

Cessation of one business and commencement of another

Example 1

ABC and EFG (Mr E and Mrs F G trading as EFG) are both shirt manufacturers.

- ABC buys the EFG business
- ABC takes over the factory and shop previously owned by EFG
- Uses EFG as a brand name in its production range
- Takes on all the previous employees of EFG
- Does not take over the payroll records of EFG

The PAYE schemes of the two legal entities cannot be merged. The EFG scheme will be a cessation. EFG should issue forms P45 to its employees and file them online unless exempt from doing so.

An Employer's Annual Return P35 will be issued to Mr E and Mrs F G trading as EFG to complete to the date of cessation.

Further information can be found in subject 'Cessation of an Employer Record' in the 'Maintain Employer Record' section of the PAYE Manual

Example 2

XXX Ltd and YYY Ltd are both Car Retailers

- The two businesses merge and the new merged business is owned by a new company ZZZ Ltd
- The employees of XXX Ltd and YYY Ltd are taken on by ZZZ Ltd
- XXX Ltd and YYY Ltd both cease to trade and both companies are wound up and struck off the companies register

The PAYE scheme for XXX Ltd and YYY Ltd are both cessations.

An Employer's Annual Return P35 will be issued for XXX Ltd and YYY Ltd for completion up to the date of cessation. Forms P45 should be issued by each company to its employees and be filed online unless exempt from doing so.

Further information can be found in subject 'Cessation of an Employer Record' in the 'Maintain Employer Record' section of the PAYE Manual