

Notes for Payroll Software Developers

SERIES 11 – NUMBER 4

March 2008

Contents:

1. *Income Tax changes affecting PAYE – March 2008 Budget*

- 1.1 Summary of changes
- 1.2 Effecting the changes
- 1.3 Specification for PAYE Tax Table Routines
- 1.4 Payroll Test Data

Annexes A, B & C

2. *Other Budget Proposals*

- 2.1 Company Car tax changes
- 2.2 Changes to residence and domicile rules

3. *PAYE Online services*

- 3.1 Service Availability for April 2008
- 3.2 Live Trial of new in-year forms validation service 6 to 8 April 2008
- 3.3 Error message 1046
- 3.4 Computer printed P45 - correction to the design specification
- 3.5 Form P45 - date of leaving in excess of 6 years ago
- 3.6 Processing employee information from form P14
- 3.7 P35 and P14 - part submission testing
- 3.8 Annual Return Reminders
- 3.9 Tax-Free payments for filing online
- 3.10 P46 Reporting Requirements - April 2008
- 3.11 Intelligent Polling
- 3.12 New system for processing PAYE data
- 3.13 HMRC's Online Return & Forms - PAYE - October 2008 changes
- 3.14 New form P46 (Expat) for April 2009

4. *Other information*

- 4.1 Forms P11 & P14/P60 for 2008-09
- 4.2 Car benefit changes - April 2008
- 4.3 Pensions Reform
- 4.4 Student Loans Start and Stop Notices changes April 2008 – a reminder
- 4.5 Additional Maternity Leave – changes to the law on contractual terms of employment
- 4.6 NICs Class 2 and 4 – consultation

5. *Next issue of these Notes*

6. *Mailing lists for these Notes*

7. *Contacts for enquiries*

1. Income Tax changes affecting PAYE – March 2008 Budget

1.1 Summary of changes

In his Budget statement on 12 March 2008, the Chancellor of the Exchequer proposed changes to the income tax bandwidths.

The rates and bandwidths for 2008-09 are as follows:

Basic Rate 20% - up to £36,000

Higher Rate 40% - over £36,000

1.2 Effecting the changes

The new Taxable Pay Tables will be available on the Employer CD-ROM 2008 Updated Edition that will be included in the Employer Budget Pack, or can be requested by contacting the Employer Orderline on **08457 646 646**. These tables (Calculator Tables May 2008 or Tables B to D May 2008) give effect to the increase in the Basic Rate bandwidth, and are brought into use from the first pay-day after 17 May 2008.

General uplift of codes were announced in the Pre-Budget Report (PBR) and included in the November 2007 Notes (Series 11 – Number 2). The code uplifts announced in the PBR apply from 6 April 2008.

There are no additional general uplifts of codes as a result of Budget announcements.

Any amended codes will be sent to employers by electronic notification of coding (depending on the arrangements the employer has with HMRC), individual forms P9(T), or a paper list of tax code changes. Full instructions will be available for employers on form P7X (2008), a copy of which is given at **Annex C** of these Notes.

The PAYE Threshold with effect from 6 April 2008 is £105 per week (£453 per month).

The code for emergency use with effect from 6 April 2008 is 543L.

1.3 Specification for PAYE Tax Table Routines

Annex A to these Notes gives the amendments to the Specification for PAYE Tax Table Routines – September 2007 (Version 11)

Annex B contains some test data which users may find helpful in verifying their new routines from 18 May 2008.

Annex C shows a copy of form P7X (2008) which will be included on the Employer CD-ROM 2008 Updated Edition that will be included in the Budget Pack, or to order from the Employer Orderline.

Amendments will also be made to the Specification for PAYE Table Routines for Free Of Tax (FOT) arrangements. The amended specification will shortly be published on our website at www.hmrc.gov.uk/ebu/ebu_paye_ts.htm

1.4 Payroll Test Data

The Payroll Test Data held on the HMRC website at <http://www.hmrc.gov.uk/ebu/testdata.htm> will be updated shortly.

2. Other Budget Proposals

2.1 Company Car tax changes

Budget 2008 announced the following company car tax changes:

- The CO2 emissions lower threshold will be reduced from 135 g/km to 130 g/km with effect from 2010-11.
- The fixed figure (often known as the multiplier) for car fuel benefit will increase by at least the rate of inflation in future years.

A reminder about company car tax changes from April 2008 is at section 4.2 of these Notes.

2.2 Changes to residence and domicile rules

Proposed changes were announced in the Pre-Budget Report in October 07. Following consultation, final measures were confirmed in the Chancellor's Budget on 12 March 2008. The relevant Budget Notices (BN102 – 107) can be viewed on our website at <http://www.hmrc.gov.uk/budget2008/notes-pdf.htm>

A supplementary document about aligning the Capital Gains Tax Treatment for Non-UK Resident Trusts is also available to view at <http://www.hmrc.gov.uk/budget2008/trusts-cgt.pdf>

These changes will have **no** impact on payroll software for 2008-09.

3. PAYE Online services

3.1 Service Availability – April 2008

We will be upgrading some of our online services in early April, which means that there will be unavoidable restrictions on when you will be able to send end of year and in-year employee information. We are very sorry for the temporary inconvenience this service unavailability will cause.

The dates on which these restrictions will apply, which we will publicise more widely early in April, are:

- Midday 2 April until 8 April inclusive – in-year forms P45, P46 and similar pension information (PENNOT)
- 6am 4 April until 6am 6 April – works number updates, end of year forms P14s, P35s and expenses and benefits information, for example form P11D.

More detail about how these will affect customers is as follows.

4-6 April: end of year forms

From 6am on 4 April to 6am on 6 April, our Online Return and Forms – PAYE service will be unavailable to send P14s, P35s and expenses and benefits information, but we expect that third party software users will be able to send Returns and receive responses to your submissions as normal.

The only exception to this is an eight hour period from midday until 20:00 on 5 April where we will still be able to receive your Returns, but submitters will not get a response until the end of the eight hours.

If traffic is high during this time there may be an additional delay to response messages until the backlog has cleared. Response messages will be released as soon as possible and we would ask to remind your users that they must not attempt to re-submit their Return because they did not get an acceptance or rejection message straight way.

Electronic Data Interchange (EDI)

Customers using EDI to send forms P14s, P35s and expenses and benefits information will be unaffected.

2-8 April: in-year forms

From midday on 2 April until 8 April inclusive, we will be upgrading our IT system for the new tax year and testing some new IT processes. During that time, employers and agents will not be able to send us forms P45, P46 or similar pension information over the Internet using third party software or our Online Return and Forms – PAYE product.

Employers must still give their employees forms P45 parts 1a-3 when they leave, even if they cannot send the P45 part 1 online.

Employers who do send any P45 and P46s data over the Internet from 2 April to 8 April 08 will get an error message saying '1046 Authentication Failure. The supplied user credentials failed validation for the requested service'. (Please note that some software packages may interpret the wording of this message differently.) Further information about this error message is given at Para 3.3 of these Notes.

Payroll software may allow employers or their agents to complete forms P45 and P46 and store them until the service is open and they can submit their data. If their software does not allow them to do that, and they cannot wait until 9 April to send their data, they may, exceptionally, wish to submit on paper. Some employers, who are already submitting online, may not have a stock of paper P45 and P46 (version which is capable of manual completion) and may want to get a small supply of paper forms from our Orderline on **0845 7 646 646**.

We provided advice on the storage of data in the July 2007 edition of the Notes (Series 10 – Number 35 para 1.10) and suggested that developers considered providing this functionality.

From 9 April, employers will be able to send forms P45 and P46 over the Internet. We will be ramping up the system gradually over several days and expect to be processing forms at full capacity by 14 April.

Electronic Data Interchange (EDI)

Customers using EDI to send forms P45 and P46 will be unaffected. New Message Implementation Guidelines (MIG's) Version 5.0 must be used to submit in-year forms from 06:00 on 6 April 2008. Any messages received which are not developed against the new Version 5.0 technical specifications will be rejected with effect from 18:00 on 5/4/08.

	Internet	EDI
2007-08 formats	OK until 12:00 02/04/08, not OK for use thereafter	OK until 18:00 05/04/08, not OK for use thereafter
April 2008 formats	Live from 06:00 09/04/08	Live from 06:00 06/04/08

3.2 Live Trial of new PAYE in-year forms validation service 6 - 8 April 2008

HMRC want to test the new PAYE in-year forms internet validation service in the live environment before customers use the new service, to ensure all is well. We will undertake a 'Live Trial' from 6 April to 8 April inclusive of forms P45(1), P45(3), P46 and PENNOT.

We have invited the developers who have included 'Test in Live' (TIL) for the new PAYE in-year forms in their products, to start the trial using 'TIL' submissions on 6 April, and employers to submit an agreed range of Internet 'TIL' submissions using their own credentials on 7 and 8 April.

During the Live Trial any live files that employers might try to send will fail and the failure response will be a standard error message from the Government Gateway saying '*1046, Authentication Failure. The supplied user credentials failed validation for the requested service*'.

3.3 Error message 1046

Employers sending any P45 and P46s data over the Internet while the message class is closed on 2-8 April 08 will get an error message saying '*1046 Authentication Failure. The supplied user credentials failed validation for the requested service*'. They will get this message simply because the service is closed, not because they have mistyped their password or User ID. (The same error message is used by the Government Gateway when a service is closed and also when a user has a mistyped their credentials.)

Payroll software applications may show the 1046 error message word for word, or some may have changed it to their own wording. In all cases the user is likely be confused into thinking that they have made an error in data entry, when in fact the service is temporarily closed. There will be communications on the service availability pages on our website and the PAYE Online service page to advise customers that the service is closed for its annual refresh and then the trial, for example the period 2-8 April, but any further communications that you could make to your customers to explain this would be most welcome. Our Online Services Helpdesk will be briefed about the trial.

Assuming we have a successful Live Trial, the 'Live' service (live message class) will be opened and the 'TIL' closed on 9 April. Submissions sent from 9 April onwards will not get the error message 1046, unless there is a mistake in their credentials.

HMRC's Online Return and Forms - PAYE (ORFP) product will be available on 6, 7 and 8 April but, along with all the other Internet services, it will not be able to submit in-year forms until 9 April. The service does not display the 1046 message directly to users, it is changed to:

'There is 1 error on this page'

The 'UserID' and 'Password' you have entered are incorrect. Please amend your entry.

Other HMRC online forms, such as end of year P35 and P14 and P11D data are unaffected by this trial of the in-year forms and can be submitted once the annual upgrade has been completed at 6am on 6 April (see para 3.1 '4-6 April: end of year forms').

EDI submissions will be unaffected by the Internet Live Trial and will be available for submission of forms P45(1), P45(3), P46 and PENNOT from 6 April.

3.4 Computer printed P45: correction to the design specification

We are sorry there was an error on the P45 that we issued as part of the P45 (online) specification on 22 January.

- The wording described Box 7 as 'Total taxable pay to date'. The actual wording should be 'Total pay to date'.
- The wording described Box 8 as 'Total taxable pay in this employment'. The actual wording should be 'Total pay in this employment'.

An amended specification was published on 8 February and we took the opportunity to:

- amend the conditions for use; we now recommend that Parts 1A, 2 and 3 cannot be allowed to be printed unless Part 1 has been successfully submitted online and validation received from HMRC
- clarify the position regarding substitute forms.

You can view the amended specification at <http://www.hmrc.gov.uk/ebu/spec-p45.pdf>

3.5 Form P45: date of leaving in excess of 6 years ago

A new employee may occasionally hand a starter form P45(3) to their new employer that shows the previous employment ceased earlier than the current tax year and the previous 6 years. From April 2008, under our new validation rules, the date would be rejected. We do not anticipate that this will happen very often, but if those circumstances arise the employer should notify HMRC of the new employee by following the P46 procedures. The P45 should be destroyed.

3.6 Processing employee information from form P14

We are changing the way we hold taxpayer records and have also started to make changes to the way we process the data sent to us. These improvements are crucial to our efforts to handle customer queries more quickly and help the taxpayer to pay the right amount of tax first time. These changes will lead to the identification of some taxpayers who have previously been paying the wrong amount of tax and they may ask employer/pension providers for an explanation of how any tax under or over paid has occurred.

We recommend that you refer any queries of this nature from your employees to HMRC. They should contact their local Tax Office. The telephone number will be shown on any correspondence your employee may have received from HMRC. Alternatively they can go to <http://www.hmrc.gov.uk/local/individuals/index.htm>

3.7 P35 and P14: part submission testing

A function is now available to clear the TPVS / VSIPS holding area to assist with testing of P35 and P14 part submissions.

More detail is provided in issue 22 of the 'PAYE – Software Developers Bulletin', which can be viewed at http://www.hmrc.gov.uk/ebu/email_bul_paye.htm

3.8 Annual Return reminders

It has not been possible to make the changes to the online versions of the 'AR' series of Return Reminders. As a result all reminders for 2007-08 will be issued on paper. We are working to restore the online version for 2008-09.

3.9 Tax-free payments for filing online

Employers with fewer than 50 employees who are entitled to a tax-free payment for filing online are encouraged to 'self-serve' by deducting it from a monthly PAYE remittance for 2008-09. Only those employers who cannot self-serve should apply for their payment as a cheque. Where this is the case, claims can be made from the 'claim your tax-free payment' link from page www.hmrc.gov.uk/payeonline

This instruction is currently missing from the online tax-free payment notification.

3.10 P46 Reporting Requirements – April 2008

From 6 April 2008 employers are required to notify HMRC of a new starter when earnings reach or exceed the Lower Earnings Limit (LEL). We have been asked about the reporting requirements in respect of existing employees who are currently earning between the LEL and the Earnings Threshold.

In these cases we expect employers to maintain payroll records. Where payroll software requires an entry in the tax code field we suggest the employer uses tax code 543L. In these particular circumstances we do not want the employer to submit a form P46. At April 2009 the employer must submit a P14 for 2008-09.

3.11 Intelligent Polling

Intelligent polling was implemented in to the Vendor Single Integrated Proving Service (VSIPS) test service in September 2007. From 14 April 2008, it will also feature in all live online transmissions. This change is to return the average response time in the 'pollInterval' attribute of the Government Gateway response messages instead of the current default poll interval of 10 seconds. The response time is re-calculated every 5 minutes and based on the average of the response times from the previous 15 minutes. However, there will be a minimum response time of 10 seconds and a maximum of 3600 seconds depending on the system performance.

Developers with any questions about this change should contact the Software Developers Support Team by email at sdsteam@hmrc.qsi.gov.uk or phone **01274 534666**.

3.12 New system for processing PAYE data

We are introducing a new system for processing PAYE data in October 2008 on the National Insurance Recording Platform (NIRS). As part of this process we will be migrating taxpayer information from our old COP system, something we expect will take us a couple of weeks to accomplish. During this time we envisage our staff will have 'view only' access to an individual's PAYE information and will be unable to update the taxpayer records until the migration is complete. Inevitably we will have to spend some time and effort in catching up with our processing. Whilst we will make every effort to minimize any impact on employers and individuals there may be some delay in our responses to enquiries.

As part of the preparatory work we are cleansing our database and tracing missing NINOs. Where we make a successful trace, we will, where possible, send the individuals concerned a form P217 advising them of their actual NINO and to use this in all future dealings with us.

Where the individual is in employment or receiving an occupational pension and the employer/pension provider is not using the correct NINO we will also be sending a form P46-5T telling them the person's correct NINO. This must be used in all future dealings with us about the individual. Employers should action these forms as soon as they can, to help ensure employees' records are correct. Where current work pressures prevent this, employers should ensure they capture the information as soon as is practicably possible.

We are sorry that these notifications will be sent on paper, rather than online. We are looking at batching them, so employers will receive one bulk issue for the employees affected, rather than individual envelopes.

3.13 HMRC's Online Return and Forms – PAYE: October 2008 changes

We are making changes to our Online Return and Forms – PAYE product and the improved version will be available in October 2008. As part of our improvements we will be 'cutting across', to our new online services IT platform (portal), all employer and employee records together with everything which has been submitted, using our online product, since April 2005.

Submitted Data

Submitted data which relates to before April 2005 will be deleted from the employer's part of the online application and employers (or where appropriate their agents) will no longer be able to get access to it. This change will bring our storage arrangement in line with the legislation, Reg 97(8) SI 2003/2682, and the advice we offer employers. It will not impact the length of time HMRC retain copies of submitted data.

Unsubmitted Data

Additionally we will delete **all** unsubmitted data, irrespective of the date it was created.

We are not able to view this unsubmitted data but assume it includes the full range of information that is supported by the service - P45s, P46s and possibly part end of year Returns (P35s and P14s) - which have been completed, never finished and never sent to HMRC. It may be that the employer thinks they submitted the information but never got around to it or information that has been partly completed before the employer changed their mind about an online transmission and submitted on paper instead. Either way, the information has not been deleted and HMRC are storing it for employers.

We strongly recommend that before October 2008 employers review the data that they are holding on our Online Return and Forms – PAYE product as follows.

- Submitted data which relates to any period prior to April 2005 - decide whether to archive it and how, for example print out and file it or download to a pc or portable storage media.
- Unsubmitted data - finalise and submit the following as soon as possible before it is deleted:
 - P45, P46 and PENNOT data relating to a date of starting or leaving after 5 April 2008 (Note: starter or leaver information relating to a period prior to April 2008 will have been repeated on the relevant end of year submission and doesn't need to be submitted now)
 - P35 or part Return P35 and/or P14 data relating to any year up to and including 2007-08
 - P11D or P9D batch and/or P11D(b) data relating to 2007-08 and get it finalised and submitted at once before it is deleted.

We will tell employers about this change, and provide advice about how they can archive and save data they don't want to lose, in the spring edition of the *Employer Bulletin*.

3.14 New form P46 (Expat) for April 2009

In April 2009, we propose to introduce a new version of the P46, the P46 (Expat) to be used specifically in respect of foreign nationals that have been seconded to work in the UK, whilst remaining employed by an overseas employer. The data will be capable of both online and paper filing although employers, with more than 50 employees, will suffer a penalty if they file on paper. We intend to publish a PDF version of the final form in these Notes during the summer. Employers, or their agents, will be able to submit the data via EDI or Internet using third party software or HMRC's Online Forms and Returns Service – PAYE product.

The validations for this new data stream will, subject to a formal decision being taken to proceed with this new form, be included in the technical specifications which will be published in the summer. In general the field validations will follow those used for other forms in the P46 series.

The form will be included in TPVS service for Internet submissions and the EDI test arrangements, from October 2008.

Employers who file online will be able to obtain the P46 (Expat) information from an employee electronically provided that:

- the new employee supplying the information electronically provides exactly the same information as required by the P46 (Expat)
- the employer puts in place adequate safeguards which would confirm that it was the in-bound Expat, and no one else, who had provided the information
- an adequate audit trail is maintained and is available to HMRC in support of any future query or compliance visit.

We are keen to ensure that this new form is not used by employers who are employing migrant workers. We do not, therefore, intend to make the paper form available from the Employer Orderline. Employers will be able to get the paper form as a download from our website or by using the link which will be provided in the *Employer Further Guide to PAYE and NICs CWG2*.

General guidance for employers will be provided in the September 2008 edition of the *Employer Bulletin* and the detail will be included in the CWG2 2009, which will be included on the Employer CD ROM.

4. Other Information

4.1 Forms P11 & P14/P60 for 2008-09

The following forms are now available to order from the Employer Orderline:

- P11(2008-09)
- P14/P60(Continuous-Portrait)(2008-09)
- P14/P60(Continuous-Landscape)(2008-09)
- P14/P60(LaserSheet-Portrait)(2008-09)
- P14/P60(LaserSheet-Landscape)(2008-09)
- P60(Single sheet)(2008-09)
- P60(Continuous)(2008-09).

Illustrations of all the above mentioned 2008-09 forms (labelled 'Information only') can be downloaded from our website at www.hmrc.gov.uk/ebu/pnforms.htm

As usual after April 2008 our Customer Information Delivery Team will contact producers of substitute forms P14/P60 to inform them of the changes needed for 2008-09.

4.2 Car benefit changes – April 2008

The CO2 emissions lower threshold is reduced from 140 to 135.

A new '10% band' is 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%.

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.

The car fuel benefit multiplier is increased from £14,400 to £16,900 for 2008-09 onwards.

4.3 Pension Reform

In the January 08 edition of the Notes (Series 11 Number 3 para 5.5) we told you that the introduction of the Upper Accrual Point has been brought forward to 6 April 2009.

We are in the process of updating forms P11, P14 and P60 to incorporate the additional earnings column for NICs. The draft versions of these forms should be available for inclusion in the summer edition of the Notes.

4.4 Student Loans Start and Stop Notices changes April 2008 – a reminder

Information about the legislative changes coming into effect on 6 April 2008 has been published in previous editions of these Notes.

These changes affect when Employers will be required to take action on receipt of Start (SL1) and Stop (SL2) notices and will apply to all notices received 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).

Employers will be required to start and stop deductions on the 'first available' pay day after those dates. By 'first available pay day' we mean the first pay day on which it is actually possible to apply that notice.

We recognise that there may be occasions when this may be difficult to do. For example a payroll may have already been processed and closed when a start or stop notice is received. In this instance employers would not be expected to re-run a payroll but they would be expected to make the change in the next payroll run.

4.5 Additional Maternity Leave – changes to the law on contractual terms of employment

Following changes being made to the Sex Discrimination Act and - later this year - to the Maternity and Parental Leave Regulations, the law on contractual terms of employment during Additional Maternity Leave is due to change in respect of women whose babies are due on or after 5th October 2008.

Please note that this is a change to the date (6 April 2008) given in the February edition of the Employer Bulletin and in other HMRC publications. Further details will be provided on our website and on the Work and Families section of the Department for Business, Enterprise and Regulatory Reform (BERR) website shortly.

Further information about Sex Discrimination Legislation changes can be viewed on the Government Equalities Office website at <http://www.equalities.gov.uk/legislation/index.htm>

4.6 NICs Class 2 and 4 – consultation

HMRC launched a consultation on possible improvements to the processes for collecting National Insurance Contributions (NICs) from the self-employed on 12th March. The consultation document can be viewed at <http://www.hmrc.gov.uk/consultations/index.htm>

Currently there are two separate processes for the collection of the two Classes of NICs paid by the self employed. Class 2 contributions are payable at a weekly rate and are paid either by direct debit or following the issue of a quarterly bill. Class 4 contributions are profit related and paid together with other Self Assessment (SA) liabilities.

The consultation document considers how the processes might be more closely aligned and whether this would improve individuals' understanding of their liabilities and reduce their administration costs. Specific options include, notifying Class 2 arrears within SA statements, making changes to the Class 2 liability periods to align them with significant SA dates and applying interest charges to late paid Class 2 contributions on a similar basis to that for Class 4.

We are actively seeking views from all potential stakeholders throughout the consultation period. The consultation closes on 6 June 2008 and details about how to contact us are included in the consultation document. We look forward to hearing your views.

5 Next issue of these Notes

The next edition of these Notes is scheduled mid-summer 2008.

6 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 hold an email account & currently receive the 'notes' mailing by post we recommend that you change to the email option. You can do this by sending details of your email address and company name to hmrcnotes@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 hmrcnotes@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 phone the number quoted for more information.

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>
phone	0845 60 55 999 (opening times - 8am to 8pm, 7 days a week)
fax	0845 366 7828
minicom	0845 366 7805

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

Other useful contacts

Software Developers requiring help and advice about the development of payroll software for online submissions should contact the Software Developer Support Team (SDST) by email at: sdsteam@hmrc.gsi.gov.uk or phone **01274 534666**.

Employers requiring help and advice about general payroll matters should contact their local HM Revenue & Customs Office or phone the Employer Helpline on **0845 7 143 143**.

Amendments to the Specification for PAYE Tax Table Routines, Version 11 Issued September 2007

The following are the changes to the parameter values to be added to Appendix A of the Specification for PAYE Tax Table Routines, Version 11 Issued September 2007.

Use the first blank column and on each blank page enter the heading "2008/2009" against "Income Tax Years" and "18/05/2008" against "Date from which effective".

New parameter values to be effective from 18 May 2008.

B ₂ – Bandwidth 2	Changed to	36,000
C ₂ – Bandwidth 2 Cumulative	Changed to	36,000
K ₂ – Annual Tax 2 Cumulative	Changed to	7,200

The following are unchanged

B1 – Bandwidth 1	0
C1 – Bandwidth 1 Cumulative	0
K1- Annual Tax 1 Cumulative	0
R1 – Rate 1	10%
R2 – Rate 2	20%
R3 – Rate 3	40%
G – Gpointer	2
M – Maxrate	50.00%

Please complete the "Incorporation of Amendments" sheet at the front of the booklet showing that the amendments in 'Series 11 – Number 4' have been made.

Test Data – 2008-2009, which will take effect on 18 May 2008

The Test Data for each code or each week or month is not intended to relate to one particular person.

CUMULATIVE SUFFIX CODES

(Code 510L)

WEEK NUMBER	GROSS PAY	PAY ADJUSTMENT	TAXABLE PAY	RESULTS PER SPECIFICATION
08	2046.15	786.08	1260.07	252.00
29	3091.22	2849.54	241.68	48.20

MONTH
NUMBER

(Code 560T)

03	2750.00	1402.26	1347.74	269.40
10	21287.75	4674.20	16613.35	3322.60

(Code K255)

05	6023.66	1066.25	7089.91	1417.80*
08	32799.98	1706.00	34505.98	9002.00*

*These are the amounts of tax due to date per the Taxable Pay Tables. The tax due for the pay period would be subject to the Regulatory Limit of 50% of gross pay for the period concerned.

In the above examples the gross pay is the gross pay for PAYE purposes. The figure of pay adjustment and tax calculated is by reference to the manual tables and is the same as the result per the specification.

What you need to know before 18 May 2008

Income tax changes are introduced on 18 May 2008

What you should do before 18 May

First – for every employee make sure you have a P11 *Deductions Working Sheet*, or equivalent record (if you are using a payroll software package, or the Employer CD-ROM to calculate tax deductions).

If you take on a new employee before 18 May 2008, refer to part 5 of the Employer Helpbook, E13, Day-to-day payroll.

Next – make sure you have increased the tax codes for your employees in line with the instructions on form P9X.

Then – apply any tax codes that we send to you on forms P6(T), or online equivalent dated 5 May or earlier.

Finally – put to one side any *Deductions Working Sheets* for employees leaving before 18 May (even if, because of 'lying time', the last wages payment will be made after 17 May). Take no further action with these in connection with this leaflet.

Employees **with** a new electronic notification of coding or form P6(T) dated 6 May 2008

- Use the tax code shown on any P6(T) dated 6 May 2008. (After 6 May 2008 no further tax code notices will be sent until 27 May 2008.)
- Copy the tax code onto the P11 *Deductions Working Sheet* or equivalent record.

Employees **without** a new electronic notification of coding or form P6(T) dated 6 May 2008

- For codes with suffixes L, P, T, V, and Y or a prefix D or K, and codes NT and BR – continue with the code on the P11, *Deductions Working Sheet* or equivalent record.
- Suffixes A and H are no longer in use. If, exceptionally, you have carried forward a code with either of these suffixes, contact your HM Revenue & Customs office immediately.

What you must do on the first pay day after 17 May

Budget changes

Apply Budget changes on the first pay day after 17 May 2008 use

- any Budget-increased tax codes dated 6 May 2008
- the Employer Helpbook, E12(2008)(2), *PAYE and NICs rates and limits for 2008-09* use from 18 May 2008
- the new Taxable Pay Tables, either
 - *Calculator Tables (May 2008)*, or
 - *Tables B to D (May 2008)*.

Revised forms and tables are available on the updated Employer CD-ROM, on the HM Revenue & Customs website or from the Employer Orderline

Destroy

- the earlier version of the Employer Helpbook, E12
- Taxable Pay Tables
 - *Calculator Tables (April 2008)*, and
 - *Tables B to D (April 2008)*

continue to use

- *Pay Adjustment Tables - Tables A* (1993 issue).

The PAYE threshold remains **£105** per week (**£453** per month).

The Emergency code remains **543L**.

What you may have to do after 17 May

If you receive a tax code notice dated after 17 May 2008 for any employee use the tax code on the notice from the next pay day in the normal way.

If you use the Employer CD-ROM

If you use the Employer CD-ROM to calculate tax deductions, remember to install the updated version for use from the first pay day after 17 May 2008.

If you use payroll software

If you buy in software make sure that you have an updated 2008-09 program.

If you do your own reprogramming the technical details for 2008-09 are in the November and March issues of our *Notes for Payroll Software Developers*.

These Notes are available on our website at www.hmrc.gov.uk

If you would like to receive notification about future releases of the Notes to our website, please send your request, including your name and address, by email to

hmrnotes@replyservice.co.uk

or you can write to

Notes for Payroll Software Developers

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