

Inland Revenue Notes For Payroll Software Developers

SERIES 9 - NUMBER 14

November 1999

You will see there is a new name and look to these Notes. Following the merger of the Contributions Agency with Inland Revenue in April this year what were previously known as the Inland Revenue's `Notes On PAYE for Computer Users` and the Contribution Agency's `Summary for Computer users` will now be combined in this single publication. The new name was suggested by users of the publications, following consultation.

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1. Income Tax and National Insurance changes from 6 April 2000

1.1 Income Tax changes

In his Pre Budget report on 9 November 1999, the Chancellor of the Exchequer announced that the income tax personal allowance would be increased in line with indexation to £4,385 from 6 April 2000. The Government has already announced a cut in the basic rate of tax to 22% from next April.

1.2 National Insurance changes

As part of a package of National Insurance reform, designed to improve work incentives for employees and reduce burdens for employers, the starting point for employers National Insurance Contributions (NICs) has been aligned with the income tax personal allowance since April this year. From next April, the starting point for employer NICs therefore becomes £84 per week (£365 per month). Details of all NICs changes for 2000-01 will follow shortly.

1.3 Summary of changes form 6 April 2000

- **the Basic Rate of Income Tax is to be cut by 1% to 22%**
- **the Income Tax Personal Allowance is increased to £4,385**
- **Employer's Earnings Threshold for NICs is increased to £84 per week (£365 per month)**

1.4 Effecting the changes

As part of the Employers' Annual Pack issue in February 2000, employers will receive a new set of Taxable Pay Tables which are required to give effect to the new Basic Rate of tax. These new tables (Taxable Pay tables SR + B to D April 2000 issue) are to be brought into use with effect from 6 April 2000.

There will be a general uplift of codes with suffix "L". Full instructions will be issued to employers on form P9X(2000) which will be issued as part of the Employers' Annual Pack.

As a general rule, unless an amended code notification has been received on form P6(T) (or code list, magnetic tape or cartridge, or via EDI) employers should amend 2000/2001 codes as follows:

"L" suffix code - increase by 5 e.g. code 433L becomes 438L

Other suffix codes and prefix "K" codes will be amended where appropriate by the issue of a form P9(T) (or equivalent).

The PAYE threshold with effect from 6 April 2000 is increased to £84 per week (£365 per month).

The code for emergency use with effect from 6 April 2000 is 438L.

1.5 Computer Specification for PAYE Tax Table Routines

Annex A to these Notes gives the amendments to the April 1993 Specification (Series 9).

Annex B contains some test data which users may find helpful in verifying their new routines operative from 6 April 2000.

2. Other Information

2.1 New All-Employee Share Plan

Main features

A proposed new All-Employee Share Plan will be included in the 2000 Finance Bill and will apply from 6th April 2000. It is designed to be very flexible so that all employees can participate and employers can reward specific employee performance.

Employer/Company Impact

- Companies will get a deduction in computing their taxable profits for the costs of setting up and running the plan, and the market value of free and matching shares used in the plan.
- to encourage smaller businesses to participate, companies can;
 - provide that shares must be offered for sale when employees leave;
 - offer shares with no voting rights;
 - offer shares subject to forfeiture.
- Companies can make the following awards free of tax and national insurance: up to £3,000 of “**free shares**” to all employees. Companies have greater flexibility in the way that rewards employees with free shares in return for reaching performance targets; for example allowing personal, team, or divisional performance to be rewarded.
- Companies can match the “**partnership shares**” with up to 2 free shares for each partnership share bought by the employee – known as “**matching shares**”. These matching shares, up to a maximum of £3000, are in addition to the £3000 of free shares.
- National Insurance and PAYE should be operated in relation to any income tax charge where the shares are readily convertible assets.

Employee Impact

- Employees can buy “**partnership shares**” from their gross monthly salary or weekly wages, within the following limits:
 - maximum allocation of 10% of gross earnings ,with an upper limit of £1,500 each tax year;
 - maximum monthly contribution of £125;
 - minimum monthly contribution not to exceed £10.

- Employers can match the “partnership shares” with up to 2 free shares for each partnership share bought by the employee – known as “**matching shares**” – also tax and national insurance free at that time.
- Employees will not normally be able to withdraw free and matching shares from the plan for 3 years.
- Free and matching shares will be completely free of tax and national insurance if they have been held in the plan for 5 years, and will be liable to tax and national Insurance on their initial value if the shares are withdrawn between years 3 and 5.
- Partnership shares will be subject to tax and national insurance on their market value at the time if employees take them out of the plan in the first 3 years.
- Partnership shares held in the plan after the 3 year point will have tax advantages, with shares becoming completely free of tax and national insurance after 5 years in the plan.
- Any gain in the value of any shares while they remain in the plan will be tax and national insurance free.
- When shares come out of the plan, their market value at that date will form the base cost for any capital gain arising on any subsequent sales.
- Employees have to take their shares out of the plan when they leave employment.
- Free and matching shares may be subject to forfeiture if the employee leaves within 3 years. “Good leavers” – such as those who have left through redundancy, retirement or death will receive favourable tax and national insurance treatment and their plan shares will not be subject to forfeiture.
- Dividends paid on the shares in the plan will be tax-free, up to annual limits, provided they are used to acquire additional shares in the company and held in the plan for 3 years. These shares will be held as “**dividend shares**” and will not affect the entitlement to partnership or matching shares. The annual limits are £500 for the first year, £1000 for the second, and £1500 for each subsequent year.

2.2 The Enterprise Management Investment (EMI) Plan

This new proposed EMI plan will be included in the 2000 Finance Bill and will apply from 6th April 2000. It is designed to be very flexible so that growing companies can offer specially tailored share incentives to help them to recruit and retain key employees.

Type of company

It will be available to small companies – with gross assets of not more than £15 million – whether they have a stock exchange listing or not. These companies must be independent, that means not controlled by another company, and they must be carrying on a trade in the UK.

Key employees

These will be individuals who work for the company for at least 25 hours a week, or if less than 25 hours, for at least 75% of their working time. They must not already own more than 30% of the company's share capital. Apart from this, it is up to the company to decide who is "key".

Maximum amount of options and maximum number of employees

EMI companies can grant options over shares worth up to £100,000 to a maximum of 10 employees. Employees can receive another £100,000 grant, but not until three years after the grant of the previous £100,000.

Tax reliefs

Employees will pay no income tax or national insurance when the option is granted or when they exercise it, as long as:

- They exercise the options within 10 years of the grant; and
- The amount they pay to acquire the shares is the market value of the shares when the option is granted.
- When they sell the shares the amount of Capital Gains Tax they have to pay will be reduced by taper relief. This will be calculated at the business assets taper rate from the date the option is granted, (rather than the normal relief, which runs from the date they acquire the shares). Business assets taper rate applies whether or not the shares are business assets
- Options can be granted with an option exercise price which is less than market value (that is at a discount) and on exercise only the discount is charged to income tax and National Insurance.

Companies will be able to deduct normal running costs associated with providing options for corporation tax, and there will be no employer's National Insurance to pay when their employees exercise market value options.

Administration

Companies will have to notify the Inland Revenue within 30 days of grant if they consider the option qualifies for EMI. Relief is available from Royal Assent of Finance Bill 2000 for options granted after the date.

For further information please contact your Tax Office or visit the Inland Revenue Website at www.inlandrevenue.gov.uk/shareschemes.

2.3 Payroll Support for New Employers

Extra support for new employers running a payroll was announced on 11th November. This will build on the successful introduction of the New Enterprise Support Initiative (NESI) which was launched earlier this year by the Inland Revenue. NESI consists of a dedicated helpline for new employers and a network of locally based business support teams.

2.4 Internet Filing

In the previous edition of 'Notes' we mentioned that the Electronic Business Unit (EBU) will be supporting the forthcoming services for SA and PAYE Forms and Returns to be filed over the Internet. The Chancellor also announced in the previous Budget that the Government intends to offer a discount related to tax returns filed over the Internet, and that further details would be announced in Budget 2000.

- SA Internet Filing

From April 2000 we will start introducing the services that will enable most taxpayers to file their SA returns over the Internet.

- PAYE Internet Filing

This service will be rolled-out during 2000/2001 and beyond.

Employers will be able to file P35s/P14s end of year forms and returns over the Internet by April 2001.

We are also planning to provide for employers to send and receive other forms and returns over the Internet. These may include forms P11D, P9, P6 and P46 (CAR) for example.

- Partnership with Software Developers

Electronic forms and returns will be made available on the Inland Revenue Website. But we are keen to encourage software developers to implement Internet filing capabilities for both SA and PAYE in their own products, as the emphasis for Internet filing will be on the receipt of data that can be processed without manual intervention. Forms and returns will be validated at the Revenue gateway, and those that do not pass the validation checks will be rejected.

To help software developers create successful products we are supporting and participating in a group set up by BASDA to define XML schemas for the SA return and PAYE forms by April 2000. We are releasing the technical specifications and validation rules for SA and PAYE to this BASDA group so XML schemas can be agreed in consultation with software developers. The XML schemas will subsequently be published by BASDA on the Internet.

Software developers interested in working with BASDA on this are welcome to telephone Dennis Keeling of BASDA on 0171 878 1750 or by email at dkeeling@basda.org.

2.5 Changes to Forms P45

From the 6th April 2000

- New program requirements – 2 changes needed
- Scrap any old-style stationery

New Program Requirements

a. Collection of Student Loans

P45 item 5 – a new box for showing that a Student Loan is being repaid. A `Y` should be printed in this box for those employees for whom the employer has received a Student Loan Start Notice, or a P45 (2) with a `Y` in this box at the start of their employment. In all other cases, including where a Student Loan Stop Notice has been received subsequently, the box should be left blank.

b. Scottish Variable Rate

P45 item 6 – revised `Tax code at leaving date` to include space for the Scottish Variable Rate Indicator `S`.

We will not be issuing the Scottish indicator `S` for Scottish tax code numbers until the Scottish Parliament has introduced a resolution introducing a special Scottish rate of tax. This may happen at short notice and so you should make sure your program can cope with this any time after 6th April 2000.

For all P45s printed from 6th April 2000, the following changes should be made:

- A space should be left so that the `S` indicator can be printed at a later date. This space should be 4 characters wide. The `Tax code at leaving date` should then be printed as

345H

- When the Scottish Variable Rate comes into use the code can then be shown as

S 345H

Test packs of the new P45s will be available from the middle of November. If you require a test pack telephone the Employers Orderline on 0845 7 646 646, quoting a PAYE tax reference number and ask for a `2000/2001 P45 Test Pack`, specifying the type (i.e. P45 continuous, P45 laser continuous or P45 laser) and the quantity of forms required. As these packs will be for testing purposes only, and not for supplying next years orders, there will be an order limit.

Old Style Stationery

All old style forms P45 should be scrapped after the 5th April 2000. You must start using the new P45 from the beginning of the year 2000/2001 on 6th April 2000 and can order a supply of these from the Orderline from the beginning of February 2000.

It would be helpful if, when ordering further supplies of the current form P45, you could ensure that you do not order more forms than you will need to see you through to the end of the current tax year.

2.6 Collection of Student Loans (CSL)

This is the position as at today but is dependent on the success of the Regulations which are laid before Parliament on the 25th November 1999.

Definition of Earnings

The definition of earnings that are subject to deduction by employers are the same as that used for Class 1 National Insurance Contributions.

The definition will be made in the Education (Student Loan) Regulations, which are subject to Parliamentary approval. The regulations will make an explicit link to the NIC legislation, so that the definition of earnings for student loan purposes will follow exactly the definition for NIC purposes.

Rounding in Tables

Where a repayment is calculated and includes an amount of pence as well as pounds, the pence are to be ignored.

Annex C of these Notes contains the revised Student Loans Specification.

2.7 Stakeholder Pensions

Government proposals on a new style of pension scheme are currently being considered by Parliament as part of the Welfare Reform and Pensions Bill. Six consultation papers on the detail of the policy have been issued between June and September. When introduced the regulations will require all employers (who are not otherwise exempt – see below) to give their employees access to one of the stakeholder schemes which will be available from pension providers.

a. What are stakeholder pensions?

- Stakeholder pensions will be low cost, affordable pensions intended for five million people, who currently do not have the right options available to save for their retirement.
- Stakeholder pensions will have to meet a number of minimum standards to ensure they offer value for money, flexibility and security.
- It is proposed that stakeholder pensions be available from April 2001.
- The details of stakeholder pensions are still being developed.

b. What will employers have to do for their employees?

- It is proposed in the employer access consultation paper (issued in June) that, by April 2002, employers will have to:
 - designate a stakeholder scheme,
 - provide employees with information about the scheme; and

- make deductions from an employee's salary for his/her pension contributions, if he/she wants it, and pay over the amount to the pension provider. These can be a fixed sum or a percentage of pay. The pension provider will claim tax relief on the amount paid direct from the Inland Revenue.
- c Why will employers have to do this?
- The Government wants to provide easier access to pensions to make the process of finding and choosing a pension less daunting for many people.
 - Employers will be able to provide a straightforward way for employees to join and contribute to a stakeholder pension scheme.
 - Pension provision is important. Many employers already make pension arrangements for staff through occupation pension schemes. It is reasonable to expect others to at least provide access to a good pension scheme.
- d. How will employers designate a scheme?
- It will be for the employer to decide which stakeholder pension scheme to designate. The only criteria will be that they must ensure the scheme is registered with the Occupational Pensions Regulatory Authority (OPRA) and is available to all employees.
 - Employees unhappy with the choice of scheme can choose their own stakeholder scheme, but employers will not be obliged, at least initially, to make payroll deductions in respect of other schemes.
 - Designation does not mean that employers will have to set up a separate scheme for their employees.
- e Which employers will be exempt from designating a stakeholder scheme?
- The consultation proposal suggested that an employer would not have to provide access to a stakeholder pension scheme if he provides a Group Personal Pension for all employees and contributes at a specific level. This issue is still being considered.

The DSS, who are taking the lead on policy issues for stakeholder pensions, are currently considering implications for employers payroll systems and banking arrangements. Further information will be available nearer to the start date.

2.8 Tax Credits – Working Families (WFTC) and Disabled Person's (DPTC)

In the series 9 – number 12 of 'Notes on PAYE for Computer Users' issued in March 1999 we provided you with some more details of the WFTC/DPTC scheme. We are now able to provide you with some further information and amplification on a number of points.

Number Of Awards In A Tax Year

In the penultimate paragraph of 4.1, under the 'Record keeping requirements' heading, we stated that

“ Normally, tax credits are awarded for 26 weeks, so it is possible in any tax year that payments for up to three awards could be made. Payroll systems must provide for this eventuality”

This is in fact correct, but only where there are no 'Stops' and re-starts during the period of employer responsibility. We understand that from a payroll perspective each Start and Stop is treated as an award period and so there could be many more than three 'awards' in any tax year from a payroll standpoint. However, in order to reduce the potential burden this would place on payroll/employers it has been agreed that payroll systems will only need to cater for one Stop and re-start within a 26 week WFTC/DPTC award period. Therefore it is unlikely that payroll systems will need to cater for any more than five 'payroll awards' in any tax year.

Funding requests

In the series 9 – Number 12 issue we stated that a security reference would have to be used whenever an employer made a funding application. However, it has now been decided that a security reference will not be used, but rather the employers will need to quote their Collection reference.

The funding application can be made by post or fax on a provided form (TC 11). In exceptional circumstances the application may be made via telephone (with documentary back up on the TC 11 form, which should be sent to the appropriate Accounts Office as soon as possible after the telephone request has been made).

When making funding applications, employers must ensure that applications are submitted in good time i.e. at least 9 working days before pay day if funds are to be transferred by BACS, or at least 21 working days if a payable order is to be sent.

Substitute Forms

Representations have been made about the use of substitute forms and so as a result it has been decided that we will accept the following substitute forms:

- TC 11 - the funding application form.
- TC 02 - Certificate of Payment form.

Employers that wish to use their own substitute forms should go through the usual Inland Revenue channels to obtain agreement. The Inland Revenue Forms Unit is at the address shown below:

IR Forms Unit,
4th Floor,
Melbourne House,
Aldwych,
London WC2B 4LL

2.9 Scottish Variable Rate (SVR)

Our advice to the payroll software industry is that payroll IT packages should be updated to account for SVR with effect from April 2000. This will put employers in a position to introduce a variable basic rate of tax very quickly if the Scottish Parliament decide they want to introduce a change.

The impact of an SVR will be that where IR have designated a taxpayer to be Scottish and have put the 'S' indicator in front of the tax code, the employer will be required to use tax tables which will include a basic rate table which will be calculated at the Scottish rate - Scottish tables. We have been asked by IT specialists about the handling of Week1 basis code numbers when an 'S' indicator is introduced. Week 1 basis code numbers are non-cumulative and their operation is described in the Employer's Quick Guide to PAYE and NICs - CWG1 Card 9. These guidelines concerning the operation of codes will not change because of the introduction of a variable rate of basic rate income tax.

Where a taxpayer is already on a week 1 basis code which becomes an 'S' code part way through a tax year the employer will start to use the Scottish Tax Tables from the date of the changed code. The employer will not be required to back-date the change to the beginning of the tax year.

Confusion seems to have occurred because when a cumulative code is in operation and an 'S' code is introduced during the year, the use of the Scottish tax tables will automatically adjust the tax payments with effect to the beginning of the relevant tax year.

Payroll Software providers are reminded that the Revenue is implementing, to the original timetable, changes to IT systems to accommodate the Scottish Variable Rate. This means that all 2000/2001 electronic coding notifications (Magnetic Media and Electronic Data Interchange) will include a Scottish indicator field but, for 2000/2001, this field will be left blank.

The specification for Magnetic Media coding notifications is contained in the MT1 booklet and these can be obtained from the local tax offices. The new Scottish indicator field has been inserted at the beginning of the tax code. Software providers should ensure that their software is not affected by this "displacement" of the tax code and is compliant with the new specification.

The specification for Users receiving their coding notices via EDI is contained in the "Message Implementation Guidelines (MIG)" available on the electronic business pages of the Inland Revenue Website at www.inlandrevenue.gov.uk

2.10 Payroll Giving

In his Pre-Budget Report on 9 November the Chancellor, Gordon Brown, announced that the Government will be launching a campaign next summer to promote the Payroll Giving scheme, which provides tax relief for employees who give to charity through the pay packet. The campaign will aim to encourage more employers to offer Payroll Giving to their employees and to encourage more employees to give through the scheme. It is likely to lead to an increase in the number of employers needing to use Payroll Giving functionality in their payroll systems.

As part of the promotional campaign, for every £1 paid to charity through Payroll Giving from 6 April 2000 until 5 April 2003, the Government will pay an additional 10p on top. Payment of the supplement will not affect employers and no changes will be required to payroll software packages.

Also from 6 April 2000, the maximum limit on the amount that employees can give to charity under the Payroll Giving scheme (currently £1,200) will be abolished. This means that any restrictions that payroll packages place on the amount of weekly, monthly or yearly donations should be removed from 6 April 2000 onwards. No further changes are required in connection with payroll giving software at this time.

2.11 Expenses and benefit returns on magnetic media

The EEC1 booklet 'Expenses and Benefits Returns on Magnetic Media – Submission Instructions & Technical Specifications for 1999/2000' has now been produced.

It has recently been issued to all employers and software suppliers who have previously used this method of submission or expressed an interest in using magnetic media.

If you have not received a copy of the booklet and would like one, copies can be obtained from the Electronic Business Unit (EBU) by phone on 01274 534555, fax 01274 534514 or email us at ebu.ops.ir@gtnet.gov.uk. Alternatively, you can order through the Employers Orderline on 0845 7 646 646.

2.12 Employer Electronic Communications (EEC) - Message Implementation Guide (MIG)

Version 3.0 of this specification, which relates to the Electronic Data Interchange (EDI) of certain forms and returns, is now available in the Electronic Business pages of the Inland Revenue Website at: www.inlandrevenue.gov.uk

2.13 Specification for issue of changed code numbers on magnetic media – booklet MT1

The July issue of Computer User Notes advised that the MT1 booklet was being reprinted and would be available shortly. The booklet has now been reprinted and can be obtained from local Tax Offices from 17 November.

2.14 Error in Magnetic Media Specification – CA51/52 1999/2000

Please note that the 1999/2000 issue of CA51/52 Making Year End Returns on Tape or Disc contains an error.

VALIDATION NOTES

Grand Total Record (record type 3)

Page 32, Field Number 2 Validation Rules.

INCORRECT VALIDATION	PLEASE REPLACE WITH THE FOLLOWING TEXT
11numeric characters in the form 00000000000 99999999999 This figure must equal the aggregate of the individual amounts of contributions shown in each of the tax and NI records within the Permit number. (NIC Holiday, ie Category P, and NIC Rebates are debit amounts and should be deducted from the aggregated total NICs	11numeric characters in the form 00000000000 – 99999999999. This figure must equal the aggregate of the individual amounts of contributions shown in each of the tax and NI records within the Permit number. (Excluding NIC Holiday)

Field 2 should contain the aggregate of the individual amounts of contributions shown on the tax and NI records within the Permit number. NIC Holiday and NIC Rebates **MUST NOT** be deducted prior to entering a total.

If you need further information, then please contact :

Maria Riley

Inland Revenue NI Contributions Office

Technical Support Group

Newcastle Upon Tyne

NE98 1ZZ

Tel: 0191 225 9646

Fax: 0191 225 7615

2.15 Employers ceasing trade – Forms P35 and P14

From April 2000 employers ceasing in business will receive a current year form P35, i.e. the Return will contain fields in which to record Student Loan Deductions and Tax Credit Funding and Payments.

At the same time the ceasing employer will be provided with special codes under which he can request the appropriate forms P14, manual, continuous or laser to accompany the return.

2.16 Employers Bulletin

Back copies of the Employers Bulletin can be ordered by calling the Employers Orderline on 0845 7 646 646 or may be downloaded from the Inland Revenue Website www.inlandrevenue.gov.uk.

2.17 Electronic Business – information on the IR Website

You can now access our Electronic Business pages on the Inland Revenue Website for information on :

- Existing Services - details of the current electronic services available to employers, contractors and agents.
- Forthcoming Events - a diary of conferences, seminars and exhibitions where electronic business will be represented.
- Future Developments - news on any developments in the electronic business area.
- Technical Specifications - access to some of the technical specifications for our electronic services.
- Contact Points - details where further information on electronic business can be obtained.

The Inland Revenue Website address is www.inlandrevenue.gov.uk

2.18 Next issue of the Notes

The next issue of these Notes is scheduled for December 1999.

2.19 Mailing List for these “Notes”

Requests to be included on (or deleted from) the mailing list and, notifications of address changes should be put in writing and sent to “**Inland Revenue Notes For Payroll Software Developers**”, PO Box 1460, Bristol, BS99 3NW.

Addresses for enquiries concerning the “Notes”

Any query you have about the contents of the “Specification” or the “Inland Revenue Notes For Payroll Software Developers” should be made to the Electronic Business Unit, Crown House, Victoria Street, Shipley, West Yorkshire BD17 7TW. Telephone 01274 534555 or fax 01274 534554 or e-mail at ebu.ops.ir@gtnet.gov.uk.

General PAYE enquiries should be directed to your PAYE Tax Office or to the Employer’s Helpline whose number is 0345 143 143.

2.20 Feedback

Feedback upon the new style of the notes should be directed to EBU at Electronic Business Unit, Crown House, Victoria Street, Shipley, West Yorkshire BD17 7TW or you can telephone 01274 534555, fax 01274 534514 or email at ebu.comms.ir@gtnet.gov.uk. **But please note that EBU cannot deal with change of mailing address information, which should be directed to PO Box 1460 as detailed above.**

This is the seventh set of amendments to the Inland Revenue's "Computer Specification for PAYE Tax Table Routines - April 1993 Edition".

APPENDIX A of the "Specification"

The following values should be inserted.

Use the first blank column and on each blank page enter the heading "2000/2001" against "Income Tax Years" and "6/4/2000" against "Date from which effective".

Symbol	Value £
B1	1500
B2	26500
C1	1500
C2	28000
K1	150.00
K2	5980.00
R1	10.00%
R2	22.00%
R3	40.00%
G	2
M	50.00%

Please complete the "Incorporation of Amendments" sheet at the front of the booklet showing that the amendments in "Series 9 - Number 14" have been made.

TEST DATA – 2000/2001, WHICH WILL TAKE EFFECT ON 6 APRIL 2000

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

CUMULATIVE SUFFIX CODES

(Code 438L)

WEEK NUMBER	GROSS PAY	PAY ADJUSTMENT	TAXABLE PAY	RESULTS PER SPECIFICATION
4	1248.00	337.64	910.36	186.35
29	2899.89	2447.89	452.00	45.20

MONTH NUMBER

(Code 319T)

4	12515.75	1066.36	11449.39	2839.59
10	9141.40	2665.90	6475.50	1274.50

(Code K255)

5	6023.66	1066.25	7089.91	1484.58*
8	32799.98	1706.00	34505.98	10321.99*

* 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.

AMENDED - COLLECTION OF STUDENT LOANS (CSL) SPECIFICATION

1. The Routines described in this Specification below make use of two distinct classes of parameters : Annual Constants (shown in **bold** typeface) whose values are supplied by the Inland Revenue, and Weekly Constants (shown in *italics*) derived from them for the payroll run.

2. Annual Constants - definitions **Symbol**

Definition 1 - Annual Threshold for CSL **aT**

Definition 2 - Rate of Student Loan Recovery **R_s**

3. Annual Constants. The values of the Annual Constants are :

aT - 99999
R_s 99.99%

These values will always have to be subject to change but for all practical purposes the maximum values given in the Specification are likely to remain fixed for several years.

4. Weekly/Monthly Constants

Definition 1 :- Threshold (*T_l*) = **aT** x $\frac{N_{pp}}{Z}$

Take the calculations for Definition 1 to 4 decimal places of a pound and then round down, if necessary, to the nearest 1p below.

Having calculated the pay period constants the Routine will pass through the following stage.

5. Calculation of Student Loan Deductible

$$SL = [E_n - T_l] \times R_s$$

Take the calculation to 2 decimal places and then round down the result, if necessary, to the nearest pound below.

Glossary of Symbols

N _{pp}	=	Number of days/weeks/months in this pay period
Z	=	Number of days/weeks/months in the tax year
aT	=	Annual Threshold
R_s	=	Rate of Student Loan Recovery
<i>T_l</i>	=	Pay period threshold
E _n	=	Earnings in pay period liable to student loan deductions
SL	=	Student Loan Deductible