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Welcome

Another late Budget this year but we held back publication to include any relevant news items for you and these are on pages 16 and 17.

Over recent months I've enjoyed meeting employers and payroll people at the EmployerTalk events where I have been one of the speakers. There are still more dates to come – you can see them on page 7. If one of the events is near you, I hope you will be able to come along. I'd also really like to see you at one of the Electronic Filing conferences that are taking place next month – see the article below for details.

Speaking of things electronic, on pages 8 and 9 we've set out all the major details about e-filing and give the dates for when you need to start making electronic returns. And, on pages 16 & 17 we tell you about a Budget announcement involving electronic payment. For large employers, those with 250 or more employees, e-filing and e-payment is compulsory from next tax year onwards. And the financial incentives for small employers who e-file will also kick in then so don't miss out.

I hope you enjoy reading this issue. Our next will be with you in September.

Don Macarthur

Employer Programme Director

Important information about your End of Year Returns

I'd like to remind you that your End of Year Returns must be in by 19 May (see page 19). Because this issue of *Bulletin* is being mailed out close to the 19 May deadline, I'm sorry if the reminder comes too late for some of you.

Electronic Filing – come and meet the experts

To help employers prepare for electronic filing we would like to invite you to attend one of our three conferences dedicated to Electronic Communication. We have jointly arranged these events with the Institute of Payroll and Pensions Management (IPPM).

Dates:	London	Tuesday 3rd June 2003
	Manchester	Wednesday 11th June 2003
	Birmingham	Thursday 12th June 2003

Our article on pages 8 and 9 explains how you will have to comply with government legislation and time scales for electronic filing – the clock is ticking away. This unique one-day Conference has been specifically prepared to help employers, large and small, decide what they need to do.

At the conferences you will be able to benefit directly from the experiences of people who have already made the move over to Electronic Communications. You can also meet the Revenue's experts.

This Conference is ideal for everyone, from employers with no electronic experience through to those who have already committed to Electronic Interchange but are not yet live.

For larger employers, your payroll and IT staff should attend this conference together so that they can share the knowledge and discuss the best way forward for your business.

For a full programme and booking form visit: **www.ippm.org.uk/conferences**
or telephone: **0121 712 1006**

 = **Must read article**



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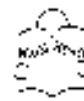
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Handy checklist for End of Year returns

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. Thank you.

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Help is at hand
Contact numbers at your fingertips



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BULLETIN BRIEFING MAY 2003

Work & parents



The changes to Statutory Maternity Pay (SMP) and maternity leave, and the new rights to Statutory Adoption Pay (SAP), adoption leave, Statutory Paternity Pay (SPP) and paternity leave have all been agreed and are now in place.

The rules are set out in two Help Books

- E15 – Pay and time off work for parents
- E16 – Pay and time off work for adoptive parents

Each Help Book has a supplement that sets out the rules for 'special cases'. All the Help Books are on your Employer's CD-ROM or you can order paper copies from the Employer's Orderline. They're also on the web at

www.inlandrevenue.gov.uk/pdfs/emp2003/e15.pdf

Important –

There are a couple of errors in the E15 Help Book. They are on

- page 17 – Step 3 should read "Find the date of the last normal pay day on or before that Saturday"
- page 31 – the first paragraph under the subheading 'mothers' under the heading 'Employee leaves job after the start of the 15th week before week baby due' should read: "It doesn't matter why she left or that she isn't coming back – she is entitled to SMP. See the E15 supplement if she starts work for another employer."

Other help...

Our own Business Advisors run workshops on SMP, SPP and SAP – see page 11 for contact details.

An interactive SMP calculator is available at www.ir-portal.gov.uk/smp and SPP and SAP calculators are being developed.

The Department of Trade and Industry (DTI) provide an interactive internet advice service at www.tiger.gov.uk and also a range of leaflets covering employment law available from DTI Publications on 0870 1502 500 or www.dti.gov.uk/er

Code changes

From April the code suffixes "A" and "H" are no longer in use. You should have received an amended code on form P9 (or equivalent) showing a new suffix. If the code you are using for any of your employees still has an "A" or "H" suffix you should contact your Inland Revenue office.

Tax credits

The new tax credits system is now in place and awards are being made from April onwards. If your employees come to you with queries please ask them to call the following helplines:



Great Britain

- 0845 300 3900 (phone)
- 0845 300 3909 (textphone)

Northern Ireland

- 0845 603 2000 (phone)
- 0845 607 6078 (textphone)

Beneficial Loans

Rate of interest for 2003-2004

The official rate of interest for calculating the cash equivalent of beneficial loans to employees is set to remain at five per cent for 2003-2004. This official rate will continue to apply for the whole of the tax year unless there are any significant changes in mortgage rates.

New business guide

If you are starting, or have just started up, in business you'll need to be aware of the regulations you have to follow to keep the business on the right track.

To help you, a new guide has been produced that, for the first time, sets out in one place all the regulatory requirements.

Presented in a clear, easy to follow format, *'The No-Nonsense*

Guide to Government Rules & Regulations for Setting Up in Business' gives you an overview, along with helpful sign-posts to more detailed information, help and support.

The Guide has been produced by The Small Business Service who have been working together with a number of different government departments to pull it all together.

- To order a copy call: **0845 600 9 006**
- Or visit: **www.businesslink.org**

Duplicate

P60s

for employees



The Revenue has taken a fresh look at its policy on issuing duplicates of the form P60 and it now has no objection to employers giving duplicate P60s to their employees

Employers can do this, for example, where employees have mislaid their original and need evidence of their earnings for the previous tax year. However, any duplicates should be clearly marked with the word "Duplicate".

Wording on the official Revenue version of the P60 will be revised as current stocks of the 2003-04 print get used-up. And we will update our published guidance on this subject as it comes up for revision.

Employers can still give details of an employee's pay and tax on letter-headed paper if they prefer.

How much do you know about payroll? Try answering our twelve questions and test your knowledge.

Test your knowledge with the

Bulletin Quiz...

- | | |
|--|--|
| <input type="checkbox"/> 1. At what level of income do you start to complete a P11 working sheet? | <input type="checkbox"/> 7. When is the latest date for your employee to receive their P60? |
| <input type="checkbox"/> 2. If someone ticks box B on a P46 and their earnings are below the Lower Earnings Limit, what should you do with the P46? | <input type="checkbox"/> 8. Which employees should receive a P60? |
| <input type="checkbox"/> 3. Which form do you complete to get an employee's National Insurance number, when there is no need to complete a form P11 working sheet? | <input type="checkbox"/> 9. Which leaflet explains how to apply for a Dispensation from reporting expenses payments and benefits in kind? |
| <input type="checkbox"/> 4. Your employee leaves. Under what circumstances, do you need to complete box 8 only on form P45? | <input type="checkbox"/> 10. You give your employee a company car. When and how should you notify the Inland Revenue about this? |
| <input type="checkbox"/> 5. What is the deadline date for completing and returning forms P35 and P14, to avoid penalties? | <input type="checkbox"/> 11. Where will you find the current rate of Statutory Sick Pay (SSP)? |
| <input type="checkbox"/> 6. What is the deadline date for returns for expenses and benefits on P11Ds? | <input type="checkbox"/> 12. How many weeks' Statutory Maternity Pay (SMP) is payable for an employee whose baby is born after 6 April 2003? |

See how you did. Turn to p18

Error alert: Booklet 480 (2003)



The current paper version of our booklet 480 – *Expenses and benefits. A tax guide* – has a number of errors in it. The inside front cover states that new or revised material is shown in bold type. Unfortunately, the bold type relates to the 2002 amendments.

A corrected version of the booklet is now on our Budget edition of the Employer's CD-ROM 2003, and our website. The corrected version has green side bars showing the new or revised material.



Right to reply...



EMPLOYER TALK 2003

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



So far, we've run six EmployerTalk events and the feedback has been better than ever. There are six more to come this year, taking place in various parts of the country. If you come along you'll hear all the latest payroll news and find out about our plans for the future. In our exhibition area you will have the chance to meet the Revenue experts face to face and ask them any questions you might have.

We can also show you how the Employer's CD-ROM and our website can help to make your life easier.

Please come and join us

To get an invitation, please call one of the contacts shown on the right. For more details about EmployerTalk 2003, look on our CD-ROM or website.

A full list of events is...

Weds 4th June

BELFAST, Ramada Hotel



Ian Patterson

Tel: 02890 939754



Jackie Heron

Tel: 02890 532476



Philip McNabb

Tel: 02871 305117

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, Glasgow Royal Concert Hall



Anne-Marie McNab

Tel: 0131 473 4096

Thurs 11th September

PLYMOUTH, Plymouth Pavilions



Sharon Cox

Tel: 01752 209636

Weds 8th October

NOTTINGHAM, East Midlands Conference Centre



Deepa Giri

Tel: 0115 974 1365



Susan Birchnall

Tel: 0115 974 1390

You can also find more details on the Internet at www.inlandrevenue.gov.uk and on the Employer's CD-ROM enclosed with this *Bulletin*.



Get with the PROGRAMME

*Work on electronic filing of employer returns continues. Here **Bulletin** answers some of the questions currently on employers' minds.*

Background

The Government wants all employers to realise the benefits of adopting e-business generally. And it believes that encouraging employers to make greater use of new technology, throughout the year, is the best way to help them deal with their payroll tasks.

As part of this, all employers will be required to file their End of Year PAYE returns electronically, either directly or through an intermediary, with financial incentives available to help small employers make this change.

E-filing – what it means

A simple description is that it is sending information from one computer to another using an electronic link. In this case it means you will have to send your End of Year PAYE returns (forms P35 and P14) using:

- the Internet Service for PAYE (suitable for the vast majority of employers and agents) or
- the Electronic Data Interchange (EDI) service (suitable for large employers, typically with thousands of employees) or
- an intermediary, such as a payroll bureau or agent, who will submit End of Year returns on your behalf using one of the above services.

No other formats, such as e-mail, CD-ROM, flexible disk, data cartridge and open reel tape, will be permitted for e-filing.

The e-filing timetable

You can e-file now, everything is in place. But the compulsory e-filing date will depend on the number of employees you have:

Number of employees	First compulsory electronic return	Filing deadline
250 or more	2004-05 End of Year	19th May 2005
Between 50 and 249	2005-06 End of Year	19th May 2006
Fewer than 50	2009-10 End of Year	19th May 2010

The incentives to file early: To encourage small employers (those with fewer than 50 employees) to make the transition from paper to e-filing earlier than the compulsory date, there will be financial incentives available for the following years:

End of year	2004-05	2005-06	2006-07	2007-08	2008-09
Incentive (£)	250	250	150	100	75

Here are the most common questions we've been asked about making that move over to e-filing

Q. Are these changes now law?

A. Yes. If you want to see the detailed draft regulations they are on our Website. Visit www.inlandrevenue.gov.uk/ria/index.htm and click on 'Payroll Services'

Q. How will I know when I am expected to e-file? **A.** This all depends on the number of employees you have. We will tell you well in advance of each tax year what size category you fall into and whether we expect you to e-file. We are planning

to send out the first notifications in autumn this year. We will tell your more about this in our next issue of *Bulletin*.

Q. Will I still be paid an incentive if I use an agent? **A.** Yes, providing all the conditions for e-filing are met, then the financial incentive will be available to you, the employer, whether filing direct or through the services of an intermediary.

Q. To get an incentive payment, do I have to use IR "Payroll Standard" software? **A.** No. Your return will need to meet our published Quality Standard to e-file successfully. One way of achieving this is for you, or your intermediary, to buy IR "Payroll

Making that



So what happens **NOW?**

You need to start preparing now:

- Think about which of the three employer groups you are likely to fall into, and when you have to start e-filing, or what you need to do to qualify for the incentive payments.
- If you use an agent or payroll bureau, find out whether they will be ready to e-file your return on your behalf, and how this will affect you.
- If you already have payroll software, contact your software provider to find out whether it will send forms over the Internet, or by EDI, and the range of electronic messages it will support (P14, P35 and others such as P6 and P9).
- If you do not already have payroll software, start considering your options now. Decide whether to:

- approach an agent or payroll bureau (and check that they will be ready to e-file on time) or
- buy your own software and computer so that you are ready to e-file

There is more information about the compulsory filing of employers' annual returns, including financial incentives available, on our website at <http://www.inlandrevenue.gov.uk/employers/ppip/index.htm>

And if you want to find out more about electronic business and how you can get started, contact our Electronic Business Unit. Details of the website address and telephone numbers are shown on page 20 of *Bulletin*.

change – FAQs

Standard" software because we will have tested that software and be confident that it meets our Quality Standard for e-filing. Alternatively we suggest you check with your software or service provider that their product will be updated to meet the Quality Standard. Only employers that successfully e-file their returns will get the financial incentive payment. The Quality Standards are on the web, visit www.inlandrevenue.gov.uk/ebu/qual_stand_valid_spec.pdf

Q. I don't understand computers – how am I supposed to cope? A. You may want to think about how electronic business could help you

generally when dealing with your customers as well as Government. There is a network of 'UK online' centres that offer access and support in local communities, business and the high street to people who are new to the Internet and other technologies. To find your nearest 'UK online' centre visit www.dfes.gov.uk/ukonlinecentres/centresearch/ But if you are unsure about using computers or just don't want to, you can use an intermediary to do some or all of the payroll tasks for you. Business telephone directories list the names and phone numbers of specialist payroll bureaux and others offering payroll services.

NATIONAL MINIMUM WAGE

New rates announced for NATIONAL MINIMUM WAGE

The current NMW rates...

- The main rate is £4.20 an hour – for workers aged 22 and above
- The development rate is £3.60 an hour – for workers aged 18-21

The NMW rates from 1 October 2003...

- The main rate goes up to £4.50 an hour
- The development rate goes up to £3.80 an hour

The government has announced increases to the rates of the National Minimum Wage (NMW) to take effect from 1 October 2003

Homeworkers

Remember, if you have employees who work at home, or if you contract-out work to individuals who do not work at your premises, you must pay them at least the NMW for every hour they work, even if you have no control over their total number of working hours. This rule also applies to pieceworkers who work at your premises.

Even if the Revenue has agreed that your homeworkers are self-employed for tax and NICs purposes you will usually still have to pay them the minimum wage. If you want more information about what to pay homeworkers please ring the NMW Helpline.

For more about the NMW

Visit the Department of Trade and Industry website at www.tiger.gov.uk or call the Helpline 0845 6000 678 Monday to Friday 8 am to 6 pm (calls charged at local rate).

Keeping records under Corporation Tax Self Assessment

Running a business means that you have to keep records. And the type of records you need to keep depends on the size of your business.

Broadly, your records must:

- be kept for six years from the end of the accounting period. If, at the six-year point, a return is under enquiry, then this period is extended to the end of the enquiry
- include records of all receipts and expenses and, for companies with trades involving dealing with goods, records of sales and purchases.

For more information

- *Tax Bulletin*, Issue 58 – visit www.inlandrevenue.gov.uk/bulletins/index.htm
- 'Keeping Corporation Tax Records' – visit www.inlandrevenue.gov.uk/ctsa/record.htm
- for small incorporated businesses, booklet SA/BK3 'Self Assessment: A guide to keeping records for the Self Employed'
- all companies, booklet CTSA/BK4 'A general guide to Corporation Tax Self Assessment'

You can get both of the booklets from our Leaflets Orderline. Call 0845 9000 404. It's open seven days a week from 8am to 10pm.

Business Support Teams



Spreading THE WORD

George and Jenny certainly have something to shout about. They are Business Advisors in 'Scotland North', an area bigger than Belgium...

Based in Aberdeen, George Carcone and Jenny Coleman (pictured above) are Business Advisors in the 'Scotland North' Business Support Team (BST). Their patch covers an area of 600,000 square miles – that's actually bigger than Belgium.

The BST they work in has a total of seven staff with three colleagues located at Inverness. George looks after employers and Jenny the self-employed, but they are happy to cover for each other.

At this time of the year they are busy helping people complete their P35 End of Year forms and running workshops on the whole process. Jenny told us "As it's a payroll process they only do once a year, some people get a bit rusty and call us up for reassurance that they have done everything correctly. We also get a lot of questions about P11Ds. We are always happy to talk people through it but our other work doesn't stop."

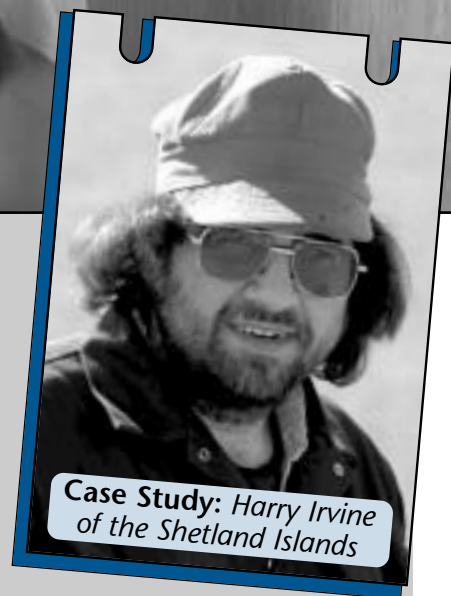
Rewarding: Their other work can involve attending student fairs and exhibitions to answer any queries from delegates. "Our aim is to educate people about payroll, which can be daunting when they first begin dealing with it"

said George, who has been a Business Advisor for over three years. "It's great when you gain their trust so that they feel comfortable enough to just pick up the phone and ask a quick question. That gives me a lot of job satisfaction."

George told *Bulletin* that over 98 per cent of people who have dealt with them go away feeling happier and more confident to deal with their payroll duties.

When *Bulletin* spoke to George and Jenny they were preparing to fly up to Shetland and run a number of workshops "Shetland is the most remote area we cover," said Jenny. "We fly up twice a year and visit clients as well as helping out some of our regulars."

It's obviously a rewarding job working in a Business Support Team. "I've worked in the Revenue for 33 years now," George told us "and this is the most satisfying work I have done. Just the other day I received a letter from an accountant who had attended one of our workshops. In the letter, the accountant said "You are very well versed in your subject and it was nice to have the material presented in a way that 'normal people' can understand", that's a great thing to hear."



Case Study: Harry Irvine of the Shetland Islands

For some people, attending a BST workshop can get addictive. Take, for instance, Harry Irvine who is a welder on the Shetland Islands. Harry has been working for himself for two years now and is thinking about expanding his workload and taking on employees.

Helpful: "I've been to a number of workshops now and always find them really helpful. I started with the one called *Becoming self-employed* and then went to *Self Assessment for the self-employed*. The Business Advisors are excellent and explain everything in simple terms," Harry told *Bulletin*. "I've made a booking to attend a couple more. One for *Paying your employees* and another called *Calculating NIC for Directors*."

Harry is keen to get things right "I've called Jenny a few times and she has helped me out by answering my questions and sending me a few leaflets. She has been a great help to me," he said.



Key dates for employers

May 2003

- **May – Mid**
 - If you need form P11D(b) and have not received one, contact your local Inland Revenue office
- **May – Mid to End**
 - You should register NOW (the deadline is getting close) to use the Internet Service for PAYE in order to send the following forms by the deadline of 6 July: P11D, P11D(b).
- **May 19**
 - Payment for month ended 5 May should reach the Accounts Office by this date
 - Last date for your 2002-2003 end of year forms P14 and P35 to reach your Inland Revenue office
- **May 31**
 - Last date for giving a form P60 to each employee who was working for you at 5 April 2003

June 2003

- **Early June**
 - Expect your coding notifications for your employees whose codes have changed as a result of Budget announcements and also your Budget Pack
- **June 3**
 - Electronic Communication Conference in London (see page 2 for details)
- **June 4**
 - EmployerTalk event – Belfast
- **June 11**
 - Electronic Communication Conference in Manchester (see page 2 for details)
- **June 12**
 - Electronic Communication Conference in Birmingham (see page 2 for details)
- **June 15**
 - Check you have covered everything on the change of PAYE codes detailed on form P7X. Apply any new codes changed as a result of Budget Announcements
 - Use the new June 2003 Tax Tables from the first pay day on or after 15 June
- **June 19**
 - EmployerTalk event – Crawley
- **June 19**
 - Payment for month ended 5 June should reach the Accounts Office by this date
- **June 27**
 - Register NOW (this is your last chance) to use the Internet Service for PAYE to send forms P11D and P11D(b) by the deadline of 6 July.

July 2003

- **July 1**
 - EmployerTalk event – Newport
- **July 5**
 - Last date for agreement of your PAYE Settlement Agreement for 2002-003(if any)
- **July 6**
 - Forms P11D(b), P9D and P11D giving details of benefits and expenses paid for the tax year ended 5 April 2003 to reach the Inland Revenue by this date
 - Last date for giving a copy of the 2002-2003 form P9D/P11D to each relevant employee
 - Last date for any return of Class 1A NICs to reach your Inland Revenue office
- **July 19**
 - Payment for month/quarter ended 5 July should reach the Accounts Office by this date
 - Payment of Class 1A NICs shown as due on your form P11D(b), should reach the Accounts Office
- **July – End**
 - Throw away unused stocks of old forms and any out of date guidance relating to tax year 2002-2003, unless you are subject to IR35 (service companies)
 - Do not throw away your payroll or wages records, as you have to keep them for three years after the end of the tax year they relate to.

August 2003

- **August 2**
 - Forms P46(CAR) for any employee whose car and or fuel benefits has changed in the quarter ended 5 July to reach the Inland Revenue
- **August 19**
 - Payment for month ended 5 August should reach the Accounts Office by this date

September 2003

- **September 2**
 - EmployerTalk event – Glasgow
- **September 11**
 - EmployerTalk event – Plymouth
- **September 19**
 - Payment for month ended 5 September should reach the Accounts Office

Employees from abroad working in the UK

Changes have been made to the PAYE rules affecting employees and short-term visitors coming from abroad to work in the UK. The details are set out in the Employment Procedures (EP) Manual.

You can read a general outline of the rules in Issue 63 of Tax Bulletin.

Employees going abroad to work

Procedures have been revised for employers who need to deduct both foreign tax and PAYE from the earnings of employees sent to work abroad. Again, the details are published in the EP Manual but the general rules are set out in Issue 63 of Tax Bulletin.

MORE INFORMATION

- To see Issue 63 of Tax Bulletin, visit our website at www.inlandrevenue.gov.uk/bulletins
- To see the EP Manual, go to www.inlandrevenue.gov.uk/manuals/epmanual/index.htm

Reporting your Class 1A NICs

Don't forget that if you have provided benefits to your employees that are liable to Class 1A NICs, you will need to complete and return a form P11D(b) Class 1A NICs declaration along with your form P11D.

On the P11D(b) you'll need to show the amount of Class 1A NICs due and send both forms to us by the 6th July following the year in which you provided the benefit.

If you completed any P11D forms last year, even if you didn't have any liability to

Class 1A NICs, we will already have sent you a form P11D(b).

There is a payslip attached to the P11D(b) and your payment must reach us by the 19th July.

- If you can't find your form, please contact your local Inland Revenue office and they will send you another one.



Electronic business

Gwen's

Easy does it: Gwen declares the Internet Service for PAYE a new gain after her first experiences went very smoothly

ELECTRONIC

experience



Gwen Kates has just got her first taste of using the Internet Service for PAYE and found the registration easy to do.

Gwen works for a company called Foundation Group Ltd that specialises in the hotel and leisure industry. It is based in London and has around 1,500 staff on the payroll.

Straightforward:

"The actual procedure for registration and enrolment was straightforward," she told us. "I've received a number of P6s from the Revenue and that's all gone smoothly."

When *Bulletin* spoke to her, Gwen was just setting up her end-of-year return "I've had a few problems with my end-of-year forms but I think the trouble is at our end so I'm getting our IT guy to look into it. Once that's sorted we'll be ready to go."

John Glover of the Electronic Business Unit told

Bulletin "Using the Internet to send and receive forms and returns is ideal for all small to medium size employers and of course it is also open to agents and payroll bureaux.

"There is a wide range and growing number of Inland Revenue accredited software products available so employers will be able to find the product that best meets their needs.

Electronic Data Interchange (EDI), on the other hand, is particularly suitable for larger employers, payroll bureaux or agents with a high number or turnover of employees, typically in the thousands. EDI will make life much easier, for instance, it will reduce the volumes of paper going back and forth."

So where should people start? "Have a look at our site because full information is on there including a list of compatible payroll products."

What people are saying



I'm very impressed with the site – very well done. – PAYE Internet service user

Congratulations on a really good service. – PAYE Internet service user

...whoever invented the on-line End-of-Year PAYE forms THANK YOU in huge amounts... – from a P14 hand-writer (11 years of hand-written P14s)

Our Sefton Area office, on Merseyside, deals with Foundation Group Ltd. Sefton are currently running a pilot aimed at enabling all their large payroll customers (250 or more employees) to improve their payroll operations by filing electronically. Along with other pilots elsewhere, this work should help us see how best to support employers across the country in this important change.

Information

- Log on to our website at www.inlandrevenue.gov.uk/ebu/emp_index.htm
- Call the Electronic Business Helpdesk on **0845 60 55 999**
- Email us at helpdesk@ir-efile.gov.uk

Paying electronically

Payslip Booklets, Cumbernauld Payments & e-Payment

Because a growing number of you are now paying electronically, we are making changes to the way we deal with your payments by post. If you have previously dealt with our Cumbernauld office using your Payslip Booklets to send your cheques by post, from May your printed envelope is addressed to our 'Cumbernauld Dept', Bradford. If you still have a supply of last year's Cumbernauld envelopes please destroy them.

Enquiries

Please contact the office shown on the front cover of your payslip booklet if you have any questions about payment. Although Cumbernauld will no longer be processing payments they continue to deal with payment enquiries.

Switch to electronic

If you want to join the growing number of employers paying electronically please follow the guidance on our website www.inlandrevenue.gov.uk/howtopay/paye.htm

Or see our feature on page 14.

Accurate electronic payments

(for Banks Internet, Telephone and BACS payments)

To ensure your payment is entered on your record accurately and without any delay, please

- pay tax and NICs separately
- use only the 13-character Accounts Office reference and exactly as printed on your Payslip Booklet cover
- prefix the 13-characters with a **P** for your PAYE payment and an **N** for the NIC payment.

Our reference converter at

www.inlandrevenue.gov.uk/howtopay/converter.htm will help you ensure your payment reference is correct.

Note: Some employers have received a letter in place of a payslip booklet. The letter, which explains how to pay electronically, incorrectly shows the year as 2004-05 instead of 2003-04. We apologise for the error. If you still need payslips please let us know and we will send you a payslip booklet.

Payment enquiries – only contact the office shown on your payslip booklet:

Cumbernauld

Telephone: 01236 783717

E-mail: aoc.directpayments@ir.gsi.gov.uk

Shipley

Telephone: 01274 539328

E-mail: bacs.chaps@gtnet.gov.uk

Looking after disabled employees

A new booklet has been produced by the Employers' Forum on Disability which is designed to help small employers.

Entitled *What about Disability? A 'need to know' guide for small businesses*, it gives information on disability and the law, shows how your business can benefit by "getting it right" and advises where to look for further help.

To get a copy, please call the Employers' Forum on Disability on 020 7403 3020 and ask for the Publications Department. Lines are open from 9am to 5pm, Monday to Friday.



Budget round-up

Income Tax Rates

The rates of tax and bandwidths for 2003-2004 are:

Starting rate: 10% – up to £1,960

Basic rate: 22% – £1,961 to £30,500

Higher rate 40% – over £30,500

The Taxable Pay Tables SR + B to D (June 2003) and Calculator Tables (June 2003), which form part of your Budget Pack or Employer's CD-ROM, have been revised to include the new bandwidths. You should begin using

the Tables on the first payday on or after 15 June.

Tax codes

If any of your employees' tax codes need to be amended as a result of the Budget changes, we will send you a form P6 (T) (or code list, or electronic version) for each employee. Full guidance on how to amend the codes is in *Tax codes from 15 June 2003* (form P7X) – on the Employer's CD-ROM, in the paper version of the pack, and available from the Employer's Orderline.

Changes to Employee Share Schemes that may affect payroll

A change has been made to the rules of Company Share Option Plans (CSOP). The change means that if you are operating a share scheme, you will have to apply NICs and tax under PAYE where an employee takes up the right to buy those shares in the company, known as 'exercising the option', early.

An exception to this rule is where an employee leaves the scheme early as a "good leaver". That's someone who leaves the company due to injury, disability, redundancy or retirement.

This change will take effect from 9 April 2003.

Share-based gains

To help employers cope more easily with the April 1% NICs increase, the existing limit on the amount that may be recovered each month from an employee is being abolished. And the period over which recovery may be made is being extended into the following tax year.

All the details

Other changes are being made to CSOPs, SAYE option schemes and Share Incentive Plans (SIP) to make them more flexible for employees and easier to run for employers. They are all set out on our website, visit

www.inlandrevenue.gov.uk/shareschemes/news/index.htm

Pensions Schemes earnings cap

The limit on the level of earnings that may be pensionable under Tax Approved Pension Schemes (often known as the Pensions Scheme Earnings Cap) is increased annually in line with retail prices. For 2003-2004 the limit has been increased to £99,000.

Mandatory electronic payment for large employers

Large employers (those with 250 or more employees) will be required to make their payments electronically from April 2004.

Employers will be able to choose between paying by BACS (Banker's Automated Credit Service) and CHAPS (Clearing House Automated Payments System). At the same time the Inland Revenue will introduce a later due date for electronic payments made by all employers. Full details will be set out in the draft regulations when they are published in June.

If you are affected by this we will be writing to you in Autumn to tell you about your obligation to pay electronically from April 2004, as well

Encouraging flexible working

If you have employees who regularly work at home, you can now meet their additional household costs without it giving rise to a tax charge. This change came into effect on 6 April.

To save on detailed record-keeping, you can pay up to £2 a week (£104 a year) without needing to keep any supporting evidence of the costs incurred by your employee. If you pay more than this, the relief will still be available but you will need to keep supporting evidence of the additional costs the employee has incurred.

These costs can already be met without having to pay NICs on them.

For more details visit

www.inlandrevenue.gov.uk/budget2003/revbn03.htm

or call the Employer's Helpline



as confirming your requirement to submit end of year returns electronically for 2004-05 onwards.

Company car benefits

The company car carbon dioxide (CO₂) lower threshold for 2005-06 will be set at 140 grams per kilometre (g/km), a reduction of 5 g/km from the level in 2004-05.

You can find details of the qualifying levels for earlier years on page 29 of Booklet 480 (2003) *Expenses and benefits – A tax guide*, available on the Employer's CD-ROM, our web site at www.inlandrevenue/pdfs/emp2003/480-03.pdf and from the Employer's Orderline

Van benefits

The government will be formally consulting on proposals to reform the tax and NICs treatment of employer provided vans that are available for private use. The consultation document will be published shortly.

Reform of Construction Industry Scheme

A consultation paper was published in the 2002 Pre-Budget Report, proposing

a major reform of the Construction Industry Scheme. In response, the construction industry has shown broad support for the new proposals and is now invited to work with the Inland Revenue to implement the new scheme in April 2005.

Payroll giving donations

The ten per cent government Supplement, which is added to all Payroll Giving, will be extended for a further 12 months until 5 April 2004. More details about Payroll Giving are on page 15 of *Bulletin*, Issue 13.

Minor changes at a glance

None of these proposed measures will attract a tax or NICs charge and will reduce reporting and record keeping requirements for employers. For more details visit www.inlandrevenue.gov.uk or call the Employer's helpline.

Long service awards

The annual amount payable for long service will be increased from £20 to £50 for each year of service.

Annual parties

The amount allowed for the cost of an annual party will be increased from £75 to £150 per head, per year.

Gifts

The value of a gift received by an employee from a third party (for instance, not the employer) will be raised from £150 to £250.

'Cycle to work' days

There is no longer any limit on the number of 'cycle to work' days on which meals and refreshments can be provided to participating employees.

BULLETIN BRIEFING MAY 2003

It's your shout...

We want to hear from you... We'd like to know what you think of the Employer's CD-ROM 2003, the good and the bad. We begin working on the next version soon so we want to hear from you.



Please let us know. Write to:

Employer Programme Team (CD-ROM)
Employer Unit
Crown House
Victoria Street, Shipley
West Yorkshire
BD17 7TW

www.inlandrevenue.gov.uk/employers/cdrom_questionnaire.htm



Quiz answers

to the questions on page 6

- 1. £77 a week from 6 April 2003. Booklet E13, page 23, and E12, page 2.
- 2. Keep P46 for future use, and keep a record of employee's name, address and amount of pay. Booklet E13, page 23.
- 3. Complete form CA 6855, or send a schedule. Booklet E13, page 24.
- 4. Employee has a week 1/month 1 basis code. Booklet E13, page 26, read Item 7 & Item 8 on the example P45 (1).
- 5. 19 May, see form P35, & Booklet E10, page 2 (and page 19 of this *Bulletin*).
- 6. 6 July – Booklet E10, page 2.
- 7. 31 May – Booklet E10, page 2.
- 8. Only employees who are still employed by you at 5 April. Booklet E10, page 18.
- 9. Leaflet IR69 & Booklet 480, chapter 2.
- 10. Send form P46 (car) within 28 days of the end of each quarter. Booklet CWG2, page 78.
- 11. Booklet E12 & E14, page 11.
- 12. 26 weeks for a baby with an expected date of confinement on, or after, 6 April 2003.

How did you do?

**END OF YEAR RETURNS UPDATE**

Get it
RIGHT  first time...

Help get your 2002-03 End of Year Returns first time with this checklist!

Are you:

1. Gearing up to get your P35 and P14s in by 19 May?
2. Using Helpbook E10 (2003) *Finishing the tax year up to 5 April 2003*?
3. Using the 2002-03 version of the P14...?
4. (...and the 2003-04 version of the P11 to help get next year's P14s spot on)
5. Putting the right National Insurance number on forms P14s?
6. Sending in all paper P14s and P35s together?
7. Asking for help if you need it?
 - Call our Business Support Teams **0845 60 70 143**...
 - or the Employer's Helpline (see back cover of this *Bulletin*)
 - or log-on at www.inlandrevenue.gov.uk/bst/index.htm
8. Doing none of the above!

Your 2002-03 End of Year Returns *must* reach us by

19 MAY

or you could be charged penalties

☞ If you need help visit...

www.inlandrevenue.gov.uk/bst/index.htm

or call our BUSINESS SUPPORT TEAMS on **0845 60 70 143**

or the EMPLOYER'S HELPLINE (see back cover of this *Bulletin*)





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 8am-8pm
Sat-Sun 8am-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/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 Pensions

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

Non-residents

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