



Notes for Payroll Software Developers

SERIES 11 – NUMBER 8

May 2009

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1. Future editions of Notes for Payroll Software Developers

Following customer research, from September 2009 we are making future editions of the 'Notes for Payroll Software Developers' available only on HMRC's website. The option to automatically receive a paper copy of the Notes will be withdrawn from this date.

In addition, from September 2009, we are also withdrawing the option to receive an alert by postcard when a new edition of the Notes is available. Alerts are available by email, so if you wish to receive an email instead, it is important you contact us by return to provide your email contact details. We can then ensure you continue to receive these alerts.

Your organisation's email contact details and company name need to be sent to: hmrnotes@replyservice.co.uk. Please include the text 'change option' in the subject field. Alternatively you can send this information to:

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

If you currently receive email notification alerts when new editions of the Notes are available, you will continue to do so.

2. Income Tax changes affecting PAYE – April 2009 Budget

2.1 Summary of changes

In his Budget statement on 22 April 2009, the Chancellor of the Exchequer re-affirmed the 2009-10 Income Tax allowances, Income Tax rates and Income Tax bandwidths previously announced in his Pre-Budget Report on 24 November 2008.

A reminder of the details for the 2009-10 tax year is as follows:

| | |
|--|--------|
| Personal Allowance | £6,475 |
| Personal Allowance for people aged 65-74 | £9,490 |
| Personal Allowance for people aged 75 and over | £9,640 |
| Married Couple's Allowance (born before 6/4/1935) aged 75 and over | £6,965 |

(These age related allowances are subject to an income limit of £22,900.)

| | |
|--|--------|
| Minimum amount of Married Couple's Allowance | £2,670 |
| Blind Person's Allowance | £1,890 |

The Income Tax rates remain unchanged at:

| | |
|-----------------|-----------------------------|
| Basic Rate 20% | Bandwidth £1 to £37,400 |
| Higher Rate 40% | Bandwidth £37,401 and above |

There are no changes to tax codes as a result of the Budget and the April 2009 versions of Tax Tables and payroll software should continue to be used.

2.2 Specification for PAYE Tax Table Routines

No changes are required to any of the 2009-10 parameter values in the Specification for PAYE Tax Table Routines as detailed in **Annex A** of the December 2008 edition of the Notes for Payroll Software Developers (Series 11, Number 7).

2.3 Future changes announced in the Budget Report on 22 April 2009

The Chancellor announced a number of changes to the proposals given in the Pre-Budget Report on 24 November 2008 which will impact future years:

From 2010-11

- the basic personal allowance will be reduced for people with adjusted net incomes above £100,000. The allowance will be reduced by £1 for every £2 above the limit. This replaces the two stage reduction announced previously. **Note:** Paragraph 9 of Budget Note BN01 provides an explanation of adjusted net income – see below
- there will be a new additional tax rate of 50% which will apply to people with taxable income above £150,000. This change has been brought forward from 2011-12 and replaces the rate of 45% announced previously
- there will be a new income tax rate of 42.5% for dividend income taxable above £150,000.

Information about these changes can be found in the Budget Note BN01 - Additional Rate of Income Tax and Income-Related Reduction of the Personal Allowance from 2010-11 at www.hmrc.gov.uk/budget2009/bn01.pdf.

A supplementary note with examples is available at www.hmrc.gov.uk/budget2009/additional-rate-examples.pdf.

These pages provide an outline of the changes proposed in the Budget which will be subject to legislation in the future. To assist with planning for the 2010-11 tax year, **Annex A** of these Notes provides details of the additional parameter values which will be required in the Specification for PAYE Tax Table Routines to accommodate the additional tax rate.

It is important to note that this is for illustrative purposes only and uses the 2009-10 Income Tax rate and Income Tax bandwidths which may be subject to change. The final 2010-11 parameter values will not be known until later in this tax year.

From 2011-12

In his Pre-Budget Report on 24 November the Chancellor of the Exchequer announced changes to National Insurance which have not been affected by the Budget. A reminder of the changes is as follows:

- the National Insurance Contributions (NICs) primary threshold will be broadly aligned with the Income Tax Personal Allowance
- the main rate of Class 1 NICs will be increased by 0.5% to 11.5%
- the Class 1 employer rate of NICs will be increased by 0.5% to 13.3%. The increased rate will also apply to Class 1A and Class 1B contributions
- the additional rate of Class 1 will be increased by 0.5% to 1.5%.

Further information regarding these intended changes will be published in future editions of the Notes for Payroll Software Developers.

3. Other Budget Proposals - Changes in car benefit in 2011-12

Budget 2009 announced the following changes to car benefit which will take effect from 2011-12:

- the lower threshold (the CO₂ emissions figure which sets the 15% rate) will be reduced to 125 g/km
- the £80,000 price cap for the price of the car will be abolished
- reductions for alternative fuels (hybrids, bi-fuels, E85 etc) will no longer apply
- the diesel supplement will apply to all diesel cars, including those approved to the Euro IV standard and first registered before 1 January 2006
- the 9% appropriate percentage for electric-only cars will be stated in primary legislation, allowing the secondary legislation which currently grants a 6% reduction from the primary figure of 15% to be revoked. This is purely a technical measure; the actual rate will remain at 9%.

This reduces the number of types of car from the current 8 to 3. We hope to provide more details of which letters will be used in the next edition.

4. New PAYE system

4.1 Introducing PAYE improvements

This summer will see the introduction of a new PAYE system that will allow us to improve the service we provide.

The new automated system will transform the way we do business and is a key part of HMRC's plans to create a more professional and efficient department. It will enable us to deliver a faster, more efficient service for individuals and reduce some of the burden placed on employers.

One record

However many jobs or pensions an individual may have, the new system will create one single record of their pay and tax details.

Information about these changes will be published on HMRC's website.

4.2 Temporary service interruption

As a result of the introduction of our new PAYE system some elements of our PAYE service may be temporarily interrupted. Although the vast majority of PAYE customers will have no reason to contact us during this period, some may be inconvenienced but we will do everything we can to minimise any disruption.

We will provide details of interruptions to the service on our website at

<http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal>

5. **PAYE Online Services – Paying by Direct Debit**

Employers who

- use certain HMRC online filing services, or
- attend one of our Employer Talk events around the country, or
- have seen the information provided with their 2009/10 Payslip Booklet or payment letter

will be aware that we now offer customers the option of paying online by Direct Debit.

The first time the employer uses the Direct Debit payment facility they must complete an online Direct Debit Instruction (DDI). This has to be completed at least five bank working days before the first payment is collected.

Once that DDI is in place, it can be reused each month or each quarter to create a Direct Debit payment for the amount due to HMRC. These subsequent Direct Debit payments must be created at least three bank working days before the collection date. With Direct Debit online the employer can set up the Direct Debit payment to collect on a future date as soon as they know the amount they are due to pay.

A Direct Debit payment can be set up by

- going to **www.hmrc.gov.uk**
- selecting **PAYE for Employers** from the **do it online** menu
- logon to the **Welcome to Online Services** page and
- selecting **Direct Debit payment** from the **Main menu**.

More information can be found on our website at www.hmrc.gov.uk/payinghmrc.

Important: A Direct Debit created online will not be visible online for up to 36 hours.

6. **Online Filing: in-year**

6.1 **Reminder about live service validations**

From 6 April 2009 all in-year movements forms submitted over the Internet must be based on the 2009-10 validations and contain the namespace of <http://www.govtalk.gov.uk/taxation/PAYE/MOV/09-10/1>. Inclusion of a valid HMRC mark (IRmark) is also a mandatory requirement for in-year forms submitted after 6 April. Submissions to the live Gateway containing the previous namespace of <http://www.govtalk.gov.uk/taxation/PAYE/MOV/08-09/1> will be rejected with error code 5001. Employers can continue to submit in-year forms for employees who started or left an employment during the previous tax year providing the submission is based on the latest 2009-10 validations.

6.2 **Reminder about data validations for dates for leaving and starting**

We have amended the data item validation rules for both the date of starting and leaving for 2009-10.

The date of starting rules for each form are as follows for 2009-10:

| Date of starting | P45(1) | P45(3) | P46 | P46(Pen) | P46(Expat) (NB. Shown on the actual form as "Date employment in UK started") |
|-------------------------|----------------|--|--|--|--|
| | Not applicable | 1. Mandatory 2. Must be a valid calendar date 3. Must be in the range current date plus 30 days or earlier | 1. Mandatory 2. Must be a valid calendar date 3. Must be in the range current date plus 30 days or earlier | 1. Mandatory 2. Must be a valid calendar date 3. Must be in the range current date plus 30 days or earlier | 1. Mandatory 2. Must be a valid calendar date 3. Must be in the range current date plus 30 days or earlier |

The date of leaving rules for each form for 2009-10 are as follows:

| Date of leaving | P45(1) | P45(3) | P46 | P46(Pen) | P46(Expat) |
|------------------------|---|---|----------------|--|-------------------|
| | 1. Mandatory 2. Must be a valid calendar date 3. Must be in the range current date plus 30 days or earlier 4. Must be in the current tax year minus 6 or later | 1. Mandatory 2. Must be a valid calendar date 3. Must be in the range current date plus 30 days or earlier 4. Must be in the current tax year minus 6 or later | Not applicable | 1. Optional 2. If present must be a valid calendar date 3. If present must be in the range current date plus 30 days or earlier 4. If present must be in the current tax year minus 6 or later 5. If present then previous HMRC office number, previous employer's PAYE reference and tax code at leaving/retirement date must also be present | Not applicable |

These changes have already been published on the HMRC website and must be reflected in any software development you may be undertaking.

6.3 New P45 PDFs

On 17 December 2008 we published a revised technical specification for the form P45(Online), Version 4, following feedback from software developers on previous versions. The revised technical specification can be found on our website at www.hmrc.gov.uk/ebu/ebu_paye_ts.htm.

Please therefore apply any updates at the earliest opportunity to ensure maximum compatibility across the P45 stationery range.

On 13 January we provided updated specifications for the remaining forms P45, and PDF versions of the revised forms can be found on our website at www.hmrc.gov.uk/ebu/pnforms.htm.

Please therefore apply any updates at the earliest opportunity.

6.4 A4 style pre-printed P45 stationery – use of formatting

We have been asked to clarify the formatting differences of some of the field entries required for the A4 style pre-printed P45 stationery.

Gap between tax code boxes on form P45(Manual)

The gap between the boxes at item 6 on form P45(Manual) should be ignored when entering the tax code at leaving. When completing the form employers should left align their entry and start in the first left hand box for this item.

National Insurance Number (NINO) & monetary fields

The Employer Helpbook 'Day-to-day payroll E13 (2009)' provides illustrations for the P45(Manual) but does not elaborate on the 'look' of the other 'pre-printed' versions of the stationery (laser, continuous etc) where some fields are formatted slightly different. The following table illustrates the differences.

| P45 (Manual) | P45 (Laser-Sheet) /P45 (Laser Continuous) / P45 (Continuous) & P45 (Continuous)(E) |
|--|--|
| <ul style="list-style-type: none">• NINO format pre-printed with spaces i.e. AA 12 34 56 A• Monetary boxes decimal point is pre-printed | <ul style="list-style-type: none">• NINO format – can show with or without spaces i.e AA123456A or AA 12 34 56 A• Monetary fields – need to enter decimal point |

6.5 Codes D0 and NT

We advised you in November 2007 edition of the Notes for Payroll Software Developers (Series 11, Number 2, para 2.7, item 5) and the September 2008 edition of the Notes (Series 11, Number 6, para 1.2) that we are changing the routines for codes D0 and NT.

Current procedures are that code D0 should always be operated on a non-cumulative (Week 1/Month 1) basis. Code NT should always be operated on a non-cumulative (Week 1/Month 1) basis unless notified otherwise by HMRC.

From 6 April 2010 codes D0 and NT can be operated on either a cumulative or non-cumulative (Week 1/Month 1) basis. In line with other code notifications, forms P6 or P9 will identify whether an employer must operate codes D0 and NT on a cumulative or non-cumulative (Week 1/Month 1) basis.

For example; Forms P6 and P9 showing:

- code D0 indicates the code should be operated on a cumulative basis
- code D0 Week 1/Month 1 indicates the code should be operated on a non-cumulative basis
- code NT indicates the code should be operated on a cumulative basis
- code NT Week 1/Month 1 indicates the code should be operated on a non-cumulative basis.

Please ensure that products your customers will use from 6 April 2010 comply with the new routines.

6.6 P46(Car)

From 6 April 2009 onwards, form P46(Car) will now only be required when an employee:

- receives their first car,
- no longer has a car, or
- the number of cars available to them changes.

It is no longer a requirement to complete the P46(Car) when an employee's car is replaced. This will significantly reduce the administrative burden of the P46(Car) on employers.

A temporary revised version of the form will be available on our website in time for the first quarter of 2009-10. A new form will be available from 2010-11 onwards.

7. Online Filing: end of year

7.1 Regulations and targeting small employers

Draft amendments to the Income Tax (Pay As You Earn) Regulations have been published for consultation which will run until 3 July. Employers with 50 or more employees are already required to file Annual Returns online. The draft amendments to the regulations specify that employers with fewer than 50 employees must file their 2009-10 Annual Return (P35 and P14) online. This requirement will not apply to an employer who ceases paying PAYE income during the tax year 6 April 2009 to 5 April 2010 and submits the Annual Return and accompanying information by 6 April 2010.

2009/10 Annual Returns must be sent online if the employer either:

- ceases paying PAYE income after 6 April 2010 or
- ceases paying PAYE income during the tax year 6 April 2009 to 5 April 2010 but does not submit the return by 6 April.

The following employers will be exempt from filing online:

- religious groups whose beliefs are incompatible with using electronic communications

- those operating simplified PAYE deduction schemes. A simplified PAYE deduction scheme is a simpler way to operate PAYE on domestic or personal employees if taxable earnings don't exceed £160 a week or £700 a month (2009-10). If their taxable earnings are more than this, employers must operate PAYE in the usual way
- care and support employers.

Care and support employers means an individual who employs a person to provide domestic or personal services at the employer's home where:

- the services are provided to the employer or a member of the employer's family, and
- the person receiving the services suffers from a physical or mental disability, or is elderly or infirm.

The carer or support employer must not have received an incentive payment and must have filed their Annual Return themselves (not by an agent, bureau or any other third party).

We will provide further detail about how employers will have to apply for exemption from filing online in the September issue of the Notes.

Around 60% of employers with fewer than 50 employees have filed either their Annual Return or both their Annual Return and starter and leaver details online. We are grateful for developers continued support in raising awareness of online filing within the payroll community.

7.2 Forms P11 & P14/P60 for 2009-10

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

P11(2009-10)
 P14/P60(Continuous-Portrait)(2009-10)
 P14/P60(Continuous-Landscape)(2009-10)
 P14/P60(LaserSheet Portrait)(2009-10)
 P14/P60(LaserSheet Landscape)(2009-10)
 P60 Single Sheet(2009-10)
 P60 Continuous(2009-10)

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

We have updated the tax year and changed the colour bands on the top copy of all the OCR P14/P60 forms.

We have also altered these forms to include a new column for earnings above the Earnings Threshold (ET) up to and including the Upper Accrual Point (UAP). Further information on the UAP can be found in the June 2008 edition of the Notes for Payroll Software Developers (Series 11, Number 5).

After April 2009 our Customer Information Delivery Team will contact producers of substitute forms P14/P60 to inform them of the changes needed for 2009-10.

8. Developer Test Services

8.1 Payroll Standard Accreditation scheme

Developers with accredited products are reminded that calculation of Statutory Adoption Pay and Statutory Paternity Pay (for adoption) are part of the Payroll Standard requirements with effect from 1 April 2009.

Every accredited product must now be able to pass the tests in Part 3 of our Payroll Test Data documents. More information can be found on our website at www.hmrc.gov.uk/ebu/testdata.htm.

If you have any questions about these tests please get in touch with your usual HMRC Payroll Support Team contacts or alternatively call the Payroll Standard Helpline on **0845 915 9146**.

8.2 Validation rules for P45 and P46 submissions

The validations for submissions over the Internet from 6 April 2009 are published in our technical pack and can be found on our website at www.hmrc.gov.uk/ebu/pay_e_techpack/inyear09-10.htm.

The Third Party Validation Service (TPVS) test environment still supports in-year movements submissions containing the old 2008-09 namespace. We are planning to withdraw support for this version of the validations later in the year.

The validations for Electronic Data Interchange (EDI) submissions from 6 April 2009 are published in Version 6 of the Message Implementation Guidelines (MIG) and can be found on our website at www.hmrc.gov.uk/ebu/ebu_pay_e_ts.htm.

9. Other Information

9.1 Non-cash benefits during Statutory Maternity Leave (SML) and Statutory Adoption Leave (SAL) – Tax and National Insurance Contribution (NIC) consequences

We have provided further guidance on 'Statutory maternity leave – salary sacrifice and non-cash benefits'. The guidance tells you how to deal with tax and NIC issues that can arise if an employee on statutory maternity or adoption leave is provided with non-cash benefits, but not cash earnings. A PDF version of the guidance can be found on our website at www.hmrc.gov.uk/employers/sml-sal-benefits.pdf.

9.2 Centralisation of Inward Expatriate work

We plan to centralise all taxation aspects of inward expatriates and their employers in our Manchester Expatriate office. Following this move:

- there will be no change to your Employer's PAYE reference
- there will be no change to your Accounts Office reference
- all 2009 Self Assessment (SA) tax returns issued in April were issued from, and should be returned to, the Manchester Expatriate office (unless they are filed online, in which case the move to Manchester will have no impact)

- SA records for all 'new starters' notifications received after 16 February will be set up in Manchester. PAYE records will however be set up in the normal PAYE office for this type of employee.

Employers who are not required to file their starter and leaver information online should continue to send all PAYE correspondence to their current Expatriate team until such time as the move is confirmed. There is however one exception relating to the new P46 (Expat) form which will be introduced on 6 April 2009. All paper versions of this new form should be sent to:

Manchester Expatriate Team
3rd Floor
Trinity Bridge House
2 Dearman's Place
Salford
M3 5BG

9.3 Changes in rates of interest

From 1 March 2009 the rate of interest we use to calculate tax on employment-related loans, made on preferential terms, was reduced from 6.25% to 4.75%. As a result of this change, the average rate of interest for 2008-09 is 6.1%.

9.4 The Pensions Act

There are currently an estimated seven million people not providing sufficiently for their retirement. The Government wants to encourage more people to save more – in particular those on moderate or low incomes. The Pensions Act 2008 takes forward these changes.

Workplace pension reforms, arising out of the Pensions Act 2008, will come into force in 2012, and these will include new duties on employers to:

- automatically enrol staff into a qualifying workplace pension scheme, and
- offer a minimum pension contribution equal to 3% of qualifying earnings.

The Pensions Regulator has a new statutory objective to maximise employer compliance with these duties.

Payroll providers and payroll software developers are likely to play a key role in enabling employers to comply with their new responsibilities. We aim to communicate the full requirements for software changes when the legislative details are finalised next year. In the meantime, further information regarding these reforms, including frequently asked questions, is available on our website at

www.thepensionsregulator.gov.uk/aboutUs/pensionsReform.aspx

9.5 Guide for Pension and Annuity payers

We have published a 'Guide for Pension and Annuity payers' which supplements information in the CWG2 'Employer Further Guide to PAYE and NICs'.

The Guide gives detailed information and covers some less common situations that pension/annuity payers may come across. It does not change current procedures which should be reflected in software products. A PDF version of the Guide can be found on the Employer pages of our website at

www.hmrc.gov.uk/employers/pen-annuity-guide.pdf.

9.6 Q&A

Recent queries from payroll representatives

The following Q&As, which have also been published as part of our 'Guide for pension and annuity payers (see para 9.5 of these Notes) provide additional guidance to clarify the position for pension and annuity payers, following the introduction of the new form P46(Pen) in April 2009.

Do I need to tell HMRC if there is an error on a P6 for a pensioner?

There is no existing obligation to report P6 errors for pension recipients – or any other employee. However, it would be helpful if you tell us if you identify an incorrect name, works number etc.

If HMRC issues a cumulative code which disadvantages the pension recipient should I still apply it?

There is no requirement to contact HMRC. However, it would be helpful if you contacted us should you identify an incorrect code number leading to a large repayment or large deduction of tax.

Can I submit a P45 Part 1 with a date of cessation in a previous tax year?

A P45 Part 1 should be submitted on the date the last payment is made or as soon as possible after that date. There is no validation to stop them being issued for the previous tax year (or up to 6 years ago).

I have included incorrect pay or tax figures on a P45 Part 1 I have sent in, what should I do?

You should not send a revised P45 Part 1 if the original is wrong. You should include the correct pay and tax figures on both the P11 and P14. However, it is helpful if you do tell us, as this may help to avoid refunding tax incorrectly to the pension recipient.

When a pension is paid for the first time, and includes several months' payments, what code should I use?

If the back payments are made in the same tax year in which the pension starts, the code should be operated on a Week1/Month 1 basis. You should only allow tax-free pay due for the month in which the payment is made.

If the back payments are made in the following tax year, the code should be operated on a cumulative basis.

For example; pension starts on 6 December at £500 per month

1st payment made 6 March (£500 x 3 months) = £1,500. Use code on a Week 1/Month 1 basis using tax-free pay for March, or

1st payment made 6 May (£500 x 5 months) = £2,500. Use code on a cumulative basis using tax-free pay for May.

Can I put a future date of commencement on forms P45 Part 3 and P46(Pen) or a future date of cessation on form P45 Part 1?

You can include dates on forms P46(Pen), P45 Parts 1 and 3 that are today's date or up to 30 days ahead.

What should I do if the pension recipient hands in form P45 Parts 2 and 3 after I have sent you a P46(Pen) but before HMRC has issued a code?

Check the pay and tax is correct and if it is, include it on the P11. Use the code shown on the form P45 Part 3 on a Week1/Month 1 basis.

If the first pension payment is to be made after 5 April carry forward the code shown on P45 Part 3 to the new tax year. Use the code number on a cumulative basis and apply any uplifts, if appropriate, as instructed on the P9X. You do not need to check the pay and details on the P45 Part 3 or enter them on the P11 in these cases. In general, if, as a pension payer, you are given a P45 Part 3, we would prefer you to send the details to us using P46(Pen). This will help HMRC to identify pension recipients when payments first start.

What should I do if the pension recipient hands in form P45 Parts 2 and 3 after HMRC has issued a code?

If form P45 Parts 2 and 3 are received after HMRC has issued a code, continue to use the code as notified and destroy the forms P45 Parts 2 and 3.

If the pension recipient dies and I send P45 Part 1 online, what should I do with P45 Parts 1A, 2 and 3?

There is no need to prepare or issue P45 Parts 1A, 2 or 3 if P45 Part 1 is sent online.

10. Next issue of these Notes

The next edition of these Notes is scheduled for July 2009.

11. 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 | helpdesk@ir-efile.gov.uk |
| 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**.

The following are the changes to the parameter values which, subject to legislation, will need to be added to Appendix A of the Specification for PAYE Tax Table Routines, Version 11 issued September 2007, to implement the new additional rate of tax announced in the Budget statement on 22 April 09 .

Changes will need to be added in due course (after the Pre-Budget Report later this year) to the next blank column and on each blank page entering the heading "2010-2011" against "Income Tax Years" and "06/04/2010" against "Date from which effective".

New parameter values expected to be effective from 6 April 2010

| | | |
|--|---------------|--|
| B ₁ – Bandwidth 1 | 0 | Unchanged |
| C ₁ – Bandwidth 1 Cumulative | 0 | Unchanged |
| K ₁ – Annual Tax 1 Cumulative | 0 | Unchanged |
| B ₂ – Bandwidth 2 | Present value | 37,400 (subject to change later in the tax year) |
| C ₂ – Bandwidth 2 Cumulative | Present value | 37,400 (subject to change later in the tax year) |
| K ₂ – Annual Tax 2 Cumulative | Present value | 7,480 (subject to change later in the tax year) |

Add the following new parameter values:

| | | |
|--|---|---------|
| B ₃ – Bandwidth 3 | 3rd Rate | 112,600 |
| C ₃ – Bandwidth 3 Cumulative | = B ₁ + B ₂ + B ₃ | 150,000 |
| K ₃ – Annual Tax 3 Cumulative | = B ₁ R ₁ + B ₂ R ₂ + B ₃ R ₃ | 52,520 |

The following as the proposed Tax rates:

| | | |
|-------------------------|-----|-----------|
| R ₁ – Rate 1 | 10% | Unchanged |
| R ₂ – Rate 2 | 20% | Unchanged |
| R ₃ – Rate 3 | 40% | Unchanged |

Add new rate:

| | |
|-------------------------|-----|
| R ₄ – Rate 4 | 50% |
|-------------------------|-----|

The following are unchanged:

| | |
|--------------|--------|
| G – Gpointer | 2 |
| M – Maxrate | 50.00% |