pay and the employer has been notified of a code number by HMRC or is
- required to operate a code by the P45/P46 procedures in Employer Helpbook E13.

Where there has been no requirement to prepare a P11 Deductions Working Sheet (or equivalent record) during the year no return is needed.

This also applies to limited companies with directors for whom there is no additional legal provision necessitating the filing of a NIL return.

Where there is no requirement to make a return, HMRC need to be informed to ensure that no penalty action is taken. Under no circumstances should a NIL return be filed online.

1.3 Update on tax-free incentive payments

We are currently conducting a review of some small employer returns that may have been made unnecessarily. You can find more information at www.hmrc.gov.uk/news/tax-free-payments-update.htm

1.4 Update on penalties

Local offices have issued about 600 penalty notices, but no automatic penalties have been levied in respect of 2004-05 returns, although we have issued reminders for outstanding returns. We will issue further information on the automatic issue of P35/CIS36 penalties as soon as we can. We hope this will be by the end of this month (Feb 06).

1.5 Filing 2004-05 Returns over the Internet

The end of year filing element of our PAYE Online for Employers-Internet service will be suspended from 1 March to 5 April 2006. Employers will not be able to file their 2004-05 return over the Internet during this period. We recommend that any remaining 2004-05 returns be submitted in April 2006.

2. Preparing for end of year 2005-06

2.1 Reminders for 2005-06 Returns

Those employers who filed their 2004-05 return online over the Internet are being sent an online reminder during the period 2 February to mid March 2006, to file an Employer's Annual Return by 19 May 2006 where they have a requirement to do so. Authorised agents will be sent the 2005-06 reminder on the employer's behalf but, where the 2004-05 return was filed by an unauthorised agent, we will be sending the employer a paper return form (P35).

All employers who made the 2004-05 return on paper or by magnetic media will also receive a paper return (form P35).

Any other employer who wishes to send their return on paper will need to contact their HMRC office to get a paper P35. Paper forms P14 can be obtained from the Employer Orderline.

2.2 Desktop checker

The 'desktop checker' is a free-standing instance of the 'Business Validation Rules' that HMRC will make available to vendors to check their products. Supplementing the existing 'TPVS' service, and incorporating the latest Business Validation Rules version 4.0, the 'desktop checker' is for 2005-06 end of year only. It is a tactical support tool for the duration of Feb 06 to May 06 only, but we believe that it has benefits for the department and vendors during that time.

- Vendors can self-serve to check the standard of their products locally, without having to access the TPVS service. A local version of rules that are available 24/7 to vendors reduces pressure on use of TPVS to resolve customer queries during the filing period.
- Vendors can reassure themselves that they have produced compressed files that HMRC will be able to read.

The 'desktop checker' allows the user to select a file that they want to test and then run the rules against that XML file and produce the same XML result as it would in 'live', including all errors found.

In order to use it vendors will need Unix or DOS and Java JRE 1.42 on their system. This is free to download from the Java/Sun website.

As soon as we have completed our testing of this product, our Software Developer Support (SDS) Team will issue an email to all vendors advising that the product is available for download from the HMRC website. Brief guidance on how to use the product will also be made available.

We hope to be able to issue the 'desktop checker' service later this month (Feb 06).

2.3 Common errors

We provided information in the December 05 edition of these 'notes' (Series 10 Number 27) about 'Monetary Fields' common errors and would like to clarify and add to that information as follows.

- Monetary fields must always have 2 decimal places in the xml file. If the field is a 'whole pound' field, such as student loan, the user interface might (but not necessarily) show whole pounds only. However, the figure in the xml file must be followed by '.00', regardless of what the user interface shows.
- Leading zeros are not allowed for amounts above 0.99.

2.4 Authenticating the Return

Notes for Software Developers Series 10 Number 26 told you about authentication errors (error code 1046) caused by using the PAYE reference incorrectly. Employers or agents will get an error message saying "Authentication failure. The supplied user credentials failed validation for the requested service" where they:

- use an incorrect user ID
- use an incorrect password
- use a password of more than 12 characters
- use a Digital Certificate after it has expired
- have not registered to use PAYE Online for Employers
- have not activated PAYE Online for Employers
- enter the PAYE reference in lower case
- (agent only) the client is not shown on the agents client list (not applicable if agents are using the unauthorised client functionality)

We cannot accept returns that do not use accurate details to authenticate the employer. We recommend that employers test that they have the right authentication details during the remainder of this month (Feb 06).

If their software allows it a third party software user can test this information by sending a 'test in live' file (if their software allows this). To test a return employers must:

- complete a 'test' return made up of some P14s and a P35
- set the 'test' flag
- send the return.

Online Return and Forms – PAYE users need to make sure that they have their User ID and Password correct, if they have, then they will see their PAYE reference on screen after they successfully log on. The PAYE reference will be automatically carried forward to their P35.

If you do need a replacement User ID or Password now is the time to ask because it takes 7 days to come through and April will be a busy time for PAYE.

A successful test will get a message saying the 'Return has been accepted and fully validated'.

If your software does not offer 'test in live' do not send any 2005-06 returns until after 6 April 2006.

Note: Before 6 April, 'test in live' will not provide a test against the full Quality Standard validation, so this message only tells employers that they are using their PAYE reference in the right way to send a return online.

The 'test' flag must be taken off before the actual return is sent.

2.5 Completion of the P35

We have received some queries about the completion of the 2005-06 P35 and how the tax-free incentive payment for the 2004-05 return should be shown. Please see the examples below.

Example 1

Q. The employer 'self-served' the 2004-05 tax-free incentive payment. What entry should go on the P35?

A. In the field marked 'Tax-free incentive payment received during the year' the employer should enter £250. The payment should not be included in any other field on the P35.

Example 2

Q. The employer received the 2004-05 tax-free incentive payment as a cheque payment. What entry should go on the P35?

A. Where the cheque payment is for the whole £250, the 'Tax-free incentive payment received during the year' field should be left blank. In these circumstances the field must be 'zero' filed. It is a mandatory field and if it is left blank the return will fail the validation routines.

Example 3

Q. What if there is a balance of the tax-free incentive payment at the end of the year?

A. An employer has filed their 2004-05 return online and had their HMRC payment record credited with a tax-free payment of £250. But for 2005-06 the 'Total amount payable for the year' on the P35 is only £50, so there will be an overpayment of £200. If there has been no other contact with the employer, then the £200 would be automatically allocated against the 2006-07 payment record.

Example 4

Q. What if the cheque payment of the tax-free incentive was for an amount of less than £250?

A. An employer, who has filed their 2004-05 Return online, had their 2005-06 payment record credited with a tax-free payment of £250. They ask for £150 to be set against their 2005-06 liability receiving the balance £100 as a cheque. In this scenario the employer will enter £150 in the 2005-06 P35 field 'Tax-free incentive payment received during the year'.

If however, the employer had part of the tax-free incentive payment as a cheque, and the balance set against earlier years' arrears (years other than 2005-06), there would be no requirement to enter anything on the P35.

Example 5

Q. What if the 2004-05 tax-free incentive payment was received, by either 'self-serving' or by cheque payment and was subsequently withdrawn.

A. Where the tax-free incentive payment has been withdrawn, the 'Tax-free incentive payment received during the year' field on the P35 should be left blank. In these circumstances the field must be 'zero' filled. It is a mandatory field and if it is left blank the return will fail the validation routines.

You do not need to account for the withdrawing of the tax-free incentive payment in any other box on the P35.

Note: We only want the employer to enter the amount of the tax-free payment which has been credited against the 2005-06 payment record. It should not include amounts repaid by cheque. This is so that they can establish the correct payment position.

3. 2005-06 Employer Annual Returns

Employers will be able to file their 2005-06 return online over the Internet from the 6 April 2006. As we said in an earlier edition of these 'notes', returns that fail the Quality Standard validation requirements will be rejected.

So that we can upgrade our PAYE Online for Employers – Internet service to include the quality checks for 2005-06 we will be temporarily suspending the end of year filing facility between 1 March and 5 April 2006. We will be fully testing this upgrade before 6 April and as soon as we are able to restore the facility to file end of year returns we will do so. We will let employers and their agents know when the service is restored via the 'What's New' section on the Internet. This means that third party applications will not be able to file Employer Annual Returns (P14s and P35) during this period. Employers or their agents will however still be able register, change their preferences and send and receive all other forms and returns online. In addition HMRC's own Online Returns and Forms – PAYE

product will be accessible and available for users to input and prepare P14 and P35 data but it will fail if a user attempted to file the return. During this temporary suspension of service any attempts to file Employer Annual Returns will get the following error message:

'Error Number 1046 Authentication Failure. The supplied user credentials failed validation for the requested service'.

This does not mean that the user has entered the wrong User ID or Password during the suspension period. It indicates that the service is not available for filing.

We are acutely aware that a number of employers and agents would have liked to file their 2005-06 return before the 6 April 2006 and are working to have the service available as soon as it is tested. We will announce on the Internet 'What's New' as soon as the service is available.

Employers can file their 2005-06 returns by Electronic Data Interchange (EDI) now.

3.1 Payment of wages early in April 2006

Some third party software will only let the user work out pay for 2006-07 after they have run the final payroll for 2005-06 and successfully sent their return. This may cause a small number of employers difficulties, particularly if they need to pay their employees on or just after 6 April 2006. We recommend that employers make sure they have time to make a successful return, pay wages for the new tax year and organise any BACS payments. We are suggesting that employers contact their software supplier and get the relevant software upgrade to enable them to move to 2006-07 payroll before 2005-06 is finalised. We are also recommending that employers check to make sure their product has the 2006-07 legislative rules and parameters loaded so that 2006-07 tax and National Insurance is calculated correctly.

During the period 6 April to later in the month, when ERIC becomes available and returns are processed to HMRC's other systems, HMRC local office staff will have limited access to the data. Returns that are accepted will be held until ERIC becomes available. We recommend that the employer does not contact us with queries about the return during that time.

If a return, or part return, fails the validation routines and is rejected it is quite likely that the submitter (filer) will want to discuss how to resolve the errors.

Our Online Services Helpdesk is the contact point for technical queries about connections to online services and validation queries arising from online returns, for example format issues for tax codes, date of birth, NI numbers, addresses etc. Questions about the amount of tax, NI contributions, Statutory Payments etc, should be directed to the Employer Helpline. Please see section 7 'Contacts for enquiries' of these 'notes' for contact details.

We are very keen that all employers should receive repayments more quickly and that small employers (with fewer than 50 employees) should receive their tax-free incentive payments promptly. Therefore we do not intend the processing delay, until later in April, will be of the magnitude of the delays experienced in this year. However the delay in processing does mean that small employers who successfully file their return during April

will have to wait until May 05 before we will be able to tell them that their account with us has been updated with the tax-free incentive payment.

3.2 Making the Return in parts

Employers are reminded that when filing their P14 data in parts, each part needs to show a unique identifier, for example each part must should a **different** identifier. Unfortunately this is not well understood and last year we received a number of part submissions each of which showed the same 'unique number'. Failure to provide a unique identifier for each P14 part will lead to every file with the same unique identifier being overwritten and replaced by the next file to arrive with that id. This situation will not be known to HMRC until we raise a query on a submission and at that stage we cannot recover the earlier submissions. Employers will have to re-submit any files that are overwritten in error.

Each P14 part will be validated at our Gateway and any part, which contain validation errors will be rejected. Once validated, part returns will be held until later in April when ERIC becomes available and P14 parts can be consolidated. Only when all the P14 parts are linked together with the relevant P35 can the final checks of the financial totals be made. Any errors identified at this stage will be worked in-house by HMRC and will not lead to rejection of the whole return. This is very similar to the process for 2004-05.

We will make the necessary corrections with the help of the submitter. Where this final validation reveals an error in a P14 part, which has already been accepted, we may ask the submitter to send in a replacement P14 part with the same unique id. This replacement will overwrite the P14 part that could not be processed because of errors, which prevented the financial totals agreeing. More frequently it will be the P35 that is in error, if necessary we may ask the submitter to send in a replacement P35 which will then complete the financial check and complete the consolidation of the return.

3.3 Contingency arrangements

We have been asked for details of our contingency arrangements for April 2006 filing. We have contingency plans but it is impossible to predict whether a contingency will need to be activated. As with 2004-05 we will provide updates on our website. We do however recognise that it is now too late for any changes to be made to acceptance and error messages and we are constrained in our planning by the issue of the acceptance message 9004.

3.4 Substitute P60s

An increasing number of software packages allow employers to print form P60 onto plain paper. From 2005-06 and to help HMRC staff identify genuine forms, substitute P60s **must** be approved by HMRC Forms and carry an identifier after the form name as agreed with HMRC Forms.

For 2005-06, P60s printed from our Online Return and Forms - PAYE product will show 'P60 HM Revenue & Customs – Online Return & Forms PAYE' along the bottom.

From 2006-07, all (proprietary and employer's own design) substitute forms P60 must carry an agreed identifier.

3.5 Cessation Returns

2005-06 cessation returns will be held until the end of June 2006 when they will be validated and any tax-free incentive paid to small employer who filed online.

4. 2006-07 Employer Annual Returns

4.1 P35 2006-07

At Annex D of the December 2005 issue of these notes (Series 10 – Number 27), we provided a PDF of the final version of the 2006-07 P35.

It has since been pointed out to us that the electronic payment guidance provided for the 'By 22 April' and 'By 22 July' dates on page 1 of the form needed enhancing.

We would like to emphasise that we need cleared funds in our bank account by the 22nd and not just to have received the payment by this date.

Please note both the 22 April and 22 July fall on a Sunday in 2007 and consequently we need to receive cleared funds by Friday the 20th.

Further payment information can be found on our website at www.hmrc.gov.uk/howtopay/pay.e.htm.

A PDF incorporating the amended text is attached at **Annex B** of this issue. There have been no other changes to the form.

4.2 Cessation Returns

The validation routines for 2006-07 for cessation returns will not be available until late June 2006. We will announce the exact date nearer the time. Meanwhile, employers may make a 2006-07 cessation return which will be accepted and we will work out any subsequent validation errors.

From late June 2006 all 2006-07 returns will be validated and those, which do not meet the Quality Standard requirements, will be rejected. There will be no facility to make the 2006-07 cessation return in parts. That element of our cessation service will not be available until April 2007. Any developer wishing to test their 2006-07 product can use the TPVS service which has been updated to take into account the 2006-07 Quality Standard validations.

5. Next issue of these Notes

The next issue of these notes is scheduled to follow the Chancellor's Budget announcement in early spring 2006.

6. Mailing lists for these Notes

The mailing options for these notes are:

- advance notification by email
- advance notification by post
- paper issue of these notes.

Advance notification by email is the quickest and our preferred option. If you currently receive your mailing by post and wish to change to this option please send us details of your email address and company name to hmrnotes@replyservice.co.uk stating 'change option' in the subject field.

New 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 hmrnotes@replyservice.co.uk

Or you can write to:

Notes for Payroll Software Developers
PO Box 17289
Edinburgh
EH12 1WY

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 hmrnotes@replyservice.co.uk stating 'unsubscribe' in the subject field or write to the address shown above.

7. 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 HM Revenue & Customs Office or to the Employer Helpline on **0845 7 143 143**.

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

Email	<u>helpdesk@ir-efile.gov.uk</u>
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 hmrnotes@replyservice.co.uk

ANNEX A

Guidance on error correction (2004-05 - common return errors) Internet Submission

Error Code	Error	Mandatory/Optional/ Conditional	Solution
5012 – Invalid Format	Tax codes – incorrect characters and format	Conditional (must be complete if tax has been deducted)	Use the code number as provided by HMRC: <ul style="list-style-type: none"> • Do not use all seven spaces of the code number field (unless the code takes them up) • Do not use leading zeros (K123 not K0123) • Prefix 'K' must always be shown <i>before</i> the numbers (K123 not 123K) • Do not put 'W', 'X' 'WK1' or '/1' after the code number to show that week one applied. • Do not use suffix 'H'. Use 'T' instead and refer all existing H codes to your HMRC Office for correction • For codes '0T' and 'D0', the number '0' must be used, not the letter 'O'.
5012 – Invalid Format 7520 – No DOB & No NINO Entered	Date of birth	Conditional (not needed unless NINO missing)	<ul style="list-style-type: none"> • Only use genuine dates (avoid 30 February, for example) • Do not use dates in the future. • If NINO is present and correct then you can delete the Date of Birth entry, if you have an error here. • If NINO is not present and correct, and Date of Birth is not known enter 1901-01-01.
5012 – Invalid Format	Invalid NINO – Format	Optional	<ul style="list-style-type: none"> • If the NINO is not known, do not enter anything in the NINO field and instead make an entry in the date of birth and gender fields. • Format must be 2 letters, 6 numbers, followed by 1 letter or a space.
7540	Invalid NINO – Contents	Optional	<ul style="list-style-type: none"> • If the NINO is not known, do not enter anything in the NINO field and instead make an entry in the date of birth and gender fields. • Use an acceptable NINO prefix and suffix • Valid prefixes for 2004/05 were:- AA, AB, AE, AH, AK, AL, AM, AP, AR, AS, AT,

			<p>AW, AX, AY, AZ, BA, BB, BE, BH, BK, BL, BM, BT, CA, CB, CE, CH, CK, CL, CR, EA, EB, EE, EH, EK, EL, EM, EP, ER, ES, ET, EW, EX, EY, EZ, GY, HA, HB, HE, HH, HK, HL, HM, HP, HR, HS, HT, HW, HX, HY, HZ, JA, JB, JC, JE, JG, JH, JJ, JK, JL, JM, JN, JP, JR, JS, JT, JW, JX, JY, JZ, KA, KB, KE, KH, KK, KL, KM, KP, KR, KS, KT, KW, KX, KY, KZ, LA, LB, LE, LH, LK, LL, LM, LP, LR, LS, LT, LW, LX, LY, LZ, MA, MW, MX, NA, NB, NE, NH, NL, NM, NP, NR, NS, NW, NX, NY, NZ, OA, OB, OE, OH, OK, OL, OM, OP, OR, OS, OX, PA, PB, PC, PE, PG, PH, PJ, PK, PW, PX, PY, RA, RB, RE, RH, RM, RP, RR, RS, RT, RW, RX, RY, RZ, SA, SB, SC, SE, SM, SN, SW, TA, TB, TE, TH, TK, TL, TM, TP, TR, TS, TT, TW, TX, TY, TZ, WA, WB, WE, WK, WL, WM, WP, YA, YB, YE, YH, YK, YL, YM, YP, YR, YS, YT, YW, YX, YY, YZ, ZA, ZB, ZE, ZH, ZK, ZL, ZM, ZP, ZR, ZS, ZT, ZW, ZX, ZY. In additional to the ones above extra prefixes allowable for 2005/06 are PL, PM, PN, PP, PR, PS, PT, RK, SG, SH, SJ, SK, SL, SP, SR, SS, ST, SX, SY, SZ.</p> <ul style="list-style-type: none"> • Valid suffixes for 2004/05 were:- A, B, C, D, M, F or P or space, • Valid suffixes for 2005/06 are only A, B, C, D or space.
5012 – Invalid Format	Employee’s Address – leading spaces and punctuation	Optional (unless other address lines present)	<ul style="list-style-type: none"> • First character in ‘Address’ fields must be a letter or a number, not a comma, apostrophe, full stop or space • Do not leave any empty lines in the middle of the address • Employee’s address is not essential, delete if you have errors in this field.
5012	Employee’s postcode	Optional	<ul style="list-style-type: none"> • First character in ‘postcode’ field must be a letter or a number, not a comma, apostrophe, full stop or space • Employee’s postcode is not essential, delete if you have errors in this field.
5012	Title	Optional	<ul style="list-style-type: none"> • Not essential, delete if you have errors in this field.
5012 – Invalid Format 5016 –	Forename field – incorrect characters	Mandatory	<ul style="list-style-type: none"> • Only use A-Z upper or lower case, hyphen or apostrophe • If the employee has two forenames do not enter both in the first ‘Forename’ field, eg. Anne Marie needs to be entered as

Entry Required			<p>Anne-Marie or entered as a separate second forename in the second forename field.</p> <ul style="list-style-type: none"> Do not enter a full stop, comma, underscore, brackets, slash, numbers (including 0), an asterisk (*) or question mark (?) Do not use character ‘’ for an apostrophe, use ‘’. Remove any spaces.
5012 – Entry Required	Surname field – incorrect characters	Mandatory	<ul style="list-style-type: none"> Only use A-Z upper or lower case, numbers 0-9, comma, full stop, forward slash, ampersand (&), hyphen, space, apostrophe and brackets The first character must be a letter. Do not leave leading or trailing spaces Do not enter an asterisk (*) or use ‘0’ (zero) in place of ‘O’ Do not use character ‘’ for an apostrophe, use ‘’. <p>For example, ‘O’Connor’ not ‘O`Connor’.</p>
5012 – Invalid Format (Positive number only)	Pay and National Insurance earnings – figures	Mandatory	<ul style="list-style-type: none"> The lowest acceptable entry for the pay field and National Insurance earnings fields 1a – 1c is ‘0.00’ Negative entries are only allowable when sending an amendment Always show monetary values to two decimal places, in other words amounts in ‘whole pounds’ must still include 0.00. Do not use commas.
	Works/ Payroll No	Optional	<ul style="list-style-type: none"> Not essential, delete if you have errors in this field.
	Date of Starting	Optional	<ul style="list-style-type: none"> Only use genuine dates (avoid 30 February, for example) Do not use dates in the future.
	Date of Leaving	Optional	<ul style="list-style-type: none"> Only use genuine dates (avoid 30 February, for example) Do not use dates in the future.

Part 3 Checklist

You must answer each question by ticking the correct box

1 Have you sent a form P14 *End of Year Summary* or completed and retained a form P38(S) *Student employees* for every person in your paid employment, either on a casual basis or otherwise, during the tax year shown on the front of this form?

No Yes

If 'No', please send a form P38A *Employer Supplementary Return*.

2 Did you make any 'free of tax' payments to an employee? In other words, did you bear any of the tax yourself rather than deduct it from the employee?

No Yes

3 So far as you know, did anyone else pay expenses, or in any way provide vouchers or benefits to any of your employees whilst they were employed by you during the year?

No Yes

4 Did anyone **employed** by a person or company **outside the UK** work for you in the UK for 30 or more days in a row?

No Yes

If 'Yes', have you sent a form P14 for them?

No Yes

5 Have you **paid** any of an employee's pay to **someone other than the employee**, for example, to a school?

No Yes

If 'Yes', have you included this pay on their form P14?

No Yes

6 Do the rules relating to services provided through an intermediary (sometimes known as **IR35**) apply to any work carried out by any worker listed on this return?

No Yes

If 'Yes', can you confirm that either sufficient amounts of employment income have been paid to reduce the **deemed payment** to nil or that a **deemed payment** has been included on their form P14?

No Yes

For more detailed information, see CWG2 *Employer Further Guide to PAYE and NICs*, or ring the IR35 Helpline on **0845 303 3535**.

Part 4 Contracted-out pension schemes if applicable

If you have a Contracted-out pension scheme, enter your Employer's Contracted-out number (ECON) from your contracting-out certificate

E 3

Part 5 Employer's certificate and declaration

Tick one box to complete each statement below. This certificate and declaration covers any documents authorised by us as substitutes for the forms mentioned below. We may penalise or prosecute you if you make false statements.

I declare and certify that

- forms P14 *End of Year Summary* for each employee or director for whom I was required to complete a form P11 *Deductions Working Sheet* (or equivalent record) during the year, are all enclosed

or
have been sent separately in one or more parts†

† If forms P14 have been sent in more than one part, please state the number of parts sent, **not the total number of forms P14**, and note that only one P35 is required reflecting all P14 parts. For more detailed information, see the MP2 *Do it online - Online filing and electronic payment handbook*.

- completed form P38A *Employer Supplementary Return* is enclosed is not due

- completed forms P11D and P11D(b) *Returns of expenses payments, benefits and Class 1A contributions* are enclosed will be sent later are not due

All the details on this form and any forms enclosed or sent separately are fully and truly stated to the best of my knowledge and belief.

Employer's signature

Please print your name

Capacity in which signed

Date

Please give a daytime telephone number. It will help speed things up if we need to talk to you about your return.

By law this return must reach us by 19 May.



Please return to

Employer PAYE reference /

HMRC office telephone number

P35 – Employer Annual Return for

*
*

Your reference

Accounts Office reference

PAYE Income Tax, National Insurance contributions (NICs) and related payments

You are required by law to

- complete and sign this return or send it online. If you send your Return online you must not send this form.
- send the 'National Insurance copy' and 'Tax copy' of form P14 *End of Year Summary* (or online equivalent), for each employee for whom you were required to complete a form P11 *Deductions Working Sheet* (or equivalent record) during the year
- send, where applicable, P35(CS) *Continuation Sheets* and form P38A *Employer Supplementary Return*. (Forms P38(S) *Student employees* should not be sent with this return, but must be retained for at least three years.)
- send it in time to reach the above HM Revenue & Customs office by 19 May following the end of the tax year.

You may be charged a penalty if your return is received late.

Help

For step-by-step guidance on completing this return

- see the Employer Helpbook E10 *Finishing the tax year* included on the *Employer CD-ROM*
- visit our website www.hmrc.gov.uk/employers
- ring our Employer Helpline on **0845 7 143 143**
- contact your HM Revenue & Customs office at the address shown above.

You can get paper copies of all the forms and booklets mentioned on this return from our Employer Orderline.

- Order online at www.hmrc.gov.uk/employers/emp-form.htm
- Ring **0845 7 646 646**
- Fax **0870 2 406 406**.

Do not include payment with this form. If a payment is due, please use one of our recommended methods to pay direct to our Accounts Office. There is 'How to pay' guidance in your P30BC *Payslip Booklet* notes or in the letter we issue in place of your booklet and on our website at www.hmrc.gov.uk/howtopay/payee.htm

Now fill in Pages 2 and 3 ►

Other key dates following the end of the tax year

You also have legal obligations on other dates

- By 19 April** – if you are not subject to the mandatory electronic payment rules and you post your payment, please pay all outstanding tax and NICs so your payment reaches us no later than 19 April to avoid being charged interest.
- By 22 April** – if you pay by an approved electronic payment method, please pay all outstanding tax and NICs so that cleared funds for your payment reach us no later than 22 April to avoid being charged interest (and surcharge in the case of employers who are subject to the mandatory electronic payment rules).
- By 31 May** – give a P60 *End of Year Certificate* to each relevant employee.
- By 6 July** – submit online or on paper, forms
 - P9D *Expenses payments and income from which tax cannot be deducted*,
 - P11D *Expenses and Benefits*, and
 - P11D(b) *Return of Class 1A National Insurance contributions due, Return of expenses and benefits – Employer declaration*
 – give a copy of forms P11D or P9D (or equivalent information) to each relevant employee.
- By 19 July** – if you post your payment, please pay any Class 1A NICs.
- By 22 July** – if you pay by an approved electronic payment method, please pay any Class 1A NICs so that cleared funds for your payment reach us no later than 22 July.