

## **Notes for Payroll Software Developers**

**SERIES 11 – NUMBER 2**

**November 2007**

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## **1. Income Tax and National Insurance changes from 6 April 2008**

### **1.1 Income Tax Changes**

Following the Pre Budget report on 9 October 2007, an increase to the income tax personal allowance was announced on 19 October 2007 to £5435 for 2008-09.

There are rises in line with inflation to other allowances as follows

Personal Allowance for people aged 65-74	£9030
Personal Allowance or people aged 75 and over	£9180
Married Couples Allowance (born before 6/4/1935 But aged under 75)	£6535
Married Couples Allowance aged 75 and over	£6625

These age related allowances are subject to an income limit which will increase to £21800.

Minimum amount of Married Couples Allowance	£2540
Blind Persons Allowance	£1800

There are also changes to the rates of deduction of PAYE Tax announced at the 21 March 2007 Budget that will take effect from 6 April 2008

Basic Rate 20%	Bandwidth £1 to £34,600
Higher Rate 40%	Bandwidth over £34,600

There has not been any announcement about the bandwidths, so they will remain at the 2007-08 level for the present. Any further changes to the bandwidths will be announced in the Budget in the usual way.

### **1.2 Class 1 National Insurance Contributions (NICs)**

Subject to Parliamentary approval we can confirm that with effect from 6 April 2008:

- The Lower Earnings Limit will be raised to £90 a week
- The Earnings Threshold will be raised to £105 a week and
- The Upper Earnings Threshold will be raised to £770 a week.

From April 2008 the contracted-out rebates remain as follows:

- Contracted-out Salary Related Schemes (COSR), 3.7% for employers and 1.6% for employees
- Contracted-out Money Purchase Schemes (COMP), 1.4% for employers and 1.6% for employees.

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

### **1.3 Summary of changes from 6 April 2008**

- The income tax personal allowance is increased to £5435
- Age related allowances are increased
- Tax rate bands have changed, but bandwidths have not, any change to the bandwidths will be announced at the Budget
- Both employees and employer earnings threshold for NICs has risen to £105 a week (£453 per month).

## **1.4 Effecting the changes**

Employers will use new tax tables from 6 April 2008. The paper PAYE Tax Tables are being drafted and will be available in December 2007 in the Software Developers Draft Forms PAYE download area of our website at <http://www.hmrc.gov.uk/ebu/pnforms.htm>

Developers will also need to be aware that Tables SR & B to D will be renamed Tables B to D.

There will be a general uplift of tax codes with suffix 'L'. Full instructions will be issued to employers on form P9X (2008) which will be contained in the Employer CD-ROM as part of the Employer Pack.

As a general rule, unless an amended code notification has been received on a forms P9(T) (or on a code list, or notifications by Internet, Electronic Data Interchange or magnetic media) employers should amend 2007-08 codes as follows

- 'L' suffix codes – increase by 21; code 522L becomes 543L
- The PAYE threshold with effect from 6 April 2008 is raised to £105 per week (£453 per month)
- The code for emergency use with effect from 6 April 2008 is 543L

## **1.5 Computer Specification for PAYE Tax Table Routines**

The PAYE Specification amendment was announced in the September 07 edition of these Notes. The Free of Tax Specification is being revised and will be available within the next 2 – 4 weeks.

## **2. Online filing: in-year**

### **2.1 Student employment and tax codes**

As employers begin to consider the operational aspects of the introduction of mandatory online filing of in-year data they have raised a number of issues about the tax coding arrangements when they employ students.

We are sorry for providing the following guidance rather late for you to update your product or service for April 2008. Please therefore apply any updates at the earliest opportunity and before April 2009. The specific issues are as follows.

**Issue 1: A student, who completed a P38(S) and whose holiday earnings then start to exceed the annual personal allowance (the PAYE Threshold).**

Under the existing P38(S) procedure employers are instructed to start deducting tax using code 0T on a week 1/month 1 basis where a student has previously signed a P38(S) but whose earnings then start to exceed the annual personal allowance (£5435 for 2008-09). The employer should then advise HMRC that they are deducting tax in a P38(S) case.

To fit with the online process, when the holiday earnings of a student start to exceed the personal allowance, employers are being advised to seek completion of the P46 and show on the P46 submission the original start date of the employment (not the date the threshold was exceeded). Where the employee completes Statement A or B the employer should start deducting tax using code 0T week1/month1. Where Statement C is completed code BR week1/month1 should be used. In line with normal routines, in all cases the 'Tax Code Used' field should be completed to show the tax code in operation.

At the tax year end the P14 needs to show the total earnings in this employment during the year i.e. including earnings for the period when the P38(S) procedures applied and only National Insurance contributions were being deducted.

**Issue 2: A student, having completed a P38(S), then continues in the employment into term-time.**

A P46 needs to be submitted as soon as it is apparent that term-time working is likely. The P46 should show the date the employment started (not the date the academic term began). In Statement A or B cases emergency tax code, on a non-cumulative basis, should be used (tax code 543L week 1 for 2008-09). Where Statement C is completed, code BR week1/month1. As usual in all cases the employer must complete the 'Tax Code Used' field.

At the year end the P14 needs to show the total earnings in this employment during the year i.e. including earnings for the period when the P38(S) procedures applied and only National Insurance was being deducted.

**Issue 3: A student who starts a holiday job with the expectation that the employment will continue beyond the holiday period.**

The P38(S) is not appropriate if the student's job is expected to continue beyond the holiday and the P46 procedures must be used from the outset. End of year reporting requirements follow the normal rules.

**Issue 4: A student who works in the holiday under P38(S) procedures and leaves. Returns to the same employer in the term time.**

If the student has worked in the holidays under the P38(S) procedures, and then after a break takes a new job with the same employer in term-time, then they should complete form P46 with a tick against Statement B to reflect that they have worked previously in the tax year. Emergency tax code would apply on a week 1 basis.

Where Statement C is completed tax code BR cumulative should be used in line with PAYE Regs. 49(2), on earnings 'in this employment' only.

In all cases 'the tax code used' field should be completed.

At the year end it would be helpful if the employer could make a P14 report in respect of both periods of employment (i.e. two P14s - one for each job).

**Issue 5: At the end of a period of any employment entirely covered by the P38(S) procedures does the employer have to give the student a P45 (parts 1a-3)?**

No. When National Insurance only applies there is no requirement for the employer to provide a departing employee with a P45 (parts 1a-3). However, as soon as the P46 procedures apply, as set out above, then a P45 must be given to the employee when they leave the employment. The P45 should include all the earnings in this employment i.e. including those covered by the P38(S).

## **2. 2 Application of the Lower Earnings Limit to P46 procedures**

In the February 2007 edition of these Notes (Series 10 Number 33 para 1.8 under 'additional points') we outlined changes to the current reporting requirement for the submission of a P46 when earnings reach the Lower Earnings Limit.

As the P46 procedures require the employer to operate a tax coding we also expect the employer to complete a P45 when the employee leaves the employment. This is irrespective of whether tax has been deducted or not.

### **2.3 Sending P46s irrespective of level of earnings**

Some developers have asked whether employers can submit all forms P46 online to us immediately, irrespective of the levels of employees' earnings.

The answer is yes.

Employers must remember that it is essential to follow the procedure set out in the July 08 edition of these Notes (Series 10 Number 35 para 1.9) which says that, from April 2008, a P46 (Statement A or B cases) must be sent when an employees' earnings exceed the Lower Earnings Limit.

### **2.4 Payments made to an employee after date of leaving**

It is sometimes necessary for an employer to make a payment to an employee after they have been given their P45 parts 1a-3. We are aware that some employers incorrectly give employees a second P45 showing code BR together with the additional pay and tax details. This may result in excessive tax deductions if the employee gives the second P45 to a new employer.

The correct procedure when an additional payment is made is that tax should be deducted from the additional payment using code BR and a letter should be sent to the employee giving the details outlined in CWG2 (2007) – Employer Further Guide to PAYE and NICs. The additional pay and tax details should be recorded on the P14 at the year end. It is important that the employer does not give the employee a second P45.

### **2.5 Submitting P45(1)s in new tax year before previous year's transactions completed**

Where software forces users to completely finish off the previous financial year before working on the next we have been asked whether it matters if employers do not send us a P45(1) immediately when an employee leaves early in the new financial year.

Employers must submit a P45(1) on the day an employee leaves a job. When this is not possible, the P45(1) must be sent without 'unreasonable delay'. What is 'unreasonable delay' depends on the facts of each case.

We are aware that some software is incapable of rolling forward into a new financial year until all transactions in the previous year are completed. Where this is a problem at April 2008, you may want to advise the employer to make the submission on paper. However the software will need upgrading for April 2009 when mandatory in-year online filing for employers with 50 or more employees applies.

### **2.6 Moving taxpayer data to the National Insurance computer**

In response to the article in these Notes (Series 10 Number 35 para 1.10) detailing our proposals to move PAYE taxpayer data to a new PAYE Service we have been asked about the handling of employer queries. Our new routines will mean that HMRC will control both principal and secondary employments from a single taxpayer record which can be accessed by any staff throughout the UK.

Where an employer has a query that relates to policy/procedural issues, he or she should continue to contact the Employer Helpline on **0845 7 143 143**.

Where an employer needs information or has an enquiry about an individual employee's pay and tax, he or she should phone the office or Contact Centre they currently deal with. Although the PAYE Service will give us the capability to deal with enquiries from any office/Contact Centre, we do not intend to make immediate changes to the way employers contact us.

## **2.7 Changes to the in-year online process - April 2009**

Mandation of in-year online filing by large and medium-sized employers begins on 6 April 2009. The Regulations to support this can be found on our website at [\*\*http://www.hmrc.gov.uk/si/2007-2969.pdf\*\*](http://www.hmrc.gov.uk/si/2007-2969.pdf)

From 6 April 2009 the following changes, which impact payroll software, will be introduced.

1. From 6 April 2009 submission of P45s (both part 1 and part 3) and P46 must include date of birth and gender in every case. Any items where this information is missing will be rejected.
2. There will be some small changes to the validations for April 2009 and these will be published in early summer 2008.
3. As explained in the September 2007 edition of these Notes (Series 11 Number 1 para 1.2) we will also be withdrawing the current version of the P45 and will reject any submissions on old stationery. We expect the introduction of the new P45 in October 2008 to mean that very few of the current forms will be in circulation at April 2009. However, any current style P45(3) received by HMRC in respect of a new employee whose date of starting is on or before 18 May 2009, and who left their last job in 2008-09, will be accepted.

All online P45(1)s, which show a date of leaving on or before 5 April 2009, received by HMRC on 6 April 2009 or later must be on the new style stationery. Online transmissions on 6 April 2009 or later must meet the validations appropriate for 2009-10.

4. The introduction of the P46(Pen) to be used for the notification of a new pension. It will replace the P160 and PENNOT. The online message name will continue as the PENNOT; there are no new or redundant data items in the new version. The technical specifications for the new version of the PENNOT will be available on our website in May 2008 at [\*\*http://www.hmrc.gov.uk/ebu/softw\\_index.htm\*\*](http://www.hmrc.gov.uk/ebu/softw_index.htm)

A PDF version of the hard copy will be available summer 2008.

The P46(Pen)/PENNOT is referred to as 'Pension notification' in the RIM artefacts (element name <PensionNotification>).

5. Changes to code NT and D0 issue routines. In response to employer requests we are changing the routines for codes NT and D0 and will no longer be issuing a letter where we want these tax codes operated on a cumulative basis. From 6 April 2009, in these type of cases, a notice of coding will show D0 (or D0 week1/month1) or NT (or NT week1/month1). Both cumulative and non-cumulative codes will be capable of online transmission to the employer.

## **2.8 Validations at April 2009**

The validation requirements being introduced at April 2008 require that dates of starting or leaving must be in the current year or earlier. Employer will therefore not be able to submit a P45(1) in March 2009 which shows a date of leaving in April 2009. These types of circumstances are likely to arise when wages/salaries are being processed well in advance of the actual leaving date. If these circumstances arise in March 2009 we recommend that the submission to HMRC is made on paper. We are however exploring the opportunities to make some change before 2010.

## **2.9 Duplication of information already sent on paper**

We have been aware for some time that many software products have included the facility to send in-year forms online but employers may have continued to send starter and leaver details to us on paper.

In each instance this causes a work item in our offices which needs manual intervention. As more and more employers now move to online filing, we would be grateful if your products could prevent the issue of duplications or provide a prompt in your products to remind payroll users that they should not send an online form if one has previously been sent on paper.

## **3. Online filing: end of year –Changes to Returns sent in parts**

We told you in *Notes for Payroll Software Developers Series 11 – Number 1* about the changes we wanted to make to the validation and response messages where the P14s and the P35 of an Employer Annual Return are sent over the Internet separately (Returns sent in parts by EDI are unaffected). Thank you for your very helpful replies in response to our request for comment. Your feedback has helped us define the proposal and we plan to introduce the changes from 6 April 2008 for 2007-08 Returns.

The change means that from 6 April 2008 we will only send an acceptance or rejection message in response to the P35 part once it has been married up with all the P14 parts in ERIC and the Return consolidated. There will be no change to how P14 parts are validated and how acceptance or rejection messages are sent. P35 Parts received before 6 April will get acceptance or rejection messages as they currently do.

Once the change has been made we anticipate that XML messages will go back to employers in real time after we commence full processing. But there will be occasions where messages will not go back immediately, and we ask that your products have the necessary polling routines to prevent continuous polling during these times. They are:

*6 April to full processing* – every year we store online Returns and manage the build-up to full processing. This period has traditionally been 10 days to two weeks.

*Where the P35 is not the last part received* – we will not send a response to the P35 until the outstanding P14 part is received and we have validated the complete Return.

To prevent further delay employers must avoid the most common errors on part Returns.

### **Duplicate Unique Identifier**

Each P14 part must be sent with a Unique Identifier. If the employer uses the same Identifier on two different P14 part submissions before the return is fully consolidated, the second submission will overwrite the first and ERIC will only show one part received. An acceptance or rejection message will not be sent in response to the P35 in this instance because we will still be expecting a further P14 part.

#### Incorrect number of parts sent

The P35 must show the number of P14 parts being submitted. This figure must not include either the P35 or the P38A. We will not send a response message when we get the P35 where the number of parts received does not agree with the number on the P35.

Employers will still be able to send replacement P14 or P35 parts before the complete Return has been validated. On the rare occasions a replacement P35 is sent, because the original P35 is still waiting consolidation, we will send both the 9004 acceptance message and the 9005 'This EOY Return submission has replaced the one previously submitted using the same Employer Reference and Tax Year' when the checks on the complete return have been done, in response to the replacement submission (unless, of course, it is rejected for an error). The replaced part will not trigger a response and its outstanding transaction will be left open until the Government Gateway removes it after one year.

## **4. Statutory Payments**

### **4.1 Court of Appeal Judgement – Thorn Baker**

The judgement of the Court of Appeal on 27 June 2007 in which HMRC's appeal from the decision of the High Court in the case of Commissioners for HMRC V Thorn Baker Limited and others) ('Thorn Baker') was dismissed.

This means that the High Court Decision given on 14 July 2006 that *SSP is not payable to agency workers whose contract with the agency is for a specified period of 3 months or less* stands.

As a result DWP Ministers have decided to take steps to amend the Fixed Term Employees (Prevention of less favourable treatment) Regulations 2002 to restore the Government's policy intention that Agency workers with contracts of less than 3 months should not be excluded from entitlement to Statutory Sick Pay. Preparatory work to amend the Regulations will take place during the coming months."

More information can be viewed on our website at <http://www.hmrc.gov.uk/employers/thornbaker.htm>

### **4.2 Work and Families Act 2006 – update**

In previous editions of these Notes we told you about our plans for the introduction of two of the major elements of the Work and Families Act 2006, these being as follows:

- the new Additional Paternity Leave and Pay (APL&P);
- the extension from 39 weeks to 52 weeks of Statutory Maternity Pay (SMP), Maternity Allowance (MA) and Statutory Adoption Pay (SAP).

You may wish to factor the following updates into your development schedules.

#### Government's goal

Government has a goal to extend Statutory Maternity Pay [SMP], Maternity Allowance [MA] and Statutory Adoption Pay [SAP] from 39 weeks to 52 weeks and to introduce Additional Paternity Leave and Pay [APL&P] by the end of this Parliament. Additional Paternity Leave and Pay would give employed fathers a right to take up to an additional 26 weeks off work with pay to care for their child in its first year, if the mother has returned to work and had not used her full entitlement to paid maternity or adoption leave.

### Timing

It remains Government's goal to introduce these changes by the end of this Parliament. However the implementation date has not yet been decided. In the meantime to give employers some clarity and further time to make their preparations the Government has decided that these changes will not be implemented in April 2009.

It has previously been announced that they will not be implemented in April 2008.

### What this means in practice

HMRC has, up to now, been planning on the basis of implementation for babies due on or after April 2009. We will now start planning implementation for babies due or expected to be placed on or after April 2010. This should not be taken to imply any timing decisions have been taken. It is simply a pragmatic approach. We will not be planning for implementation in October 2009.

We will update you again in the next edition of these Notes or on the HMRC website.

### Rules and Regulations

The Regulations for APL&P are not yet in place. However to give you an early steer on the rules we are hoping to issue the next draft of the Technical Specification for Additional Statutory Paternity Pay early in the new year. Meanwhile the Government Responses to previous consultation documents on APL&P indicate some early decisions that have been taken.

### Early Impacts

As explained in previous editions of these Notes some employees could become entitled to 52 weeks' SMP/ SAP/MA or APL&P as early as 2009-10 (in the period from November 2009 to March 2010). For SMP/SAP/MA the numbers could be considerable and you may want to plan for this. However for APL&P the number is expected to be very small and it is not expected that software for the 2009-10 tax year will be configured to cope with these few cases. The aim will be for workarounds, for example recording ASPP entries in SPP boxes on P35 and P14. In some cases it may be necessary to change software validation rules to permit this.

For all the latest news and developments about the Work and Families Act 2006 we suggest you keep checking the website for BERR (Department for Business Enterprise and Regulatory Reform – previously DTI) at

**<http://www.berr.gov.uk/employment/workandfamilies/add-paternity-leave/index.html>**

We will also alert you to any significant developments on our own website at

**<http://www.hmrc.gov.uk/news/index.htm>** and  
**<http://www.hmrc.gov.uk/employers/stoppress.htm>**

## **4.3 Treatment Directive Judicial Review**

In the last edition of these Notes we mentioned the effect of the judgement handed down in the above review – that there should be no distinction between entitlement to non-pay benefits during ordinary maternity leave and during additional maternity leave. Please note that, subject to Parliamentary approval, it is planned that this change will apply to employees whose expected week of childbirth begins on or after 6 April 2008.

Subject to Parliamentary approval it is also planned that parallel changes will apply in adoption cases for employees who are expected to have children placed with them on or after 6 April 2008.

We will supply further details on our website when available at <http://www.hmrc.gov.uk/news/index.htm> and <http://www.hmrc.gov.uk/employers/stoppress.htm>

#### **4.4 Statutory Sick Pay (SSP) forms**

The Government has recently accepted recommendations from a consultation group set up to review SSP. Accordingly work will start on amending regulations that will affect some employer forms.

Subject to Parliamentary approval, changes will include:

- abolishing form SSP1L (Leaver's statement of Statutory Sick Pay);
- reducing the information that employers are required to enter on form SSP1 when SSP has come to an end but the employee's sickness remains.

It is likely these changes will be effective from autumn 2008.

We will supply further details on our website when available at <http://www.hmrc.gov.uk/news/index.htm> and <http://www.hmrc.gov.uk/employers/stoppress.htm>

#### **4.5 Rates of Statutory Payments for 2008-09**

At the time of publication no announcement had been made on the rates of Statutory Payment, once they are known we will publish the information on our website at <http://www.hmrc.gov.uk/employers/stoppress.htm>

#### **5.0 Expenses and benefit changes**

##### **5.1 Car fuel benefit changes**

The fixed figure (often known as the multiplier) for car fuel benefit is increased from £14,400 to £16,900 for 2008-09 onwards.

##### **5.2 A summary of other car benefit changes for 2008-09**

As a reminder these are the other changes to benefits in kind for 2008-09.

The CO2 emissions lower threshold reduced from 140 to 135.

A new '10% band' introduced for cars with a CO2 emissions figure of exactly 120 g/km or lower (no rounding). They are called 'qualifying low emissions cars' in the legislation, QUALECs for short. Diesel adjustments apply to QUALECs as to all others, but that is all: no other reduction available on other cars applies to QUALECs. As a result, the only acceptable figures for the appropriate percentage for QUALECs are 13% (cars to which the diesel supplement applies) and 10% (all other cars). Electric-only cars are excluded from these arrangements and retain their net appropriate percentage of 9%.

From April 2008 cars manufactured to be able to run on E85 fuel (petrol mix with up to 85% bioethanol) - type G on forms P46(car) and P11D) will receive a 2% reduction.

### **5.3 P11D – incorrect data entries**

We have been asked to clarify the information we provided in the September 2007 edition of these Notes (Series 11 Number 1 para 4.2) about end dates for company cars. A P11D return should not have any entries in the 'Date car was available from' field unless the car was first provided within the tax year and the return should not have any entries in the 'Date car was available to' field unless the car was withdrawn within the tax year. We have seen P11D returns showing cars available from 6 April 2006 and available to 5 April 2007. Our automated coding functionality will treat this as a car that has been withdrawn and change the employee's tax code.

Since the September 2007 edition of these Notes we have also seen P11D returns where Low Interest and Interest Free Loans are showing similar incorrect start and end dates. The Date loan was made in <tax year> if applicable should not have any entries unless the loan was first provided within the tax year and the Date loan was discharged in <tax year> if applicable should not have any entries unless the loan ended within the tax year. Returns showing availability from 6 April 2006 and to 5 April 2007 will treat the loan as though it has ceased and change the employee's tax code.

## **6. Other information**

### **6.1 P35 2008-09**

There will be no changes to the 'Summary of payments for the year' section on form P35 for 2008-09. It will remain the same as the 2007-08 P35. A pdf version of the final 2008-09 P35 will shortly be available to view at <http://www.hmrc.gov.uk/ebu/pnforms.htm>

### **6.2 Employee Share Schemes**

The 2007-08 Employee Share Scheme (ESS) test service has been available since the 31/10/07.

### **6.3 Student Loans - removal of the 42-day lead in time on Start and Stop notices**

The legislative changes coming into effect on 6 April 2008 have been published in previous editions of these Notes. The changes affect when employers will be required to take action on receipt of Start (SL1) and Stop (SL2) notices.

Whilst primarily this message is directed to the SL1 bulk issue, Payroll Developers should know that it applies equally to all notices which take effect on or after 6 April 2008.

For employers, the student loan start date will be the 'Start date' as printed on the Start Notice (SL1) and the stop date will be 'Stop date' as printed on the Stop Notice (SL2).

This means that employers will be required to start and stop deductions on the 'first available' pay day after those dates.

We recognise that there may be occasions when this may be difficult to implement. For example a payroll may have already been processed and closed when a start or stop notice is received. To address this employers should implement any changes on the first *available* pay day after the start and stop dates shown on the SL1 and 2 notices.

#### **6.4 Term Certain Pensions and Annuities**

Pensions and annuities paid in respect of registered pension schemes are pension income under the PAYE system. If such pensions or annuities continue to be paid for a 'term certain' following the death of the pensioner or annuitant, the continuing pension and annuity instalments still remain as pension income under the PAYE system.

From 6 April 2007 annuities paid in respect pre-6 April 2006 Retirement Annuity Contracts are pension income and must be paid using the PAYE system and any continuing annuity instalments under a term certain annuity would also be pension income under PAYE. As a result they must be reported as part of the Employer Annual Return.

Where the annuity is paid to a named beneficiary or beneficiaries normal P46 procedures will apply.

Where however the annuity is paid to a Personal Representative, Trustee or Body Corporate (i.e. a third party or non individual) we require only a P14. In order for these P14s to meet the Quality Standards for Returns filed over the Internet, personal information must be completed as follows;

<b>Field</b>	<b>Entry</b>
National Insurance number	Blank
Gender	'male'
Date of birth	'1901-01-01'
Forename	'RP'
Surname	Name of non-individual

We appreciate that our initial advice was for these annuities to be reported on the CT61 and we will accept reporting in that way if it is not practically possible for the provider to create a 2007-08 P14. But all 2008-09 and later annuities must be reported on a form P14.

More information about registered pension schemes and bringing retirement annuity contracts into PAYE can be found on our website at [www.hmrc.gov.uk/pensionschemes](http://www.hmrc.gov.uk/pensionschemes)

#### **6.5 Pension Reform**

Following the Pre Budget Report on 9 October 2007, the introduction of the Upper Accruals Point (UAP) will be brought forward to 6 April 2009.

It is proposed that Regulations and changes to the reporting requirements for employers from April 2009 will be available in January 2008. To help with payroll development schedules we consider that the following are some of the HMRC forms that may require updating for the introduction of UAP:

- P11
- P14
- P60
- P12

Further details will be included in future editions of these Notes.

## **7. Next issue of these Notes**

The next edition of these Notes is scheduled to follow the Chancellor's Budget announcement in early spring 2008.

## **8. Mailing lists for these Notes**

The mailing options for the Notes are:

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

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](mailto: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](mailto: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](mailto:hmrnotes@replyservice.co.uk) stating 'unsubscribe' in the subject field or write to the address shown above.

## **9. 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	<a href="mailto:helpdesk@ir-efile.gov.uk">helpdesk@ir-efile.gov.uk</a>
phone	<b>0845 60 55 999</b> (opening times - 8am to 8pm, 7 days a week)
fax	<b>0845 366 7828</b>
minicom	<b>0845 366 7805</b>

If you contact the Online Services Helpdesk by email please state 'Notes for Payroll Software Developers' in the subject field.

**Note:** The Online Services Helpdesk cannot deal with change of mailing address information; these should be directed to [hmrnotes@replyservice.co.uk](mailto:hmrnotes@replyservice.co.uk)

**Annex A**

**Class 1 contribution rates for Not Contracted-out and Contracted-out Schemes - 2008-2009**

Category Letters A (Standard rate), B (Married Woman's Reduced Rate), C (Employer only rate) & J (Not Contracted-out deferment rate)

Earnings Bands	Employee's contribution: Category letters				Employer's contribution: Category letters
	A	B	C	J	A, B, C & J
Below £90.00 weekly, Below £390.00 monthly, Below £4,680.00 yearly	Nil	Nil	Nil	Nil	Nil
£90.00 to £105.00 weekly, or £390.00 to £453.00 monthly, or £4,680.00 to £5,435.00 yearly	<b>0%</b>	<b>0%</b>	Nil	<b>0%</b>	<b>0%</b>
£105.01 to £770.00 weekly, or £453.01 to £3,337.00 monthly, or £5,435.01 to £40,040.00 yearly	<b>11%</b> on earnings above the ET	<b>4.85%</b> on earnings above the ET	Nil	<b>1%</b> on earnings above the ET	<b>12.8%</b> on earnings above the ET
Over £770.00 weekly, or over £3,337.00 monthly, or over £40,040.00 yearly	<b>11%</b> on earnings above the ET up to and including the <b>UEL and</b> <b>1%</b> on earnings above the UEL	<b>4.85%</b> on earnings above the ET up to and including the <b>UEL and</b> <b>1%</b> on earnings above the UEL	Nil	<b>1%</b> on all earnings above the ET	<b>12.8%</b> on all earnings above the ET

**Weekly LEL = £90, ET = £105, UEL = £770.**

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

## Annex B

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

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

Earnings Bands	Employee's contribution: Category letters			Employer's contribution: Category letters	Employee's NIC Rebate on earnings above the LEL, up to and including the ET (Applies to category letters D & L only)	Employer's NIC Rebate on earnings above the LEL, up to and including the ET
	D	E	L	D, E & L		
Below £90.00 weekly, Below £390.00 monthly, Below £4,680.00 yearly	Nil	Nil	Nil	Nil	Nil	Nil
£90.00 to £105.00 weekly, or £390.00 to £453.00 monthly, or £4,680.00 to £5,435.00 yearly	0%	0%	0%	0%	1.6% on earnings from <b>£90.01</b> up to and including <b>£105.00</b> (or monthly or annual equivalents)	3.7% on earnings from <b>£90.01</b> up to and including <b>£105.00</b> (or monthly or annual equivalents)
£105.01 to £770.00 weekly, or £453.01 to £3,337.00 monthly, or £5,435.01 to £40,040.00 yearly	9.4% on earnings above the ET	4.85% on earnings above the ET	1% on earnings above the ET	9.1% on earnings above the ET		
Over £770.00 weekly, or over £3,337.00 monthly, or over £40,040.00 yearly	9.4% on earnings above the ET, up to and including the UEL, and 1% on earnings above the UEL	4.85% on earnings above the ET, up to and including the UEL, and 1% on earnings above the UEL	1% on all earnings above the ET	9.1% on earnings above the ET, up to and including the UEL, then 12.8% on all earnings above the UEL		

Weekly LEL = £90, ET = £105, UEL = £770.

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

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

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

Earnings Bands	Employee's contribution: Category letters			Employer's contribution: Category letters	Employee's NIC Rebate on earnings above the LEL, up to and including the ET (Applies to category letter F & S only)	Employer's NIC Rebate on earnings above the LEL, up to and including the ET
	F	G	S	F, G & S		
Below £90.00 weekly, Below £390.00 monthly, Below £4,680.00 yearly	Nil	Nil	Nil	Nil	Nil	Nil
£90.00 to £105.00 weekly, or £390.00 to £453.00 monthly, or £4,680.00 to £5,435.00 yearly	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>1.6%</b> on earnings from <b>£90.01</b> up to and including <b>£105.00</b> (or monthly or annual equivalents)	<b>1.4%</b> on earnings from <b>£90.01</b> up to and including <b>£105.00</b> (or monthly or annual equivalents)
£105.01 to £770.00 weekly, or £453.01 to £3,337.00 monthly, or £5,435.01 to £40,040.00 yearly	<b>9.4%</b> on earnings above the ET	<b>4.85%</b> on earnings above the ET	<b>1%</b> on earnings above the ET	<b>11.4%</b> on earnings above the ET		
Over £770.00 weekly, or over £3,337.00 monthly, or over £40,040.00 yearly	<b>9.4%</b> on earnings above the ET, up to and including the UEL, <b>and</b> <b>1%</b> on earnings above the UEL	<b>4.85%</b> on earnings above the ET, up to and including the UEL, <b>and</b> <b>1%</b> on earnings above the UEL	<b>1%</b> on all earnings above the ET	<b>11.4%</b> on earnings above the ET, up to and including the UEL, then <b>12.8%</b> on all earnings above the UEL		

Weekly LEL = £90, ET = £105, UEL = £770.

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