

Part 4 – Reporting and paying Class 1A NICs

This part gives guidance on reporting and paying Class 1A NICs. It explains how you should report information about Class 1A NICs to us and how you should make payment.

There is a quick guide to working out and paying Class 1A NICs on page 9.

15 What are the key dates for reporting and paying Class 1A NICs?

There are three key dates for Class 1A NICs due for the 2010-11 tax year. These are:

- **6 July 2011** - for the P11D and P11D(b) *Return of Class 1A NICs due*
- **19 July 2011** - for the payment of Class 1A NICs by post (for example, by cheque)
- **22 July 2011** - for the payment of Class 1A NICs by an approved electronic method.

Employers paying by post must ensure that payment reaches us no later than **19 July**.

When paying electronically you need to allow enough time for us to have cleared funds by **22 July**.

Most electronic payment methods take at least three bank working days to reach our account. Where the 22nd falls on a weekend or is a bank holiday, your cleared funds need to be with us by the previous bank working day.

Late Payment Penalties - if your Class 1A NICs payment is not made on time, we may charge you a penalty of:

- 5 per cent penalty of any amount unpaid 30 days after the due date
- an additional 5 per cent penalty on any amount still unpaid 6 months after the due date, and
- a further 5 per cent penalty on any amount still unpaid 12 months after the due date.

16 How do I report Class 1A NICs?

Once you have worked out the amount of Class 1A NICs due you will need to complete and send us a form P11D(b) *Return of Class 1A National Insurance contributions due*, showing the total amount of Class 1A NICs due.

You must send us both the P11D and the P11D(b) declaration by **6 July** following the tax year in which the benefit is provided.

If you have already indicated on form P35 that no P11D(b) is due, there is no need to return the P11D(b).

17 What if I use alternative P11Ds?

If you use substitute forms or lists or other methods of returning P11D information that have been agreed with us, you should allow for items subject to Class 1A NICs to be identified on your substitute returns or lists.

Where appropriate, you should:

- return form P11D(b), using the adjustment facility as necessary to arrive at your correct Class 1A NICs liability, and
- keep records which identify those benefits on which Class 1A NICs are due.

18 Using the P11D(b) adjustment facility

You can use Section 4 on the P11D(b) form to make adjustments to the total benefits liable to Class 1A NICs.

You may need to make an adjustment if you have:

- used substitute forms or lists which do not identify the items subject to Class 1A NICs
- reported a cash equivalent figure on the P11D for tax purposes which incorrectly included tax already deducted
- reported a benefit on the P11D for which a fully matching tax deduction is available (see paragraphs 12 and 13)
- included a benefit figure on the P11D for employees who have no NICs liabilities (see paragraph 27).

19 Correcting forms P11D or P11D(b)

If you put a wrong figure on a form P11D or P11D(b) before sending it in, draw a line through the wrong figure so that it can still be read then enter the right figure.

20 Reports of amended Class 1A NICs liability

Sometimes, more information may be made available to you after you have calculated and paid your Class 1A NICs in July.

Where this happens you might have to recalculate the amount of Class 1A NICs due. The late information may relate to:

- periods when a benefit was unavailable to an employee
- amounts made good by the employee in respect of benefits provided.

If you need to recalculate the Class 1A NICs due after making your original payment you must send in a revised form P11D(b) and, where appropriate, revised forms P11D.

21 How and when do I pay Class 1A NICs?

Class 1A NICs must be received by **19 July** following the end of the tax year (or **22 July** if payment is made by an approved electronic method).

All the normal ways of making payment apply.

A special Class 1A NICs payslip will be sent to you in April and should be used if you pay other than by Direct Debit. Send your payment with the completed payslip and your PAYE/NICs reference to the HMRC accounts office shown on the payslip.

22 What if my business ends?

Tell us when:

- you finish in business
- you do not expect to employ anyone for a complete tax year, or longer.

We will send you form P11D(b) to complete.

23 What happens where a transfer or succession of business occurs?

All Class 1A NICs in transfer and succession cases must be returned on the P11D(b) by the **new** employer.

24 Interest charges for late payment

If you pay late, or if an underpayment of Class 1A NICs is discovered either by you or by us, you will have to pay interest on the amount outstanding.

Statutory interest for late payment is charged immediately from **19 July** (or **22 July** if payment is made by an approved electronic method).

25 Late return penalties

You will be charged penalties for failing to make a return of Class 1A NICs and for fraudulently or negligently making an incorrect return.

The filing date for the return is **6 July**. If the return is not received by 19 July it will attract a penalty of £100 per month or part month of lateness, for every 50 or part-batch of 50 employees provided with benefits.

If the failure continues beyond 12 months there is an additional penalty not exceeding the amount of the Class 1A NICs paid late.

An incorrect return made carelessly or deliberately attracts a penalty not exceeding the difference between the amount of Class 1A NICs shown on that return and the amount that should have been shown.

26 Quick guide to working out, reporting and paying Class 1A NICs

There is more information in paragraphs 9 to 25.

Step 1

Establish whether Class 1A NICs are due

See paragraphs 4 to 8



Step 2

Calculate the amount of Class 1A NICs due

- Add together the cash equivalent of each benefit liable to Class 1A NICs
- Multiply the total by 12.8%

See paragraph 9



Amount of Class 1A NICs due



Step 3

Report the Class 1A NICs due

- Complete the Class 1A declaration on form P11D(b), using the amount from Step 2
- Return P11D(b) together with completed P11Ds by **6 July**

See paragraph 16



Step 4

Paying the Class 1A NICs due

- Complete the Class 1A payment slip
- Send, together with Class 1A NICs payment, to the accounts office by **19 July** (or **22 July** if paying electronically)

See paragraph 21