



HM Revenue  
& Customs

# Thinking of employing someone?



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## Thinking of employing someone?

When someone begins to work for you, you will become their employer. This booklet provides details of your main payroll responsibilities as an employer. We'll work with you to get your payroll started and support you through any problems you may encounter.

# Employing others

## Who counts as an employee?

An employee can be a full-time or part-time worker, a casual worker or a director.

If someone who works for you says that they are self-employed you must check that this is actually the case. This is because the tax and National Insurance rules for self-employed are different to the rules for employees.

To check whether a person is self-employed you can either:

- use the employment status indicator tool at [www.hmrc.gov.uk/calcs/esi.htm](http://www.hmrc.gov.uk/calcs/esi.htm) or
- phone the New Employer Helpline on 0845 60 70 143 for advice.



# Registering as an employer

When you pay your employee for the first time you must check with HM Revenue & Customs whether you need to operate PAYE and register as an employer with us.

To find out whether you need to register with us either:

- go to [www.hmrc.gov.uk/pay/intro-register.htm](http://www.hmrc.gov.uk/pay/intro-register.htm) or
- phone the New Employer Helpline on 0845 60 70 143.

## Welsh Language Service

## Gwasanaeth Cymraeg

Os am gysylltu â ni drwy gyfrwng y Gymraeg gallwch un ai:

- mynd i'n gwefan yn [www.hmrc.gov.uk/pay/intro-register.htm](http://www.hmrc.gov.uk/pay/intro-register.htm) neu
- ffonio'r Ganolfan Gyswllt Gymraeg ar 0845 302 1489.

## HM Revenue & Customs website

The information provided on our website will help you decide whether you need to register.

If you are required to register, the website tells you the details that you will need to provide and gives you the opportunity to send this information to us by email.

## New Employer Helpline

The Helpline adviser will ask you various questions about your employee including:

- does your employee have another job as well as working for you?
- is your employee in receipt of a state or occupational pension?
- how much you are going to pay them?
- do you provide your employee with benefits in kind? – a 'benefit' is anything that you provide to your employee that is not pay or expenses for example a company car or medical insurance.

Based on the information you have provided the adviser will tell you whether or not you need to register with us.

# Record keeping

If you need to register the adviser will ask you for some more information about your **business**, your **employees** and your **payroll**. Please have the following information ready when you phone:

## Information about your Business

### Sole trader

- business (or trading) name
- name of the owner of the business
- contact telephone number
- business address including the postcode, and
- nature of the business.

### Partnerships

- business (or partnership) name
- business address including the postcode
- contact telephone number
- nature of the business, and
- name, address, National Insurance number and Unique Taxpayer reference number for all business partners.

### Limited companies

- company name
- business address including the postcode
- contact telephone number
- nature of the business
- the company's Registered Office and the Company Registration number, and
- name, address, National Insurance number and Unique Taxpayer reference number for all directors.

## Information about your employees

- the date you took on your first employee
- how many employees you will have
- the date you intend to pay them for the first time, and
- how often you intend to pay them.

## Information about your payroll

- the name, address and telephone number of the person who looks after your payroll, and
- the address from which your payroll is run.

Once you have registered, you will be given the option of receiving a New Employer Pack. This contains all the information you will need to get your payroll started. The pack includes a fully interactive Employer CD-ROM, which will help you to set up your payroll and calculate tax and National Insurance contributions for you. If you do not have access to a computer you will be able to order paper copies of everything that you need.

It is essential to keep and maintain accurate records for both your business and your employees.

For each employee you must record their personal details, how much you pay them and what deductions you make.

You must also keep records of any expenses and benefits, such as company cars or medical insurance that you provide to your employees.



# Setting up your payroll

Once you take on an employee, you are responsible for calculating and deducting PAYE tax and National Insurance contributions from their pay.

You will therefore need to decide how to keep and maintain your payroll records. There are different choices available to you.

You can:

- 1 Ask a bookkeeper, an accountant or a payroll bureau to operate your payroll for you.
- 2 Use a payroll software package. These can be purchased off-the-shelf from most software retailers or from the internet.

We have awarded a Payroll Standard accreditation to software products that meet our minimum standards. A list of HMRC accredited products is available at [www.hmrc.gov.uk/ebu/psu.htm](http://www.hmrc.gov.uk/ebu/psu.htm)


Look for the Payroll Standard logo when buying your payroll software and make sure that it is capable of sending information to HMRC online see *'Do it online'* on page 12.

For more information on Payroll Standards go to [www.hmrc.gov.uk/ebu/psu.htm](http://www.hmrc.gov.uk/ebu/psu.htm) or phone 0845 915 9146.

- 3 Operate the payroll using either:
  - your Employer CD-ROM. The CD-ROM contains a database and calculators that enable you to set up and maintain your own records. It will also calculate and record tax and National Insurance contribution deductions for you, or
  - a manual wages record (P11 Deductions Working Sheet) and the tax and National Insurance tables.

Whatever option you choose it is important to remember that you, as the employer, are still responsible for your payroll, even if you do not prepare the records yourself.

We offer a range of help and support to help you set up and maintain your payroll see *'Help and Support Section'* on page 13.



**HM Revenue & Customs**  
Payroll Standard

Optional Features	2 weekly 4 weekly pay frequencies
	Directors National Insurance
	Contracted-out Pension Deductions

# Paying your employees

## National Minimum Wage

You must pay most of your workers at least the minimum amount as defined by law. This is called the National Minimum Wage. To find out who you have to pay at least National Minimum Wage rates and how much this is, either go to [www.hmrc.gov.uk/nmw](http://www.hmrc.gov.uk/nmw) or phone the National Minimum Wage Helpline on 0845 600 0678.

## Tax and National Insurance contributions

Each time you pay your employee you must calculate and deduct the correct amount of tax and National Insurance contributions from their pay and provide them with a payslip.

You must also calculate and pay an Employer's National Insurance contribution.

You must then pay these amounts to HM Revenue & Customs either on a monthly or quarterly basis, see page 10.

Once you have set up your payroll you may come across unfamiliar issues for example employee sickness or making Student Loan deductions. Please remember there is support available to you, see *'Help and Support Section'* on page 13.



# Making Payments to HM Revenue & Customs

You must pay deductions of tax and National Insurance contributions over to HM Revenue & Customs, normally on a monthly basis. If your monthly payments do not exceed £1500 you have the option of sending payments to us quarterly.

There are a number of different ways that you can send your payments to us.

You can find more information on how to pay, in particular the different ways you can pay electronically at [www.hmrc.gov.uk/howtopay](http://www.hmrc.gov.uk/howtopay)

# Employer Annual Return

A tax year starts on the 6 April in one year and ends on 5 April the following year.

After the end of each tax year (5 April) you will need to complete and send to HM Revenue & Customs your Employer Annual Return. This must reach us by 19 May. Your Employer Annual Return accounts for:

- deductions you have made from your employees
- employer's National Insurance contributions
- the payments you have made to HM Revenue & Customs, and
- the payments you have made to your employees.



# Do it online

Our PAYE Online for Employers - Internet service allows you to send and receive forms online. The service is a quick, secure and convenient way of transferring information and helps you to use less paper.

Every time you take on a new employee or if anyone leaves your employment you can send their details online. Doing it online will result in your employees receiving their correct tax code and paying the correct amount of tax sooner.

To find out more about online filing go to [www.hmrc.gov.uk/payee/onlinefiling.htm](http://www.hmrc.gov.uk/payee/onlinefiling.htm)

If you are thinking about using a bookkeeper, an accountant or payroll bureau to administer PAYE, they can submit your Employer Annual Return online on your behalf using our PAYE Online for Agents – Internet service.



# Help and Support

Whether or not you choose to operate your own payroll we offer a range of help and support to suit all needs. Our advisers won't confuse you with technicalities and jargon, their aim is to help you meet your obligations correctly first time and avoid the risk of problems occurring.

## Our website

Go to the 'employer' section of our website at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers) and select 'New Employers' where you will find:

- comprehensive guidance to help you get started as a new employer
- all the latest news and developments on the services we provide for employers.

## Employer CD-ROM

This contains interactive calculators, most of our forms and guidance, as well as a 'Payroll Basics' section written specifically with new employers in mind. It is free of charge and we automatically send updates to you twice each year. You can order your Employer CD-ROM from the Employer Orderline on 08457 646 646.

## New Employer Helpline

Our staff on this Helpline are dedicated specifically to helping new employers and are on hand to answer any questions you have either when you are thinking of setting up a payroll or once you've started.

Phone 0845 60 70 143

- Monday to Friday 08:00 – 20:00
- Saturday and Sunday 08:00 – 17:00
- Textphone 0845 602 1380 (only people with specialised equipment such as Minicom are able to use this service)

## Welsh Language Service

Gwasanaeth Cymraeg

Fel arall, gallwch ffonio'r Ganolfan Gyswilt Gymraeg ar 0845 302 1489

Oriau agor: 08:30 – 17:00 dydd Llun i ddydd Gwener  
(Mae peiriant ateb ar gael y tu allan i'r oriau hyn)

### Education and Support

We can offer you education and support on all aspects of your payroll explaining:

- what you need to do
- the deadlines you need to meet
- the forms you need to fill in, and
- the records you need to keep.

Our Revenue and Customs Advice Teams have a range of workshops which are free of charge, designed specifically with new and small business in mind including *'Paying your employees'*.

Further information is available at [www.hmrc.gov.uk/bst](http://www.hmrc.gov.uk/bst) or from the New Employer Helpline.

### National Minimum Wage

For information on the National Minimum Wage:

- go to [www.hmrc.gov.uk/nmw](http://www.hmrc.gov.uk/nmw)
- phone 0845 600 0678, Monday to Friday 09:00 – 17:00, Textphone 0845 915 3296 (only people with specialised equipment such as Minicom are able to use this service)

### Payroll Standard

For information on Payroll Standards:

- go to [www.hmrc.gov.uk/ebu/psu.htm](http://www.hmrc.gov.uk/ebu/psu.htm)
- phone 0845 915 9146, Monday to Friday 09.00 – 17.00

### Business Link

As an employer you will also have wider issues to consider such as **health and safety, working time and time off etc.** Business Link, managed by the Small Business Service, provides a wide range of information and various 'tools' to help you. For more information:

- go to [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- phone 0845 600 9006, Monday to Friday 08:30 – 17:30

### Jobcentre Plus

Jobcentre Plus offers a professional and modern recruitment service free of charge to help employers find the right people for their business. The Jobcentre Plus website is Britain's largest employment website and employers can advertise and manage their own vacancies online. For more information:

- go to [www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk)

