



Talking the talk
Come and meet
the Inland
Revenue experts
See page 7

Support when
you need it
Nationwide BST
network is there
to help you
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Inland
Revenue
Employers CD-ROM 2003

Testing out technology

Improved Employers CD-ROM is
put through its paces **Page 5**

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Welcome

Whether you represent a large employer or a smaller one I hope that you will find plenty of useful information in this issue of the Bulletin. Please let us know what you like about it - and what you don't! - by completing the questionnaire at www.inlandrevenue.gov.uk/employers/questionnaire.htm

There's some up-to-date news about changes coming along. The Chancellor's Pre-Budget Report included some interesting items for employers - we cover that on page 14. And Bulletin gives you more detail about some of the other changes which could affect you shortly, like the new Tax Credits.

However I'm pleased that we've been able to devote a fair bit of this Bulletin to telling you not what you have to do but how you might be able to do it a little more easily. More and more employers are learning how technology can help them with their payroll. We tell you some more on pages 4 and 5 about what's available and what's in the pipeline - and one employer tells us how she has been making sure that our services suit her needs. There are some practical tips on pages 8 and 9 to help you avoid some of the more common mistakes in your year-end returns - a little time spent studying this advice now might save you time answering enquiries and correcting errors later on.

But we know that many of you prefer to get help from Inland Revenue staff. This issue tells you how to book a place at one of the nationwide series of EmployerTalk events which we shall be running this year. Or read on page 11 how two payroll professionals have been making the most of the workshops that our Business Support Teams run.

Don Macarthur
Employer Programme Director

Important information about your Employer's Pack

If you have looked at the covering letter that comes with this *Bulletin* you will see that we are making changes to the information we send you at this time of year. Our research tells us that many employers prefer not to receive a large paper pack, and your letters say the same thing. Quite a few employers tell us that they don't open the pack at all, perhaps because they know that the Internet or the CD-ROM contains all the information that they need – and with the sort of enhancements in the CD-ROM that comes with this *Bulletin* more and more employers will probably be coming to that sort of conclusion. And sending the same paper pack to everyone inevitably means that you get booklets and forms that you don't really need but someone else does, and at the same time you have to order other items that weren't in the pack.

So we're trying a fresh approach this year that we hope

will suit you better. We know which employers ordered stationery from the Orderline last year, and more important we know who didn't – probably because they relied on an agent or found what they needed electronically. We've also used a new technique to try to identify some of the agents who have received too many packs up to now, and would probably prefer fewer copies.

The important thing is to take an early look at what you have been sent today – especially the covering letter. You should then work out whether you need more forms or perhaps paper copies of some of the guidance – or perhaps an extra CD-ROM. If you do need more, let the Orderline know without delay and you should receive it very quickly. If you are not sure, have a look at page 16 of this *Bulletin* and contact one of our Helpline operators who will guide you through and reassure you that you are on the right track.



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Contact numbers at your fingertips

If we are sending you too many packs, CD-ROMs or Bulletins, or you have changed address, please contact the Inland Revenue office that you normally deal with and let them know. Do not write to the address on this page as we cannot amend your records. Thank you.

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February 2003



Going electronic



Elaine Winfield says goodbye to paper

Electronic payments – safe and efficient

There are a number of electronic payment methods and all of them are secure, speedy and efficient. Paying electronically is also convenient and gives you better control over your cashflow. Also, electronic payments update your employer records automatically. The business cost of handling cheques can be up to four times higher. So a switch to electronic business would bring you a number of benefits.

Payment methods

There are five ways of paying electronically:

- Your own bank's Internet service
- Girobank Billpay
- Telephone
- BACS Direct Credit
- CHAPS – this is designed for larger employers.

Of course you can still pay at a bank or Post Office or by post using the payslips in your booklet. But if you do decide to go electronic let us know so that we can stop sending you payslip booklets. You can do this on our website or contact the Accounts Office shown on the front of your booklet.

MORE INFORMATION

Full details about the whole range of electronic payment services are on our website at www.inlandrevenue.gov.uk/howtopay/payee.htm

Electronic Business Case Study

John Crick & Co. is an accountancy practice run in partnership at Paulton, near Bristol. They have over 300 clients and have been in business for 22 years. Elaine Winfield, a partner, looks after the weekly and monthly payroll for around 25 businesses, all dealt with using the Internet service for PAYE.

We spoke to Elaine who told us "Our clients are all over the country. Most of them began in business locally and the ones that have moved away have remained with us as clients, so we know them very well."

What kind of experience has she had so far? "The initial setting up was easy. I found the staff at the Electronic Business Unit (EBU) really helpful and totally

dedicated. There were no real problems. A couple of things needed clarifying but I did this over the phone and it was all sorted out very quickly."

What kind of business does she do with the Revenue? "I do all my PAYE forms over the Internet. I mostly use the Revenue forms, as software providers do not have all the necessary In-Year forms available. I use alternative forms for my Year End Returns and P14 etc."

Do they file their clients' returns using the Internet service for PAYE? "We began setting this up last year. First, we had to get our clients to give us authorisation by signing the form FBI 2, but some of them didn't get the forms back to us in time for electronic filing

for this year. Next year all the returns will be done this way."

Elaine continues "When I submitted my clients' FBI 2 forms some of them were entered differently onto the system. It turned out that they had completed their reference numbers in different ways, some lower case and some upper case. The Revenue's system wouldn't accept all the data submitted. By talking to my contact at EBU we worked through the problem together and realised that the system was, in areas, case-sensitive. EBU have now changed this to accept the reference numbers in different formats. I helped them identify a problem, so I feel it's a two-way working relationship in many ways."



Testing times for the Employer's CD-ROM



How we developed a better product

It was a wet and windy couple of days in Brighton late last year when the Employers Programme asked payroll staff to take a look at the new, improved Employer's CD-ROM. It was still in development but they wanted to hear the views of people who would be using it.

Bulletin went along to watch the sessions and spoke to Lesley Twitchen, a Usability Tester and Advisor from the Revenue's Forms and Information Delivery office. Lesley ran the sessions and told us: "This was the second time we'd spoken to payroll staff. The first round of testing took place earlier in the year after we'd received feedback from the National Opinion Poll (NOP) survey.

"We'd asked NOP to speak to a wide range of employers to find out what they thought of last year's CD-ROM and how we could improve it. We took the findings into account and began making changes. Once we felt it was ready for its first usability testing sessions, we went to Oxford to get local employers and payroll people to try it out.

"At the Oxford sessions our testers told us they liked the changes we'd made so far but wanted the words on the Homepage menu to better reflect what they do in their everyday dealings with us. They also asked us to make the screens clearer and simpler. Finally, they suggested new names for the headings and drop-down menus."

Once the Oxford findings had been taken into account, Lesley went off to Brighton. *Bulletin* watched as Lesley spoke to more payroll people and got them to use the CD-ROM. It was a real eye-opener. All the testers said more or less the same thing – refine the heading names. Otherwise they were quite content with the way it was developing.

So the second round of testing was worth doing? "Absolutely", she said "I came away feeling confident that this year's CD-ROM is far more user-friendly."

Lesley Twitchen (seated right) tests the Employer's CD-ROM for usability in Brighton.



Collection of Student Loans

An employer could be affected by an Income Support Deduction Notice (ISDN) if an employee has returned to work following an industrial dispute.

While on strike, an employee may claim Income Support which may be payable for 15 days after they return to work. Those payments are later recoverable by the employer.

An ISDN should be treated in the same way as Council Tax and Community Charge orders. That is by suspending the deduction of Student Loan repayments while the ISDN is being operated.

What employers should do now

If you are using payroll software then you are probably already applying the new rules.

If you are operating a manual payroll system then you can take account of these changes from now on.

The leaflet *IR59 Collection of Student Loans – A guide for employers* is being amended. In the meantime, if you have any questions call the Employer's Helpline or your Inland Revenue office for help.

Voluntary payment of contributions by employees posted to work abroad

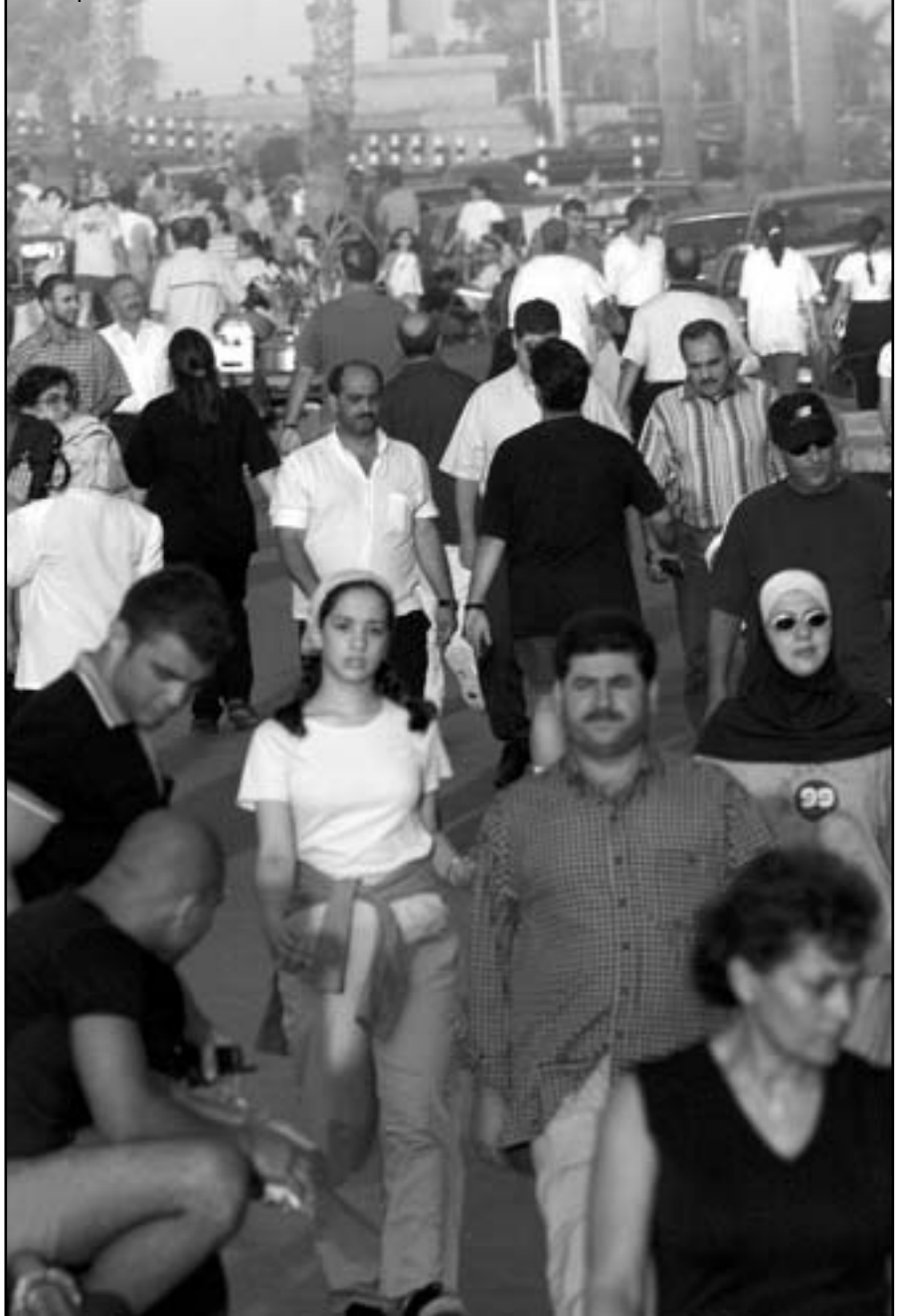
In certain circumstances employees who are posted to work abroad for over 52 weeks have the option to pay either voluntary Class 2 or 3 National Insurance contributions to protect their benefit entitlement.

In the past, our advice has been that these employees could only pay Class 3 contributions. The IR website provides more information to employees who have paid Class 3 voluntary contributions since April 2000 about converting them into voluntary Class 2 contributions, which cost less.

For more information contact NICO on 0845 9 154 811

Employees working abroad

Changes have been made to the way forms E101 are issued. These changes could affect you and your employees if they work for you in an EEA country or in Switzerland. To find out more call the International Services Helpline on 0845 9 154 811.





Right to reply...



EMPLOYER TALK 2003

your chance to meet Inland Revenue experts...face to face

Now in its seventh year, EmployerTalk has become a major success with events taking place across the UK. Key speakers will deliver presentations to provide you with the latest news relevant to Payroll, and in the exhibition area you will have the opportunity to meet our expert advisors on Tax, National Insurance and much more – all in just one morning or afternoon.

By Invitation only, there is no charge for attending any of the events – but as capacity is limited please book your place early – see the information box on the right for contact details for each event.

What people are saying

"An event not to be missed"

– Pay Advice magazine, April 2002

"It's improved and you need to be there. All in all it's an event not to be missed – and best of all it's free" – IPPM Pay magazine

"Staff very professional, well presented and extremely friendly which came as a great shock!" – Newport Employer

"Excellent, easy to understand and very entertaining." – York customer

"We are going to sign up for the Internet services this week" – Employer, Birmingham

A full list of events is...

Tues 25th February

Birmingham, National Motorcycle Museum

Janet Wilkes Tel: 0121-535 6823

Marie Gibbs Tel: 0121-535 6578

Thurs 27th February

London, Wembley Conference Centre

Colin Thompson

Tel: 0207-667 4669

Jane Black Tel: 0208-548 7682

Tues 18th March

Harrogate, The Pavilions

Linda Plummer

Tel: 01274-205258

Matthew Hicks

Tel: 01274-204656

Thurs 20th March

Newcastle, Marriott Gosforth Park Hotel

Dot Turnbull Tel: 0191-2396521

Ken Sproson Tel: 0151-2428425

Tues 25th March

Manchester, New Century House

Gillian Shaw Tel: 01204-367741

Ken Sproson Tel: 0151-2428425

Weds 26th March pm

Chorley, Park Hall Hotel

Thurs 27th March am

Chorley, Park Hall Hotel

Gillian Shaw Tel: 01204-367741

Ken Sproson Tel: 0151-2428425

Weds 4th June

Belfast, Temple Patrick

Ian Patterson

Tel: 02890-939754

Jackie Heron

Tel: 02890-505709

Etain Fitzpatrick

Tel: 02890-939752

Thurs 19th June

Crawley, Hawth Theatre

Alan Brundle

Tel: 07799-340738

Tues 1st July

Newport, Celtic Manor Hotel

Huw Jones Tel: 02920-326721

Ted Wise Tel: 02920-326661

Helen Burr Tel: 01633-261673

Tues 2nd September

Glasgow, Royal Concert Hall

Anne-Marie McNab

Tel: 0131-4734096

Weds 11th September

Plymouth, Plymouth Pavilions

Sharon Cox Tel: 01752-209636

Wed 8th October

Nottingham, East Midlands conference centre

Lisa Hall Tel: 0115-9741365

Susan Birchnall

Tel: 0115-9741390

Brenda King Tel: 01773-523187

You can also find more details on the Internet at

www.inlandrevenue.gov.uk and on the CD ROM enclosed with this Bulletin.



The 5th of April is coming

As the end of the tax year approaches, you will need to start thinking about completing your End of Year Returns, particularly forms P14 and P35. This can be a difficult and time-consuming task, but support and guidance is available which help you get it right first time. You will also find it easier to avoid simple mistakes if you use accredited payroll software or electronic validation rather than just relying on paper completion.

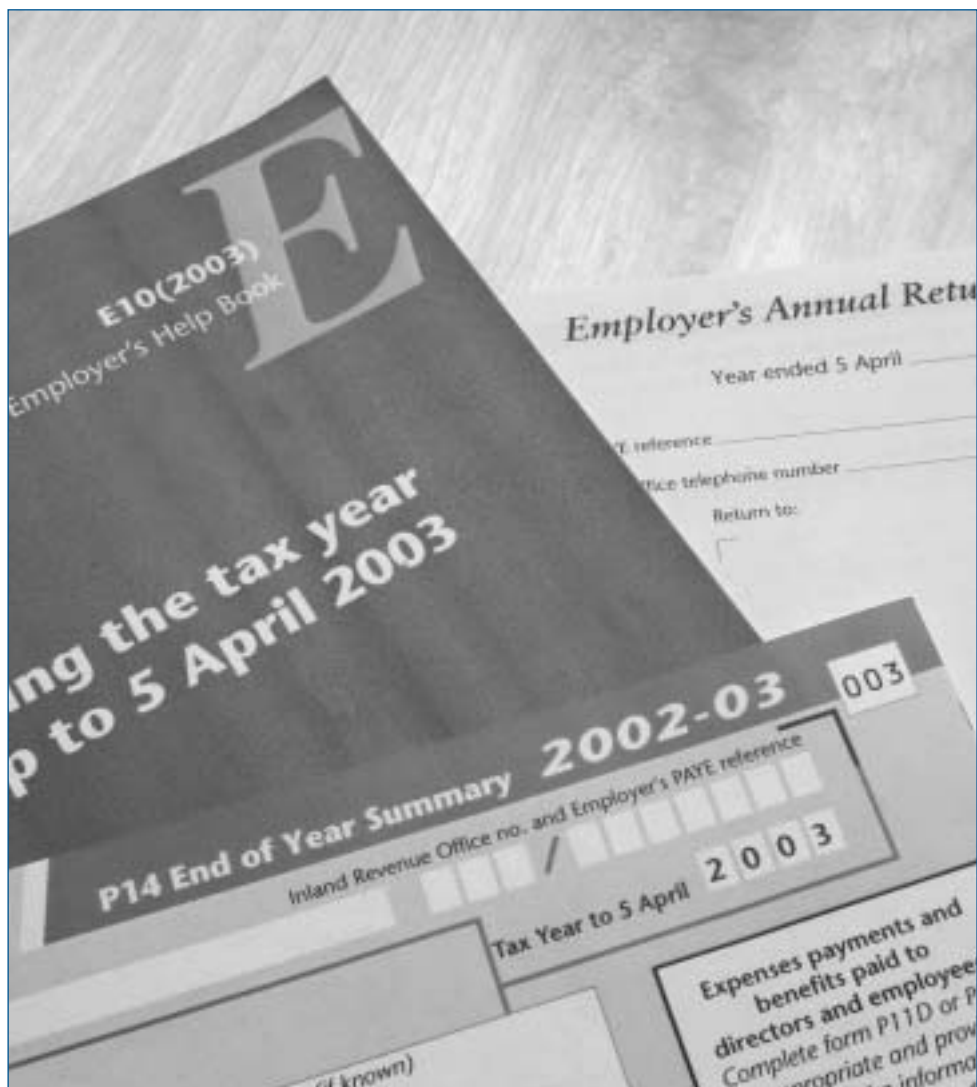
Getting the forms right is important because:

- It saves you (and us) time and hassle having to deal with follow-up enquiries
- Your employees will get a quicker response if they need to reclaim overpayments of tax and National Insurance contributions (NICs), which depend on us processing and forwarding information promptly
- It helps us update your employees' NI records more quickly to speed up payments of pensions and benefits
- It ensures that the information needed by pension providers is correct and up to date.

Avoiding mistakes

The vast majority of mistakes are made on individual P14s – but errors on the P35 are quite commonplace too. Have a look at the panel on the right which shows some of the more common errors – and offers guidance on how to avoid them. You can get off on the right foot by making sure that:

- You use the 2002-2003 version of form P14. You can see an example of this form in the Employer's Pack for 2003. And if you use payroll software to produce P14s, make sure it has been upgraded so that it reflects the 2002-2003 format



- You follow the guidance in Help Book E10(2003), *Finishing the tax year up to 5 April 2003*. The E10 will guide you through completion of forms P14 and P35, helping you to avoid pitfalls
- If your P35 and P14s are paper, you send them all in together to your Inland Revenue office.

Help and support

If you feel you need more 'hands-on' support, until April our Business Support Teams (BSTs) are running workshops designed to help employers and payroll staff get their End of Year

Returns right. The Business Advisors can coach you in how to total your P11s, transfer the information to the P14s and complete a P35 – along with all the other things you need to do at the end of the tax year.

If you can't go to one of their workshops, BSTs can come to your business premises to give face-to-face consultations. To find details of your local BSTs see our article on page 11.

...and so is the 6th!

As well as making sure you use the right form P14 for the 2002-2003 tax year, it's equally important that you start using the

new version of form P11 – the Deductions Working Sheet – which comes into use on 6th April. Alternatively, if you use payroll software, you should ensure that it has been updated to reflect the changes outlined below.

Form P11 2003-2004

We've made changes to form P11 because from April 2003:

- Employers will have to record and report the new Statutory Payments – Statutory Paternity Pay and Statutory Adoption Pay. Two new columns have been added to the

P11 to allow for this.

- Employers who operate contracted-out occupational pension schemes will no longer need to report details of employee and employer NIC rebates. These columns have been removed. Instead, the NICs to be recorded and reported will be the amounts due following offset of the NIC rebates. Because these columns have been removed, it may be necessary to record negative amounts of NICs; you can do this by using an 'R' indicator on form P11.

- You can see an example of the P11 for 2003-2004 in the Employer's Pack for 2003; please make sure you're using a form – or software – which matches this format.

Other changes

As well as the changes above which affect the recording and reporting of NICs and Statutory Payments, April 2003 also sees the introduction of changes to Class 1 NICs arising out of last year's Budget. It is very important that you read the information about these changes in the Employer's Pack.

Some of the more common errors on End of Year Returns

Errors – How to avoid them

■ The wrong version of form P14 is used

- Check the example shown in the Employer's Pack for 2003.
- If you're using payroll software, make sure it matches the 2002-2003 format.

■ National Insurance number missing or incorrect

- This should be taken from the front of form P11.
- It must be two letters, six numbers, followed by one letter (for example, AB123456C).
- For advice on tracing NI numbers, see Help Book E13, *Day-to-Day Payroll in the Employer's Pack for 2003*.

■ Where Tax Credits need to be entered on forms P35 & P14 – Employer Reference for forms P35 & P14 not match that shown on Tax Credit Notifications TC01/TC03

- Where the Tax Credit notification shows a different employer reference, phone the Employer's Helpline on – 08457 143 143
- Enter on forms P35 & P14 the Employer reference for the payroll under which you pay the Tax Credits

■ Details of the employee's earnings and NICs not recorded correctly in columns 1a to 1e

- Copy these amounts carefully from the End of Year Summary section of form P11(2002)

■ Wrong or incorrect NI category letter recorded

- Copy this from the End of Year Summary section of form P11(2002)
- Further guidance on finding the right category letter for a particular employee is in the National Insurance tables
- Don't use the employee's tax code instead!

■ Employer's Contracted-out Number not recorded on form P35

- You must enter this on form P35 if you operated a pension scheme that was contracted-out of the State Earnings Related Pension Scheme (SERPS)

■ Scheme Contracted-out Number not recorded on form P14

- You must enter this on form P14 if the employee was a member of a contracted-out Money Purchase (COMP) or COMP Stakeholder scheme that you operated. Don't insert it if the employee was part of a contracted-out Salary Related (COSR) scheme
- Both the ECON and the SCON can be found on your Contracting-out Certificate

This is not a complete list. All of these errors can be avoided by following the comprehensive guidance in Help Book E10(2003), Finishing the tax year up to 5 April 2003. A copy is included in your Employer's CD-ROM and Employer's Pack for 2003.



Key dates for employers

We've listened to your views and will no longer be printing an Employer's Planner. Instead, we'll give you all the key employer events and issues as a regular feature of Employer's Bulletin. Here's the first set of dates/events to take you through the next few months.

February 2003

Reminder – Register to use the PAYE Internet service – to enable you to send your end of year returns on line.

■ **February 19**

- Payment for month ended 5 February should reach the Accounts Office by this date.

■ **February 25**

- EmployerTalk event – Birmingham Motor Cycle Museum

■ **February 27**

- EmployerTalk event – London, Wembley

Expect:

- Updated software/instructions from your provider if you use a payroll package

See this issue of *Bulletin* for details.

March 2003

Reminder – Register to use the PAYE Internet service – to enable you to send your end of year returns on line.

■ **March 19**

- Payment for month ended 5 March should reach the Accounts Office by this date

■ **March 18**

- EmployerTalk event – Harrogate

■ **March 20**

- EmployerTalk event – Newcastle upon Tyne

■ **March 25**

- EmployerTalk event – Manchester

■ **March 26/27**

- EmployerTalk event – Chorley
(see article on page 7 for full details of all EmployerTalk 2003 events)

Expect:

- your Contracted-out NICs tables (only if you operate a pension scheme that is contracted out of SERPS)
- PAYE code changes for the new tax year (starting 6 April 2003)
- your end of year return form P35 for the year about to end (2002-2003)
- any last minute PAYE code changes on forms P9
- your Payslip booklet for the new tax year starting 6 April 2003, if you have not chosen to pay electronically
- Familiarise yourself with any changes in procedures, rates, forms and the like ready for the new year. Make sure you have all the new stationery you need to finish one year and start the next. Your Employer's CD-ROM and Employer's Pack will help, as well as articles in this issue of *Bulletin*

April 2003

Remember – if you want to use the Internet service for PAYE end of year returns, in order to send the following forms P35, P14 and P38a **by the deadline** of 19 May, register **NOW** as you will need to allow plenty of time to receive your user ID through the post

■ **April 6**

- Check you have covered everything on the change of PAYE codes detailed on form P9X

■ **April 19**

Payment for month/quarter ended 5 April should reach the Accounts Office by this date

Expect:

- Your form P11D(b) to enable you to account for any Class 1A NICs due in July
- Your payslip to enable you to pay Class 1A NICs in July

Budget 2003

At the time of going to print the date of the Chancellor's budget has not been announced. Exact dates of issue are therefore not yet known but you can expect:

- Employer's Budget pack and updated CD-ROM
- PAYE code changes as a result of the Budget
- Updated software/instructions from your provider if you use a payroll package

Nationwide support for your business

We have Business Support Teams (BSTs) in all areas of the country. They make no charge for their services. Our specially trained Business Advisors offer help in two ways

- through face-to-face consultations, or
- in workshops on specific topics.

At this time of year, the *End of Year Returns* workshop is very popular. If you would like help with the process for 'ending' the current tax year – what to do, what forms to complete, when to send them in – book a place on a workshop (see information box for details).

To arrange a visit from one of our Business Advisors or to book a place on a workshop

- visit the website
www.inlandrevenue.gov.uk/bst/index/htm
- call 0845 60 70 143 –
Mon to Fri 8am to 8pm, or
weekends 8am to 5pm.



Positive Pay Roll for Donna

Donna Duncan is the Finance Payroll Administrator for a charity called Positive Futures.

The charity supports children and adults with a learning disability. It works throughout Northern Ireland and Donna is based at the Head Office in Bangor.

She deals with all the day-to-day payroll for the organisation's 140 employees.

She has been in her current role for three years but has worked for the charity for much longer. She uses a software package for the payroll.

Donna has already attended a number of Inland Revenue workshops including those on Student Loans and Tax Credits and – on the suggestion of her Manager – decided to build on this knowledge by attending the 'End of Year Return' workshop.

"The Business Advisor, Colwyn Griffiths, who ran the workshop was very, very helpful and I came back from it feeling much more confident" Donna told us. "Colwyn has since visited

Positive Futures and I have called him and the Business Advice Team on a number of other occasions. My last query concerned a student loan calculation and Margarete from the Team really helped by checking out a couple of figures".

Bulletin tracked down Colwyn who told us "My role as a Business Advisor is to educate employers and the newly self-employed. I teach them what the Revenue requires from them in areas such as payroll or Self Assessment and I do this by running different workshops and presentations. I also make one-to-one visits to guide people through the maze of administration. It helps them make sense of it all.

"After the initial contact I continue in a mentoring role. If anyone has a problem they can call me up and I'll talk them through it. It's all about being approachable and strengthening our communication links with the business community. I really enjoy it."

Workshops help Helen

Helen Bradford, a secretary working at the Glenview Private Nursing Home in Portadown, Northern Ireland, is a big fan of the workshops run by the Business Support Team in her area. Helen has attended many of them over the years since she began running the payroll for Glenview as well as its sister nursing home St. Francis, also in Portadown.

"I've always found the workshops beneficial and thoroughly enjoyed them. I think I may have been to all of them now" she told us. "It's nice to communicate with the Revenue staff face to face. Their knowledge is complete and they always explain things in plain English. They pitch them at just the right level for people new to payroll as well as those with a bit of experience."

"In February last year I attended the *End of Year Returns* workshop to see what I could learn about the process before April was upon me" said Helen. "Although I've been doing payroll for twelve years now, I always dreaded the end of year returns. I was hoping I could learn a few things to make it problem-free and I did."

Although Helen now uses software to run the payroll for both homes, she always used to do it manually. "It's good to have that basic knowledge as a foundation, but the software does make it much easier. I always used to have our accountant come in to check the paperwork before I sent it off but the workshops have made me feel confident enough not to have to do that now."

"There is a great support mechanism after the workshops" she added "and it's good to know that I can ring up the Business Advisor and ask questions on matters that I am unsure of. All my enquiries have been dealt with quickly, effectively and in a very helpful and friendly manner."

The most recent workshop Helen attended was on the subject of Tax Credits. "I like to stay ahead and keep my knowledge up to date" she told us.



Where credit

There will be two new tax credits from 6 April 2003 and some streamlining of the way tax credits are paid through the payroll. Here we take a brief look at the new system and tell you about the help that will be on hand.

A direct payment

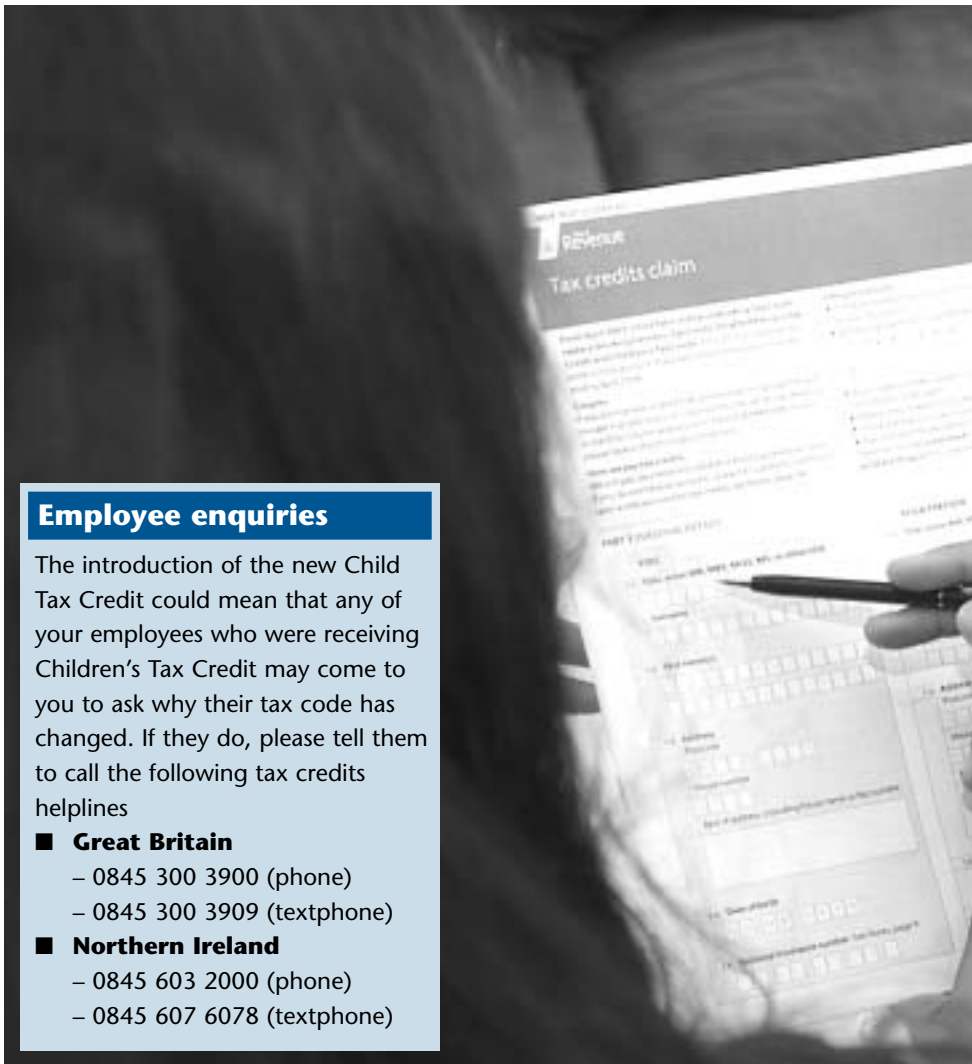
There will be two new tax credits – Child Tax Credit and Working Tax Credit. These replace the Children’s Tax Credit, Working Families’ Tax Credit (WFTC) and Disabled Person’s Tax Credit (DPTC).

Any of your employees who currently receive Children’s Tax Credit through their PAYE code will have to claim the new Child Tax Credit in order to continue to get the support. This will be paid directly into the bank account of the person in the family mainly responsible for looking after the children – often their mother.

The Working Tax Credit will be paid through the payroll.

Existing tax credits

If you’ve received advance tax credit funding for WFTC and DPTC but do not use it by 5 April you won’t be able to carry it forward to the next tax year. You will have to repay any leftovers



Employee enquiries

The introduction of the new Child Tax Credit could mean that any of your employees who were receiving Children’s Tax Credit may come to you to ask why their tax code has changed. If they do, please tell them to call the following tax credits helplines

- **Great Britain**
 - 0845 300 3900 (phone)
 - 0845 300 3909 (textphone)
- **Northern Ireland**
 - 0845 603 2000 (phone)
 - 0845 607 6078 (textphone)

from this funding as part of your P35 end of year reconciliation. You will be able to apply for advance funding to pay Working Tax Credit.

Guidance for employers and payroll staff

A new version of the guidance booklet E6, *Working Tax Credit paid with wages*, is available from the Employer’s Orderline. You can also find it on the Inland Revenue website. You’ll need this guide if we ask you to pay Working Tax Credit to any of your employees.

The E6 has a table summarising the main differences between the old and new systems. The main improvements for employers will be

- no routine earnings enquiries
 - no TC02 (Certificate of Payments) to be completed if an employee receiving tax credit leaves
 - annual tax credit awards, so no more six-monthly stops and starts
 - a simpler procedure for applying to the Revenue for advance funding.
- The E6 also shows you what the new forms look like.

is due...



Do it electronically

Large employers may be interested in using our Electronic Data Interchange (EDI) service. It is aimed at medium to large employers who handle large numbers of forms a year. EDI is an

electronic information flow between an employer and the Revenue. It's speedy and cuts out paperwork. So it's ideal for tax credits data. See our website for more information about electronic services.

- To order a copy of the booklet E6, call the Employer's Orderline on 0845 7 646 646. Or log on at www.inlandrevenue.gov.uk
- If you need general advice on tax credits, call one of our Employer's Helplines – see back page for details.
- For more interactive help, our Business Support Teams are running workshops to help you understand the new tax credits system. See page 11 for full details of how to contact them.

Clearer legislation

Welcome news from the Tax Law Rewrite project, whose purpose is to make the UK's direct tax legislation clearer. It has just introduced the Income Tax (Earnings and Pensions) Bill to Parliament. The Bill should make life easier for people who have to read legislation and is expected to come into force in April.

While this will be good news for many accountants, employers too may benefit from the better structured law which no longer includes archaic language or over-long sentences which can be hard to understand. So, if you do have to delve into the statutes, it shouldn't take as long to understand what you have to do.

Over the coming months, new terms will replace old stuffy language. Examples are "emoluments", which will become "earnings" and "Schedule E", which will be replaced by accurate relevant labels like "employment income", or "pension income" or "social security income", as the case may be.

For more information log on to the website at www.inlandrevenue.gov.uk/rewrite/index.htm

Contracted-out Occupational Pension Schemes

Please remember... If you operate a contracted-out occupational pension, please remember to notify your pension scheme administrator if you adjust the earnings information for any of your employees.



Congestion Charging

The London congestion-charging scheme comes into effect from 17 February 2003. We have received a number of queries asking whether the charge is tax deductible where it is incurred in the course of business travel.

Detailed information is now available on our web-site at www.inlandrevenue.gov.uk/cars. In general terms though, the normal rules on the tax and NICs treatment of employee travel and subsistence apply to congestion charges.

Guidance covering the rules on the tax and NICs treatment of employee travel is available in booklet 490, *Employee Travel – A Tax and NICs Guide for Employers*

Review of van benefits

In Issue 11 of the Bulletin we referred to a review of the tax and NICs charges on employer-provided vans, announced in the 2002 Budget, and promised to give you more details as this develops.

The Government is currently developing proposals for a reform of the tax and NICs treatment of employer-provided vans, and discussing with industry and other key stakeholders how best to achieve this with a view to a formal consultation this year. The review is also concentrating on how to simplify the legislation for shared vans and on the scope for encouraging the use of environmentally friendly vans.



Pre-Budget Report

The Chancellor of the Exchequer announced the following in his report of November 2002

Tax Allowances for 2003-04

The Chancellor has confirmed his Budget 2002 announcement that the income tax personal allowance will be frozen at its current level (£4,615). But, there are increases to age-related allowances and other personal tax allowances for 2003-04.

Tax code changes

All tax code changes for 2003-04 will be notified to you on individual forms P9(T) (or code list, or electronic version). Look out for *Tax codes from April 2003* (form P9X) – on the CD-ROM, in the paper version of the pack, and available from the orderline, which tells you what to do.

You may notice that the new codes you receive for your employees do not

include any ending with the letters A and H. Please note, from April these particular suffix letters are no longer in use. You will receive an amended code notification for any employees who previously had a code ending in the letters A or H.

Review of childcare benefits

The Chancellor announced that the Government is considering improving the tax and National Insurance exemptions on employer-supported childcare, including how they could offer a better incentive to employers to support childcare provision. The Government is currently consulting on how best to improve the range of tax and NICs incentives for employer-supported childcare.

THE SHARE INCENTIVE PLAN – NEW DEVELOPMENTS

The Share Incentive Plan can encourage employees to hold shares in the company they work for.

Changes have been made to enhance the tax advantages of the Plan to encourage employee share ownership and help smaller companies with their succession planning. These are:

- an early corporation tax deduction for companies that give money to a Share Incentive Plan trust to buy its own shares

- exemptions from income tax and capital gains tax to make the transfer of shares to employees easier.

- certainty that employees can act as trustees, if that is what the company and employees want.

The changes will come into effect on 6 April 2003.

For detailed information visit: www.inlandrevenue.gov.uk/shareschemes (for What's New and Employee Share Schemes Act)

Pay-off for charity with Payroll Giving

Giving to charity is worth £6.76 billion each year, but few of us do it regularly at work. You can change that by setting up a Payroll Giving scheme through your payroll.

Payroll Giving allows employees paid through PAYE to support their favourite charities by making donations straight from their pay packet. They can give every month or

make one-off gifts to charity straight from their salary, before tax is deducted.

For example, a basic rate taxpayer, giving a £20 donation will only pay £15.60 from their net pay. It's even better for a higher rate taxpayer, as the same donation will only cost £12.

On top of that, the Government is currently adding 10% to every

donation made through Payroll Giving, so a £20 gift actually becomes £22 for the charity.

To help companies implement and promote Payroll Giving successfully, The Giving Campaign has produced a toolkit, in both CD-ROM and paper format. The Giving Campaign is a partnership between charities and the government to

encourage more giving to charity by the general public.

The toolkit explains how it all works and where to get support.

The toolkit is available free by

- calling 020 7930 3154,
- emailing admin@givingcampaign.org.uk
- or visiting www.givingcampaign.org.uk

New employee with no NINO

Here *Bulletin* takes a look at what you should do if you take on a new employee who does not have a National Insurance Number (NINO).

Employees with no NINO

You can employ someone who has never had a NINO – it is not a legal requirement to have one before someone starts work. But if they don't have one, they must apply for one.

NICs Class 1A returns – a reminder

If you pay expenses or benefits to your employees, you need to make a return of any Class 1A National Insurance contributions (NICs) on form P11D(b). If you need to complete a P11D(b) and haven't received one from us by May, contact your Inland Revenue office, or alternatively the Employer's Orderline (see back page for details).

Please remember..... returns of Class 1A NICs should not be made on forms P14 or P35.

See the employers' guide CWG5(2003) for more information about making returns of Class 1A NICs. Electronic copies can be accessed from the IR website at www.inlandrevenue.gov.uk/employers and the Employer's CD-ROM, or a paper copy is available from the Employer's Orderline.

What you should do first

You should

- Keep a record of their full name (surname and first name(s)), address, date of birth, sex, and
- Tell them to contact their nearest Jobcentre Plus office (Jobcentre Plus is part of the Department for Work and Pensions).

The Jobcentre Plus office will give your employee a date for a face to face interview. This interview is to check your employee's identity before they are given a NINO. They will tell your employee which documents they need to take with them to the interview.

Waiting times for interviews and the time taken to get a NINO have reduced over the past year, but vary across the UK depending on the demand locally.

Jobcentre Plus staff have to make further "back room" checks after the interview. They will then write to your employee to tell them their NINO and will send a NINO card some weeks later. You should ask your employee to let you know their NINO straight away. It is important that you know their NINO because you must record it in your payroll records and, especially on form P14 at the end of the year. This

Changes in rates from April 2003

All the new rates, earnings limits and thresholds (the starting points for paying NICs) for employees and employers NICs will be reflected in the National Insurance Tables for 2003-2004.

For details of the new rates, limits and thresholds have a look at:

- the booklet *PAYE and NICs rates and limits for 2003-2004*, E12, which is on the Employer's CD-ROM and will be in your Employer's Pack
- visit the website at www.inlandrevenue.gov.uk

ensures that contributions paid reach your employee's NI account as quickly as possible. After the interview they should ask Jobcentre Plus for form CA5404 – *Your National Insurance Number*. This form confirms that they have applied for a NINO.

Employers sometimes use documents showing NINOs to confirm that they are not employing someone without the right to work in this country. However, there a number of other ways to do this if someone doesn't have a NINO. Please look at the "Employers Information" section of the Immigration & Nationality website at www.ind.homeoffice.gov.uk if you want to know more.



Helpline

Helpline (telephone advice) **Orderline** (order your forms and guidance)

& Orderline numbers

Calls may be monitored for quality control and training purposes

General payroll matters

for example PAYE, NICs and tax credits

New employers	More experienced employers
<ul style="list-style-type: none"> • Helpline 0845 60 70 143 Mon-Fri 8am-8pm Sat-Sun 8am-5pm • Textphone 0845 602 1380 (for employers who are deaf or hard of hearing) 	<ul style="list-style-type: none"> • Helpline 0845 7 143 143 Mon-Fri 8am-8pm Sat-Sun 8am-5pm • Textphone 0845 602 1380 (for employers who are deaf or hard of hearing)
<ul style="list-style-type: none"> • Orderline 0845 7 646 646 Mon-Fri 8am-8pm, Saturday 10am-1pm • Fax 0870 2 406 406 (Please use your Fax Order Form) • Website www.inlandrevenue.gov.uk/employers/emp-form.htm • most of the forms you'll need can be downloaded from the Employer's CD-ROM 	

Other helplines:

Electronic Business Unit*

Helpline 0845 60 55 999
Mon-Fri 8am-10pm
Sat-Sun 10am-6pm

e-mail
helpdesk@ir-efile.gov.uk

**including technical support for Employer's CD-ROM*

Payroll Standard

Helpline 0845 915 9146
Mon-Fri 9am-4pm

Stakeholder Pensions

Helpline 0845 7 143 143
Mon-Fri 8am-8pm
Sat-Sun 8am-5pm

■ Accounts Office Shipley
01274 530750

■ Accounts Office Cumbernauld
01236 736121

• To find the number of your local Inland Revenue office, look in the phone book under 'Inland Revenue'.

Construction Industry scheme (CIS)

Contractors

Helpline 0845 7 33 55 88
Mon-Fri 8.30am-5pm
Sat-Sun 9am-5pm

Orderline 0845 3000 551
7 days a week 8am-10pm

Sub contractors

Helpline 0845 3000 581
7 days a week 8am-8pm

Orderline 0845 3000 551
7 days a week 8am-10pm

National minimum wage (NMW)

Helpline 0845 6000 678
Mon-Fri 8am-6pm

Orderline 0845 845 0360
7 days a week 24 hours

■ To visit the Employer's Website, go to
www.inlandrevenue.gov.uk

and click on 'Employers'. Here you will be able to access a wide variety of information for employers, and have access to the Internet version of the Employer's Orderline.



NICs: special topics

Contracted-out employments group (COEG)

Helpline & Orderline
0845 9 150 150
Mon-Fri 8am-5pm

International Services

Helpline & Orderline
0845 9 154 811
Mon-Fri 8am-5pm