



Introduction

In his Budget on 23 March 2011, the Chancellor of the Exchequer confirmed the announcements made at his June 2010 Budget and on 2 December 2010 on Personal Allowances, Income Tax rates and Income Tax bandwidths for 2011-12. There is a change to the 2011-12 car fuel benefit charge for employees and directors who are provided with a company car and receive fuel for private use. We will issue revised tax codes for those individuals affected by this change.

What you must do before 18 May 2011

1. For every employee make sure you have a P11 *Deductions Working Sheet*, or equivalent record (if you are using a payroll software package, or the Basic PAYE Tools (formerly Employer CD-ROM) to calculate tax deductions). If you take on a new employee before 18 May 2011, go to www.hmrc.gov.uk/payee/employees/start-leave/new-employee-p45.htm
2. Use the information given on P9X(2011) *Tax codes* to use from 6 April 2011 to enter the correct tax code on the P11 *Deductions Working Sheets* or equivalent record.
P9X(2011) is available online to download or print at www.businesslink.gov.uk/payeformsandpublications If you don't have Internet access, you can phone the Employer Orderline on **08457 646 646**.
3. Apply any tax codes that we send to you on forms P6(T), or online equivalent dated 9 May 2011 or earlier.

What you must do on the first payday after 17 May 2011

Budget tax codes

Employees with a new electronic notification of coding, or form P6(T) dated 10 May 2011

Use the tax code shown on any P6(T) dated 10 May 2011. (After tax codes notices dated 10 May 2011 no further tax code notices will be sent until 24 May 2011.)

Employees without a new electronic notification of coding, or form P6(T) dated 10 May 2011

Continue to use the tax code on the P11 *Deductions Working Sheet* or equivalent record.

Tax code notices dated after 17 May 2011

If you receive a tax code notice dated after 17 May 2011 for any employee use the tax code on the notice from the next payday in the normal way.

Income Tax rates and Income Tax bandwidths

The Income Tax rates and Income Tax bandwidths which are to be used from 6 April 2011 are also included on P9X(2011).

Payroll software

If you use payroll software you should **continue to use** software which incorporates the changes from 6 April 2011. If you are unsure, please check with your software provider.

Basic PAYE Tools (formerly Employer CD-ROM)

Continue to use our Basic PAYE Tools to calculate tax deductions, these incorporate the changes from 6 April 2011 and are available at www.businesslink.gov.uk/basicpayetools

Manual Payroll

Our PAYE Calculator has been updated from 6 April 2011, go to www.hmrc.gov.uk/calcs/payee.htm If you use Taxable Pay Tables you must use Calculator Tables (April 2011) or Tables B to D (April 2011) from 6 April 2011. The Pay Adjustment Tables - Tables A (1993) have not been changed.

The tax tables are available in an easy to print format at www.businesslink.gov.uk/payeformsandpublications

If you don't have Internet access, you can phone the Employer Orderline on **08457 646 646**.