

# Finishing the tax year up to 5 April 2009

## Includes

- Important dates for finishing the tax year 2008-09
- What you'll need
- Finishing off form P11 *Deductions working sheet*
- Filling in the form P14 *End of year summary*
- Filling in the form P35 *Employer Annual Return*
- What to do next
- Form P60
- Tax-free payments for online filing
- Form P11D, P11D(b) and P9D

## Help and further guidance

Help and further guidance about tax and National Insurance contributions (NICs) is available from the following sources.

### The Internet

Go to our website at [www.hmrc.gov.uk/payee](http://www.hmrc.gov.uk/payee)

### Your Employer CD-ROM

Your Employer CD-ROM has most of the forms and guidance you will need to run your payroll throughout the year.

#### The CD-ROM has:

- a P11 Calculator that will work out and record your employees' tax, NICs and Student Loan deductions every pay day with a linked P32 record of deductions that works out what you need to pay us
- a range of other calculators that work out car and car fuel benefit, statutory payments and Student Loan deductions.

If you have used the P11 Calculator for all your employees during the year and have nine or less employees at 5 April you can send us your Employer Annual Return online.

#### There is also:

- a Learning Zone to help you understand payroll topics such as statutory payments, Student Loan deductions and PAYE Online
- a Payroll Basics section for new and less experienced employers explaining what to do when employing someone for the first time.

### Employer helpbooks

Our employer helpbooks are designed to help you understand and operate PAYE, NICs and other payroll related matters.

The helpbooks are for guidance only, they are not comprehensive and have no legal force.

We also have many other leaflets and booklets that give further guidance, for example:

- CWG2(2009) *Employer Further Guide to PAYE and NICs*
- CWG5(2009) *Class1A NICs on benefits in kind*
- 480(2009) *Expenses and Benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers.*

You can view, download and order the full range of helpbooks, booklets and other forms and guidance from our website at [www.hmrc.gov.uk/employers/emp-form.htm](http://www.hmrc.gov.uk/employers/emp-form.htm) or from your Employer CD-ROM.

Or you can order copies from the Employer Orderline:

- by phone **08457 646 646**
- by fax **08702 406 406**.

#### Forms and guidance in Braille, larger print and audio

For details of employer forms and guidance in Braille, larger print or audio call the Employer Orderline on **08457 646 646** and ask to speak to the Customer Service Team.

### Yr Iaith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

### By phone - employer helplines

New employers and employers with less than three years payroll experience

**New Employer Helpline**  
**0845 60 70 143**  
Monday to Friday  
08.00 - 20.00  
Saturday and Sunday  
08.00 - 17.00

Employers with more than three years payroll experience

**Employer Helpline**  
**08457 143 143**  
Monday to Friday  
08.00 - 20.00  
Saturday and Sunday  
08.00 - 17.00

If you have a hearing or speech impairment, and use a textphone

**0845 602 1380**  
(Only people with specialised equipment such as Minicom are able to use this service.)

A list of helplines and opening hours is available:

- on our website at [www.hmrc.gov.uk/contactus/helplines.htm](http://www.hmrc.gov.uk/contactus/helplines.htm)
- on your CD-ROM, and
- in your Employer Bulletin.

### Your HM Revenue & Customs office

Your own HM Revenue & Customs (HMRC) office can also help you. All our office contact details are on our website at [www.hmrc.gov.uk/local/employers/index.htm](http://www.hmrc.gov.uk/local/employers/index.htm)

Please tell us your employer reference which is on correspondence from your HMRC office.

### In person

We can help you with many payroll topics, explaining:

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

This education is available through a range of workshops which are free of charge. Further information is available from our website at [www.hmrc.gov.uk/bst](http://www.hmrc.gov.uk/bst) or by calling the Advice Team on **0845 603 2691**.

### Online Services

For information about our online services go to [www.hmrc.gov.uk/online](http://www.hmrc.gov.uk/online)

For help and assistance using our online services contact the Online Services Helpdesk:

- email [helpdesk@ir-e-file.gov.uk](mailto:helpdesk@ir-e-file.gov.uk)
- phone **08456 055 999** open seven days a week  
08.00 - 20.00.

## Finishing the tax year up to

### 5 April 2009

This Helpbook tells you:

- how to complete your Employer Annual Return and other forms to finish the tax year 2008–09
- the latest dates for making any outstanding payments of PAYE and NICs including Class 1A
- the dates by which you need to file your 2008–09 Employer Annual Return
- what to do if you want to file your Employer Annual Return online and where you can find more information
- how to get a £75 tax-free payment if you file your 2008–09 Employer Annual Return online.

### Do it online in April 2009

If you have 50 or more employees you must file your 2008–09 Employer Annual Return (P14s and P35) online or face a penalty. Employers with fewer than 50 employees can get £75 if they file their 2008–09 Employer Annual Return online. This is the last tax-free payment and under Government proposals, we expect all employers to send their 2009–10 Return online.

You can file your Return online using:

- Internet - you can choose either
  - our free Online Return and Forms - PAYE product (recommended for up to 50 employees), or
  - commercial software
- Electronic Data Interchange (EDI) - this option is more suitable for larger employers with a high number of employees, typically in the thousands
- alternatively, an agent or payroll bureau can file online on your behalf using our PAYE Online for Agents service.

See [www.hmrc.gov.uk/payeeonline](http://www.hmrc.gov.uk/payeeonline) for more information.

- If you have nine or fewer employees on your payroll at the end of the tax year you can submit your Employer Annual Return directly from the CD-ROM.

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## Part 1 Important dates for finishing the tax year 2008–09

### 19 April 2009

If you are not subject to the mandatory electronic payment rules and you post your payment, please pay all outstanding tax and NICs so your payment reaches us no later than 19 April to avoid being charged interest.

*Interest will be charged on any payments received after this date.*

### 22 April 2009

Last date for any outstanding 2008–09 PAYE and Class 1 NICs payments to be cleared in our bank account if you pay by an approved electronic payment method.

*Interest will be charged on any payments received after this date (and surcharge in the case of employers who are subject to the mandatory electronic payment rules).*

### 19 May 2009

Last date for your 2008–09 Employer Annual Returns (forms P14 and P35) to reach your HMRC office. You have until midnight on 19 May to file your Return.

*Penalties may be charged on any Returns received after this date.*

### 31 May 2009

Last date for giving a paper 2008–09 form P60 to each employee who was working for you at 5 April 2009.

### 6 July 2009

Last date for:

- your 2008–09 forms P9D and forms P11D, or substitutes, to reach your HMRC office
- any Return of Class 1A NICs on form P11D(b) for 2008–09 to reach your HMRC office
  - *penalties will be charged automatically on any Returns not received by 19 July 2009*
- giving a copy of the 2008–09 form P9D, P11D, or equivalent information, to each relevant employee.

### 19 July 2009

If you are not paying by an approved electronic payment method and you post your payment, please pay all outstanding Class 1A NICs so your payment reaches us no later than 19 July to avoid being charged interest.

*Interest will be charged on any payments received after this date.*

### 22 July 2009

Last date for any outstanding 2008–09 Class 1A NICs payments to be cleared in our bank account if you pay by an approved electronic payment method.

*Interest will be charged on any payments received after this date.*

## Quality checks - errors that mean your returns will fail our checks

If you are filing your Employer Annual Return (P14s and P35) online you should find that these quality checks are built into your payroll software, or are carried out by your payroll bureau or agent. If you are unsure we recommend that you confirm this with your software provider, payroll bureau or agent before filing your Return.

An Employer Annual Return (P14s and P35) sent on paper will be rejected if:

- the stationery used has not been approved by HMRC
- the form P35 is not signed
- the form P35 has not been fully completed
- you have not enclosed the form P35
- the forms P14 are not the correct version for the year
- you have not enclosed forms P14 with the form P35
- you have not sent us a form P14 for everyone listed on the form P35
- the forms P14 do not all have a valid entry in either the National Insurance number box, or the date of birth and gender boxes
- the forms P14 do not all have an entry in the employee name box
- the National Insurance contribution boxes on the forms P14 are not fully completed
- the forms P14 do not all have an entry in the pay box
- the entries on forms P14 are unclear, for example
  - the entries made are faint
  - because they are not displayed within the white boxes
  - due to carbon smudges
  - the font size of the print is too small
  - the forms have been hole punched where there is relevant information
  - the forms have been damaged
- the forms P14 have not been split correctly
- the forms P14 are attached together with either glue or staples
- sticky labels or correcting fluid have been used on forms P14
- the sprockets have not been taken off the forms P14.

All Returns must pass our quality checks. If you send your Return online you will get an on-screen message through your software telling you if your Return has failed and why. You must put right any errors and re-send your Return by 19 May 2009 to avoid the late filing penalty.

Returns sent on paper or magnetic media will be returned to you for correction if they fail these initial quality checks. You must put right any errors and re-submit your Return by 19 May 2009 to avoid the late filing penalty.

Paper and magnetic media Returns will be checked in more detail after 19 May 2009. We will contact you then if your Return does not meet these detailed checks.

## Part 2 What you'll need

### 5 April 2009

At 5 April 2009, the end of the 2008–09 tax year, you must file an Employer Annual Return (P14s and P35), if you have had to maintain a P11 *Deductions Working Sheet* or equivalent record for at least one employee during 2008–09, even if you did not deduct National Insurance or tax. You have to send your Return online if you have 50 or more employees.

You may submit a paper Employer Annual Return (P35) if you are a Limited Company and the only information you wish to submit is a claim for CIS Deductions Suffered at Box number 28 of the P35 for CIS deductions made from payments received for work done in the construction industry. You must submit the details to us on a paper P35. It cannot be sent online.

You can let us know that a Return is not due by phoning or writing to your local HMRC office.

To complete your Return you may need:

- all the forms **P11(2008–09)** *Deductions Working Sheets* or equivalent records, which you filled in for your employees for the year ended 5 April 2009, including those who left during the year
- a form **P14** *End of Year Summary*, for each completed form P11(2008–09) *Deductions Working Sheet* or equivalent records.

**Note** - If you are sending paper forms P14 please make sure that you only use the 2008–09 version of form P14 (there is an illustration of a P14 for 2008–09 on page 13). Do not order P14s if you are sending your Return online  
- If you use a HMRC version of the P14 contact the Employer Orderline on **08457 646 646** as soon as possible to order a supply

- a form **P38(S)** *Student's declaration* or equivalent records
  - advising the amount of pay a student has earned whilst employed by you during the holidays
  - forms P38(S) can either be ordered from the Employer Orderline or printed off from your Employer CD-ROM
- a form **P38A**, *Employer Supplementary Return*
  - this form asks for details about payments made to people who worked for you during the year to 5 April 2009 but for whom you did not complete form P14 or a P38(S) or equivalent record
  - paper forms P38A are issued with paper forms P35 by the end of March 2009
  - if you have 50 or more employees or if you previously filed online, and are currently registered to do so, then you will not receive a paper form P38A. You can file a P38A online, print off copies from your Employer CD-ROM or order the form from the Employer Orderline

- a form **P35**, *Employer Annual Return*
  - if you have 50 or more employees and you are currently registered to file online over the Internet, a P35N (Notification to File) will be made available to view from your PAYE Online service page using the 'employer notices' option.
  - if you have fewer than 50 employees and you or your agent did not file online for 2007–08 we will send you a paper P35. If you did file last year's Return online and you are registered to file online over the Internet a P35N (Notification to File) will be made available to view from your PAYE Online service page using the 'employer notices' option.
  - if you are not going to file online and have not received a paper P35 by the end of March 2009, contact your local HMRC office to request a paper Return.
  - you must only send one P35 for a single Employer PAYE reference. We will not consolidate the details sent on more than one P35 for a single Employer PAYE reference
  - **do not** send a paper P35 as well as an online Return
- a form **P60** *Employee's Certificate of Pay, Income Tax and NICs*
  - the **P60** is available as
    - the third part of the HMRC paper P14/P60 set
    - HMRC paper single sheet P60
    - approved substitute P60
  - the P60 can also be printed after submitting your Return using
    - PAYE Online Employers
    - Employer CD-ROM online filing functionality
- a form **P9D** *Expenses payments and income from which tax cannot be deducted 2008–09* and/or a form **P11D** *Expenses and Benefits 2008–09*
  - (one for each relevant employee) if you have paid expenses payments to any employees or you have provided them with benefits
  - print these off from your Employer CD-ROM or order them from the Employer Orderline
- a form **P11D(b)** *Return of Class 1A National Insurance contributions due Return of expenses and benefits - Employer declaration*
  - you should complete and sign this form if you are liable to return any expenses payments or benefits on form P11D. We will send the form to you in April if you made a Return on form P11D last year. But if you are reporting expenses payments and benefits for the first time, ask your HMRC office for this form.

### PAYE online for employers

If you have 50 or more employees you must file your Annual Return (P14s and P35) online.

If you want to file all or part of your Return over the Internet, or you want to use other functions online, you must register and enrol for PAYE Online for Employers. You can register at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) select 'PAYE for employers' under the heading 'do it online' and follow the step-by-step guidance.

To register and enrol you will need your 'Employer PAYE reference' and 'Accounts Office reference' which you can find on the front of your P35. You will create your own password and be given a User Identity (User ID) which will be displayed on screen. Keep your User ID and password safe, you will need them every time you use our online services.

Within seven days of completing the on screen registration and enrolment process we will confirm your User ID by post and send a separate letter showing your Activation PIN. You must activate the service within 28 days of enrolment. To activate, go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) select 'PAYE for Employers' under the heading 'do it online'. Enter your User ID and password. You will be asked to enter your Activation PIN on screen the first time you login. Once the service has been activated you can destroy the Activation PIN as you will not need it again.

**Remember:** Do not leave registration until the last minute (for example, just before your online filing deadline). You need to make sure that you have registered and activated your service in time to file your Return by 19 May 2009.

There is a wide range of end of year and in-year forms and Returns that you can send online, for example:

- P38A *Employer Supplementary Return*
- P11D *Return of expenses payments and benefits*
- P11D(b) *Return of Class 1A National Insurance contributions, Return of expenses and benefits: Employer's declaration*
- P9D *Return of expenses payments and income from which tax cannot be deducted* (Internet only)
- P45(1) *employee leaving details*
- P45(3) *new employee*
- P46 *new employee who does not have a P45.*

### **Sending in-year information online**

From 6 April 2009, if you have 50 or more employees, you must send employee starter and leaver information and similar pension information online.

And, under Government proposals, from 6 April 2011 all employers must send this information online, regardless of how many employees you have.

The details you must send online are:

- P45 (Part 1) - Details of employee leaving
- P45 (Part 3) - New employee details
- P46 - employee without a form P45
- similar information for people receiving a pension.  
A new form P46 (Pen) is available for use from April 2009

If you have fewer than 50 employees you do not have to wait until 2011 before you start sending your in-year information online. We suggest you start sending in-year forms online as soon as you can. That way you will have your software and internal processes in place well before the deadlines and can start getting the benefits of online filing sooner.

For more information about sending in-year information online go to [www.hmrc.gov.uk/inyear](http://www.hmrc.gov.uk/inyear)

## **Using Online Return & forms - PAYE**

You will need software to file forms and Returns online. A range of Internet filing enabled software and online forms are available from commercial software suppliers, or you can use our free Online Return & Forms PAYE product.

You can also file:

- your P14s and P35 separately (see 'Part 5 Employer's certificate and declaration' on page 19)
- amended P14 and P35 information (after you have sent your original Return)
- your Return early if you cease as an employer.

To use Online Return & Forms - PAYE:

- go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and select 'PAYE for employers' under the heading 'do it online'
- enter your User ID and Password
- select Online Return & Forms - PAYE.

To file your Return:

- first enter employer details, then
- create an online list of your employees, then
- complete your P14s, then
- complete your online form P35, and
- send your Return online to HMRC.

### **Using the calculator on your CD-ROM**

If you have used the P11 Calculator for **all** your employees in 2008–09, and at 5 April 2009 you were using the calculator for nine or less employees, you can send us your Employer Annual Return (P14s and P35) online straight from your CD-ROM - see the 'Online Services' section of the CD-ROM.

### **Further information for online filing**

For more information about sending and receiving forms and Returns online:

- refer to your Employer CD-ROM, it has a learning package giving step-by-step guidance on all aspects of PAYE Online
- go to [www.hmrc.gov.uk/payee/onlinefiling.htm](http://www.hmrc.gov.uk/payee/onlinefiling.htm) and select 'employers', or
- contact the Online Services Helpdesk
  - email [helpdesk@ir-efile.gov.uk](mailto:helpdesk@ir-efile.gov.uk)
  - phone **08456 055 999**  
Monday to Sunday 08:00 - 20:00
  - Minicom **0845 366 7805**
  - Fax **0845 366 7828.**

**Note: If you intend filing your Return online you must not send paper forms P35 and P14s.**

If we do receive a paper Return before we receive your online one, we will treat the paper Return as the first one we received. That means you will miss out on the £75 tax-free payment if you have fewer than 50 employees, or you will be charged a penalty for not filing online if you have 50 employees or more.



# Part 3 Finishing off form P11 Deductions Working Sheet

Below is an example of the back of a completed form P11 for year ending 5 April 2009.

You will have been filling in the P11, or equivalent record, week by week, or month by month during the year. To complete the end of year procedures you now need to fill in the totals boxes on the P11, Columns 1a - 1e (National Insurance contributions).

## Columns 1a - 1e (NICs)

Add up each of the entries in each of columns 1a, 1b, 1c, 1d and 1e, and enter the total for each in the corresponding column of the **End of Year Summary** section next to the contribution Table letter ready for transfer on to the form P14 **End of Year Summary**

### Please remember:

- if you have used the exact percentage method to calculate NICs, round down the annual total of the earnings recorded in columns 1b and 1c to the nearest whole pound
- when completing column 1d, follow steps (1) to (4) on page 7. If more than one contribution Table letter has been used during this employment, these steps should be applied to each Table letter separately.
- use category 'X' if no National Insurance entries are required.

## Example of a completed form P11 (back)

**Deductions Working Sheet P11** Year to 5 April 2009

Employee's details use capitals

**Box A** Employer name: **VFM LTD**  
**Box B** HM Revenue & Customs office name: **MINSTER**  
**Box C** Surname: **DOE**  
**Box D** First two forenames: **JANE MARY**  
**Box E** National Insurance number: **AB 12 34 56 C**  
**Box F** Date of birth DD MM YYYY: **10 02 1963**  
**Box G** Works/payroll number: [ ]  
**Box H** Date of start DD MM YYYY: [ ]  
**Box I** Date of leave DD MM YYYY: [ ]  
**Box J** Statutory category: [ ]

See Notes 1 and 2 overleaf

Month number Week number	For Employer's use	National Insurance contributions					Statutory payments					PAYE Income						
		Earnings details			Contribution details		Statutory Sick Pay (SSP)	Statutory Maternity Pay (SMP)	Statutory Paternity Pay (SPP)	Statutory Adoption Pay (SAP)	Student Loan Deductions	Month number Week number	Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)					
		1a	1b	1c	1d	1e	1f	1g	1h	1i	1j		2	3				
Bt/fwd Mth 7	Bt/fwd Wk 30	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
		2340	378.00	6270.00	1495.14	691.02												
31																		
32																		
33																		
34																		
8 35		390	63.00	1045.00	249.19	115.17								8 35	1500.00			
36																		
37																		
38																		
9 39		390	63.00	1045.00	249.19	115.17								9 39	1500.00			
40																		
41																		
42																		
10 43		390	63.00	1045.00	249.19	115.17								10 43	1500.00			
44																		
45																		
46																		
11 47		390	63.00	1045.00	249.19	115.17								11 47	1500.00			
48																		
49																		
50																		
51																		
12 52		390	63.00	1045.00	249.19	115.17								12 52	1500.00			
5														5				

Complete this line if pay day falls on 5 April (in leap years 4 and 5 April)

**End of Year Summary**

Enter NI Contribution Table letter here (see Note 2 overleaf)

Round down the annual total of the earnings recorded in columns 1b and 1c to the nearest whole pound

(1) Add all amounts of NICs not marked 'R'.  
(2) Add all amounts of NICs marked 'R'.  
(3) Take away (2) from (1).  
(4) Enter (3) in column 1d below - if this is a minus amount mark the entry as 'R'.  
If more than one contribution Table letter has been used during this employment, steps (1) to (4) should be applied separately to each Table letter.

Scheme Contracted-out Number (For Contracted-out Money Purchase schemes or Contracted-out Money Purchase Stakeholder Pension schemes only)

A	4290	693	11495	2741.09	1266.87	S												
						S												
						S												
						S												

P11(2008-09)

- (1) Add all amounts of NICs not marked 'R'
- (2) Add all amounts of NICs marked 'R'
- (3) Take away (2) from (1)
- (4) Enter (3) in column 1d of the End of Year Summary section - if this is a minus amount mark the entry as 'R'.

### Scheme Contracted-out Number

If your employee is in your Contracted-out Money Purchase (COMP) scheme, COMP Stakeholder Pension (COMPSP) scheme or the COMP part of your Contracted-out Mixed Benefit (COMB) scheme, make sure you have entered the Scheme Contracted-out Number in the boxes just to the right of the End of Year Summary section on the P11.

### Columns 1f to 1j (Statutory Payments and Student Loan Deductions)

Add up each of the entries in columns 1f, 1g, 1h, 1i and 1j and enter the totals for each in the corresponding box at the bottom of those columns.

### Columns 3 and 6 (pay and tax totals)

The action you take will depend on whether the employee:

- still worked for you at 5 April 2009, and
- started employment with you during the 2008–09 tax year, and you know their previous pay and tax details.

If these conditions are not met, fill in the 'In this employment' boxes only. If they are, proceed as follows.

Enter in the 'In previous employment' boxes any previous employment pay and tax figures shown on the P11. Then, if PAYE has been operated, proceed according to the basis on which it was operated, as shown below.

### Cumulative basis:

- enter the final figures shown in columns 3 and 6 of the P11 at week 52 (or 53) or month 12 into the corresponding 'Total for year' boxes. Mark any refund 'R'
- subtract any 'In previous employment' figures from the 'Total for year' figures and put the result in the corresponding 'In this employment' boxes.

### Week 1/month 1 basis:

- add up all the amounts in columns 2 and 7 of the P11 for this employment and enter the totals in the 'In this employment' pay and tax boxes at the bottom of columns 3 and 6
- add together the 'In previous employment' and 'In this employment' for each column and put the result in the 'Total for year' boxes.

### K code:

- to complete the column 3 pay boxes of the P11, follow the appropriate cumulative or week 1/month 1 guidance above
- add up the column 7 entries for this employment and enter the total in the column 6 'In this employment' box
- add any column 6 'In previous employment' figure to the 'In this employment' figure and put the total in the 'Total for year' box.

Now you need to fill in your P14s. Pages 8 to 13 will help you.

Turn over page for Weeks

Starting year	07 05 2007	Box K Tax code †	510L	† If amended cross out previous code	
Ending year		Box L Amended code †		Wk/Mth in which applied	
Student Loan Deductions case (✓)					

Please keep this form for at least the end of the year to which it relates you are asked to do so.

Total 'free pay' to date as shown by Tables A *		K codes only		Total taxable pay to date: column 3 minus column 4a or column 3 plus column 4b *		Total 'tax due' to date as shown by Calculator Tables or Tables SR + B to D		K codes only		Tax deducted or refunded in the week or month	
£	p	4a	4b	£	p	5	6	6a	6b	7	8
10250	00	3330	32	6919	68	1383	80			204	80
11750	00	3806	08	7943	92	1588	60			204	80
13250	00	4281	84	8968	16	1793	60			205	00
14750	00	4757	60	9992	40	1998	40			204	80
16250	00	5283	36	11016	64	2203	20			204	80
17750	00	5709	12	12040	88	2408	00			204	80

\* If in any week/month the amount in column 4a is more than the amount in column 3, leave column 5 blank.

Pay	Pay and Tax totals	Tax deducted
£	£	£
1250 00	In previous employments	164 80
16500 00	In this employment Mark net refund 'R'	2243 20
17750 00	Total for year	2408 00

Where you are using a K code enter the total of the amounts in column 7 for this employment.

Employee's Widows & C Life Assurance contribution in this employment

## Part 4 Filling in the form P14, *End of Year Summary*, for tax year 2008–09

### Important notes

- Your P14s must show the correct National Insurance number. Your Return will be rejected if
  - any P14 shows a 'temporary' National Insurance number, for example, TN220157M for a male born on 22 January 1957, or
  - you use an incorrect National Insurance number format.
- If you used temporary National Insurance numbers during the tax year, remember to change them to the correct number before you file your Return. Commercial software may do this automatically for you.
- If you are unable to obtain the correct National Insurance number you must
  - leave the National Insurance box on the P14 blank and enter the date of birth and gender in the appropriate boxes. If you are unable to obtain the date of birth, you must enter the default date of 01/01/1901 in the date of birth box.

Use our National Insurance Number Trace form (CA6855), available from

[www.hmrc.gov.uk/forms/ca6855.pdf](http://www.hmrc.gov.uk/forms/ca6855.pdf)

your Employer CD-ROM, or the Employer Orderline, to get the correct National Insurance number for your payroll records.

- The HMRC National Insurance Contributions Office records the NICs that you send on each individual's National Insurance account. This is so that individuals can get the social security benefits that they are entitled to. Student Loan information is also passed to the relevant records.

### Testing online Returns

You can test your online Return by sending it with a test 'flag' if you use commercial software. You can test part or complete Online Return & Forms - PAYE submissions, but you must file the final Return in the same way. Users can test any part of the Return when it is ready, regardless of whether you want to file your P14s and P35 separately or not. You must remember to remove the test 'flag' before filing your actual Return. If you fail to remove the 'flag' your Return will be rejected and you may incur a late filing penalty if you fail to submit a complete Return by 19 May.

For more information see Employer Helpbook E13, *Day-to-day payroll*.

**An example of a completed form P14(Manual) (2008–09) is on page 13.**

### Some dos and don'ts

#### Do

***If your agent is filing any part of your Return online we don't need authorisation, but you should:***

- agree with your payroll bureau or agent what information they are filing online
- make sure that you give your payroll bureau or agent your payroll records when they need them to file your Return.

***If you print your P14s:***

- use the appropriate impact or laser printer version of form P14. See E3(2009) *Employer Orderline Order Form*
- show dates as DD MM YYYY, with no punctuation. For example, 04 02 1959 is right
- make sure printing is clear in all the boxes
- print only within the white boxes (the entries must not touch the box edges)
- use font size 10, at 6 lines per inch.

***If you are filling in all your forms by hand:***

- use form *P14(Manual)(2008–09)*. The number is shown in the bottom right-hand corner
- use a ball point pen, or similar, so that all three copies are easy to read; no carbon is necessary
- write clearly. If we can't read them, we may need to send the forms back to you to fill in new ones
- make sure entries are within the white boxes
- show dates as DD MM YYYY, with no punctuation. For example, 04 02 1959 is right. Entries such as 04 02 59, or 04-02-59, or 04/02/1959 are wrong.

#### Don't

- complete P14s in a pile, as the markings will copy through to the forms below
- make alterations; if you make a mistake, tear up the form and fill in a new one
- use '£' signs
- cross through boxes, or mark them 'N/A'. If no entry is required, leave the box(es) blank
- use continental 7s (that is 7 ).

## Filling in form P14

Make sure you have filled in your P11s following the instructions on pages 6 and 7.

Fill in a form P14 for each employee employed during the tax year (including those who have left during the tax year) using totals from the form P11.

If you file your P14s using PAYE Online for Employers check what your software does or use the on-screen help.

Section on P14	Advice
Employer's name and address	<ul style="list-style-type: none"> <li>• Show your full address, including the postcode.</li> <li>• Don't use sticky labels or a rubber stamp.</li> </ul>
HMRC office name and Employer PAYE reference	<ul style="list-style-type: none"> <li>• Enter your HMRC office name and Employer PAYE reference from the front of the paper form P35 or your P30BC, <i>Payslip Booklet</i> or P30B letter, <i>Paying electronically</i>.</li> </ul>
Tax year to 5 April 2009	<p>If you are using a paper form P14:</p> <ul style="list-style-type: none"> <li>• make sure the forms are for the right year (<b>there is an illustration of the form P14 for 2008–09 on page 13</b>)</li> <li>• enter all four numbers of the year, for example, 2009.</li> </ul>
<b>Employee's details</b> National Insurance number	<p>Copy this from the front of form P11.</p> <ul style="list-style-type: none"> <li>• It must be two letters, six numbers, followed by one letter (for example, AB123456C).</li> <li>• Ensure that the full and correct number is quoted and can be read clearly.</li> </ul> <p>(See page 8 <b>Important notes</b>)</p>
Date of birth	<ul style="list-style-type: none"> <li>• Enter the day and month as well as all four numbers of the year your employee was born.</li> </ul> <p>(See page 8 <b>Important notes</b>)</p>
Surname and first two forename(s)	<ul style="list-style-type: none"> <li>• If you don't know the employee's full forename(s), put their initial or initials - at the start of each forename box.</li> <li>• Don't put titles (for example, Mr, Mrs or Ms) or nicknames, or familiar names (for example, Jack instead of John, Peggy instead of Margaret).</li> </ul>

continued on page 10

Section on P14	Advice				
<p><b>National Insurance contributions in this employment</b> NIC table letter</p>	<ul style="list-style-type: none"> <li>Enter the National Insurance Category letters you have used to calculate the employee's NICs. Copy this/these from the End of Year Summary section on the back of form P11(2008–09).</li> </ul>				
<p>Columns 1a to 1c</p>	<ul style="list-style-type: none"> <li>Copy these amounts from the End of Year Summary section of form P11(2008–09).</li> <li>Make entries in whole pounds only. For example, in column 1a 3773 - not 3773.00.</li> <li>The entries in these boxes must be 'right justified'. For example, in column 1b, '£572' is shown as           <div style="text-align: right; margin: 10px 0;"> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">7</td> <td style="width: 20px; height: 20px; text-align: center;">2</td> </tr> </table> </div> </li> <li>If the employee is normally weekly or monthly paid - and earned consistently above the Earnings Threshold - the amounts in columns 1a and 1b inclusive should always be           <p style="margin-left: 20px;">1a - a multiple of 90 (LEL) if weekly paid; - a multiple of 390 (LEL) if monthly paid.</p> <p style="margin-left: 20px;">1b - a multiple of 15 (ET-LEL) if weekly paid; - a multiple of 63 (ET-LEL) if monthly paid.</p> </li> <li>If there is an entry in column 1a, you must still send in form P14 - even though no NICs may be payable.</li> <li>Where there are no earnings and no NICs to report, complete form P14 to show contribution category letter X and enter zero in columns 1a to 1c.</li> </ul>		5	7	2
	5	7	2		
<p>Columns 1d and 1e</p>	<p><b>Note: If you are sending your P14s online you must complete columns 1a to 1c.</b></p> <ul style="list-style-type: none"> <li>Copy these amounts from the End of Year Summary section on form P11(2008-09).</li> <li>The amounts in these columns must be in pounds and pence.</li> <li>Where you operate a contracted-out occupational pension scheme, and the column 1d total to be carried forward from the P11(2008-09) is a minus figure, enter 'R' in the corresponding box immediately to the right of the column 1d total boxes on the P14.</li> <li>Where there are no earnings and no NICs to report, complete form P14 to show contribution category letter X and enter zero in columns 1d and 1e.</li> </ul> <p><b>Note: If you are sending your P14s online you must complete columns 1d and 1e. For NIC category letter 'C' and 'W' zero fill column 1e.</b></p>				

continued on page 11

Section on P14	Advice
<b>Statutory payments in this employment</b> Box 1f	You can either: <ul style="list-style-type: none"> <li>• insert the total amount of SSP paid to the employee in those tax months <b>for which an amount has been recovered</b> under the Percentage Threshold Scheme, or</li> <li>• if it is easier for you to record all SSP paid in all tax months, instead of just the tax months where you made a recovery, you can enter this amount instead.</li> </ul>
Boxes 1g to 1i	<ul style="list-style-type: none"> <li>• Copy these amounts from the corresponding columns on form P11 (2008–09).</li> </ul>
Scheme Contracted-out Number	<ul style="list-style-type: none"> <li>• Only fill in this box if the employee is a member of a Contracted-out Money Purchase (COMP) scheme, COMP Stakeholder Pension (COMPSHP) scheme of the COMP part of the Contracted-out Mixed Benefit (COMB) scheme that you operate.</li> <li>• You can find this number on your Contracting-out Certificate. If you cannot find your Certificate, write to:            HMRC, Pension Share Schemes Services            Yorke House            PO Box 62            Castle Meadow Road            Nottingham            NG2 1BG.</li> <li>• Please leave blank if the employee is part of a Contracted-out Salary Related (COSR) scheme or the COSR part of a COMB scheme.</li> </ul> <p>Members of a COMP or COMPSHP scheme, including the COMP part of a COMB scheme, receive a rebate of their NICs based on their age. This is known as an Age Related Rebate (ARR). When completing the employee's form P14 <i>End of Year Summary</i>, you must ensure that the correct scheme Contracted-out Number (SCON) is entered on form P14 against the relevant earnings.</p> <p>Failure to enter the correct SCON, where contribution Table letter F or G applies, will result in non-payment of the ARR.</p> <p>For employees who move from one COMP or COMSHP scheme to another, including the COMP part of a COMB scheme, show details of the earnings under each scheme on a separate line of the P14, even though there is no change in the NIC category letter. Enter the SCON of each scheme against the relevant entry on the P14.</p>
Student Loan deductions	<ul style="list-style-type: none"> <li>• Copy this amount from the totals box at the bottom of column 1j on form P11 (2008–09).</li> <li>• Enter whole pounds only on form P14.</li> </ul>
Date of starting and Date of leaving	<ul style="list-style-type: none"> <li>• Only make an entry in these boxes if the employee starts and/or leaves your employment during the 2008–09 tax year.</li> <li>• Please use figures only, for example, <i>06 05 2008</i>.</li> </ul>

continued on page 12

Section on P14	Advice
<b>Pay and Income Tax details</b> In previous employment(s)	<ul style="list-style-type: none"> <li>• Copy this amount from the End of Year Summary section on form P11 (2008–09).</li> <li>• Enter here the details you have of pay and tax deducted for employments earlier in the year.</li> </ul>
In this employment	<ul style="list-style-type: none"> <li>• Copy this amount from the End of Year Summary section on form P11 (2008–09).</li> <li>• Always fill in these boxes. The amount must be in pounds and pence.</li> <li>• If you have refunded more tax than you have deducted 'in this employment', you should enter 'R' in the net refund box.</li> </ul>
Total for year	<ul style="list-style-type: none"> <li>• Copy this amount from the End of Year Summary section on form P11 (2008–09).</li> <li>• Only fill in these boxes if the employee was working for you at 5 April 2009 <b>and</b> you know the pay and tax figures for the year, including those for any previous employments.</li> </ul>
Employee's Widows and Orphans/ Life Assurance contributions in this employment	<ul style="list-style-type: none"> <li>• Where an employee is legally obliged to pay contributions to a Widows/Widowers &amp; Orphans, or Life Assurance fund, that qualify for tax relief but are not authorised under 'net pay arrangements' for tax relief, enter the amount of contributions paid up to a maximum of £100. For further information on 'net pay arrangements' see the CWG2, <i>Employer Further Guide to PAYE and NICs</i>, under 'Pensions contributions paid by employee'.</li> </ul>
Final tax code	<ul style="list-style-type: none"> <li>• Fill in these boxes from the left-hand side.</li> <li>• Always show here the tax code you were using at 5 April 2009, or when you last paid your employee.</li> <li>• Only enter the tax code. Do not include any other characters like asterisks or leading zeros.</li> <li>• If you operated the tax code on a week 1/month 1 basis, enter 'W1' or 'M1' after the code. Do not use any other abbreviations.</li> <li>• Where form P11 (2008–09) shows 'NI' in the tax code box, leave the tax code box on form P14 blank.</li> <li>• Change any suffix A or H code to a T code to avoid rejection of your Return.</li> <li>• For online Returns always use '0' (zero) not the letter 'O' when recording codes OT or D0.</li> </ul>
Payment in Week 53	<ul style="list-style-type: none"> <li>• If you make a payment in week 53, put one of the following notations in this box                '53' if there were 53 weekly paydays in the year                '54' if there were 27 fortnightly paydays in the year                '56' if there were 14 four-weekly paydays in the year.</li> <li><b>Note: Do not change the final tax code to week 1 if the only reason you have used the WK1/MTH1 table is to calculate a payment on week 53.</b></li> </ul>

It would help if you put the forms into alphabetical order of surname, or in the order you list your employees on form P35.

- If you use both forms P14 and approved substitutes, list and bundle them separately.
- If you are sending in both landscape and portrait P14s, please arrange your P35 listing and P14 bundles in this order: landscape first, portrait second. This will speed up the processing of the forms.

Now you need to fill in your P35 - pages 14 to 20 will help you.

# Example of a completed form P14

The example below uses the figures taken from the P11 example across pages 6 and 7 of this Helpbook.

**HM Revenue & Customs office name**  
**MINSTER**

**HM Revenue & Customs office name**  
**MINSTER**

**Employer PAYE reference**  
**1 3 1 / V 3 0**

**Tax Year to 5 April**  
**2 0 0 9**

**006**

**Your name and address as employer**

**VFM LTD**  
**36 SOHO GARDENS**  
**LONDON**

**Postcode** **W 1 1 6 P D**

**Employee's details** Copy from P11

**National Insurance number** **A B 1 2 3 4 5 6 C**

**Surname** **DOE**

**First two forenames** **J A N E**

**Works/payroll no.**

**Date of birth in figures**

Day **1 0** Month **0 2** Year **1 9 6 3**

**Gender** **F** (M - male, F - female)

**Employee's private address (if known)**

**64 ST GEORGE'S ROAD**  
**LONDON**

**Postcode** **S W 3 4 L D**

**Expenses payments and benefits paid to directors and employees:**  
Complete form P11D or P9D if appropriate and provide a copy of the information to your employee by 6 July. See booklet CWG2 Employer Further Guide to PAYE and NICs for more details.

**National Insurance contributions in this employment** (Note: LEL = Lower Earnings Limit, ET = Earnings Threshold, UEL = Upper Earnings Limit)

NIC table letter	Earnings above LEL, up to and including the ET (whole £s only)		Earnings above ET, up to and including the UEL (whole £s only)		Earnings above UEL (whole £s only)	
	From col. 1a on P11	1a	From col. 1b on P11	1b	From col. 1c on P11	1c
A	4 2 9 0	6 9 3	1 1 4 9 5	2 7 4 1	0 9	1 2 6 6
						8 7

**Statutory payments included in the pay 'in this employment' figure below**

Statutory Sick Pay (SSP)	Statutory Maternity Pay (SMP)	Statutory Paternity Pay (SPP)	Statutory Adoption Pay (SAP)
1f	1g	1h	1i
£ p	£ p	£ p	£ p

**Pay and Income Tax details**

Pay	Tax deducted
In previous employment(s)	£ p
<b>1 2 5 0</b>	<b>1 6 4</b>
In this employment	£ p
<b>1 6 5 0 0</b>	<b>2 2 4 3</b>
Total for year	£ p
<b>1 7 7 5 0</b>	<b>2 4 0 8</b>
Employee's Widows & Orphans/Life Assurance contributions in this employment	£ p
	<b>5 7 0</b>
	<b>L</b>

**Date of starting** if during tax year to 5 April 2009: Day **0 6** Month **0 5** Year **2 0 0 8**

**Date of leaving** if during tax year to 5 April 2009: Day **D D** Month **M M** Year **Y Y**

**Statutory Contracted-out Number** (For Contracted-out Money Purchase schemes OR Contracted-out Money Purchase Stakeholder Pension schemes only)

S S S S

**Student Loan Deductions** in this employment (whole £s only) From col. 1j on P11

£

**Payment in Week 53:** if included in Pay and Tax totals, enter '53', '54' or '56' here (See Employer Helpbook E10)

£

HMRC 11/07 To: HM Revenue & Customs P14(Mannual)(2008.09) National Insurance copy

## Part 5 Filling in the form P35 *Employer Annual Return*, for tax year 2008–09

### Introduction

This section will help you fill in your form P35 *Employer Annual Return* for 2008–09.

If you have 50 or more employees you are required to file online for 2008–09 and we will not send you a paper P35. If you have fewer than 50 employees we will send you a paper P35 however, if you filed your 2007–08 Return online and you are registered to file online over the Internet, a P35N (Notification to File) will be made available to view from your PAYE Online service page using the 'employer notices' option.

Paper forms P35 are issued by your Accounts Office towards the end of each tax year. If you haven't received yours by the end of March and you are not going to file online, contact your local HMRC office.

**Note:** You will get a penalty if you file on paper when you should file online.

The paper P35 is a four page form.

- Page 1 tells you what your obligations are, and where to get further help.
- Pages 2 and 3 require you to list the details of your employees and summarise your payments for the year.
- Page 4 contains several 'tick box' questions for you to complete before signing and dating the form.

**There is an example of pages 2 and 3 of a completed form P35 on page 17.**

## Filling in pages 2 and 3 of form P35

### Part 1 Summary of employees and directors

You must list each employee for whom you are required to complete a form P11 *Deductions Working Sheet* or equivalent record.

**Note:** If some or all of your forms P14 are being sent by Internet, Electronic Data Interchange (EDI) or magnetic media, there is no need to complete the Part 1, Summary of employees and directors, section of the Return.

If there are more than ten entries you will have to use forms P35(CS) *Continuation Sheets* (or equivalents). If you didn't receive any with your form P35, or need some more, you can:

- download or order copies online at [www.hmrc.gov.uk/employers/emp-form.htm](http://www.hmrc.gov.uk/employers/emp-form.htm)
- download copies from your Employer CD-ROM, or
- phone the Employer Orderline on **08457 646 646**.

You can always use your own equivalent record as long as it contains the same information. Please list:

- for limited companies, directors first and mark their entries with an asterisk (\*)
- your employees in alphabetical order of surname, or in the same order as you have collated the P14s
- for each employee, the total of employee's and employer's NICs recorded in column 1d of the 'End of Year Summary' box on form P11
- for each employee, the tax deducted or refunded, recorded in the 'In this employment' box at the foot of column 6 on form P11.

#### If you make a mistake and record the wrong entry:

- draw a line through the entry so that it can still be read, and
- record the correct detail alongside.

### Part 2 Summary of payments for the year

**Please complete boxes 1 to 26 as applicable and check that your payments to the Accounts Office are correct.**

If you were not required to complete boxes 1, 2, 4 and 5 in Part 1 (see notes above) you must begin by entering the respective NICs and Income Tax totals for **all** your employees for whom you have completed a form P11 (or equivalent record) regardless of how your forms P14 have been submitted.

Box 1	Add up the entries from the NICs column above (on form P35). Enter the total in box 1. Mark minus amounts 'R'.
Box 2	You will only use this box if you prepare more than ten forms P14. Enter the total amount(s) of NICs brought forward from any P35(CS), <i>Continuation Sheets</i> (or equivalents) used. Mark minus amounts 'R'.
Box 3	Add boxes 1 and 2 together, and enter the total in box 3. This gives you the total amount of NICs deducted. Mark minus amounts 'R'.
Box 4	Add up the entries from the Income Tax column above (on form P35). Enter the total in box 4. Mark minus amounts 'R'.
Box 5	You will only use this box if you prepare more than ten forms P14. Enter the total amount(s) of Income Tax brought forward from any form P35(CS), <i>Continuation Sheets</i> (or equivalents) used. Mark minus amounts 'R'.
Box 6	Add boxes 4 and 5 together, and enter the total in box 6. This gives you the total amount of tax deducted. Mark minus amounts 'R'.
Box 7	You will only use this box if you asked your Accounts Office for an advance. Enter the amount you received in box 7. You would have asked for an advance if you had to make tax refunds to employees but didn't have enough deductions in hand from which to pay them. You need to pay back these amounts because you received credit for paying them in boxes 4 and/or 5, or 6. You may have recorded these payments on form P32, <i>Employer Payment Record</i> (or equivalent), or your P30BC, <i>Payslip Booklet</i> .
Box 8	Add boxes 6 and 7 together and enter the total in box 8.
Box 9	Add boxes 3 and 8 together and enter the total in box 9.
Box 10	You will only use this box if you made any Student Loan deductions this year. Refer to the total box at the bottom of Col 1j on each of the forms P11. Add those totals together and enter the new total in box 10 (whole pounds only).
Box 11	Add boxes 9 and 10 together and enter the total in box 11. This gives you the total deductions made, including NICs, Income Tax and Student Loan deductions.

Box 12	For further help refer to Employer Helpbook E14 <i>What to do if your employee is sick</i> . If you have paid Statutory Sick Pay (SSP) to your employees during the year, enter, in box 12, the amount you are entitled to recover under the Percentage Threshold Scheme (PTS) not the amount paid. Include any payments received directly from your Accounts Office to cover the recovery of SSP that you have shown at box 20.
Box 13	For further help refer to Employer Helpbook E15 <i>Pay and time off work for mothers</i> . If you have paid Statutory Maternity Pay (SMP) to your employees during the year, enter in box 13 the amount you are entitled to recover. Include any payments received directly from your Accounts Office to cover the recovery of SMP that you have shown at box 20.
Box 14	For further help refer to Employer Helpbook E15 <i>Pay and time off work for mothers</i> . Enter in box 14 any compensation you are entitled to claim in addition to the SMP recovered.
Box 15	For further help refer to Employer Helpbook E15 <i>Pay and time off work for mothers</i> . If you have paid Statutory Paternity Pay (SPP) to your employees during the year, enter in box 15 the amount you are entitled to recover. Include any payments received directly from your Accounts Office to cover the recovery of SPP that you have also shown at box 20.
Box 16	For further help refer to Employer Helpbook E15 <i>Pay and time off work for mothers</i> . Enter in box 16 any compensation you are entitled to claim in addition to the SPP recovered.
Box 17	For further help refer to Employer Helpbook E16 <i>Pay and time off work for adopters</i> . If you have paid Statutory Adoption Pay (SAP) to your employees during the year, enter in box 17 the amount you are entitled to recover. Include any payments received directly from your Accounts Office to recover the amount of SAP that you have shown at box 20.
Box 18	For further help refer to Employer Helpbook E16 <i>Pay and time off work for adopters</i> . Enter in box 18 any compensation you are entitled to claim in addition to the SAP recovered.
Box 19	Add all boxes from 12 to 18 together, and enter the total in box 19.
Box 20	You will only use this box if you received funding from your Accounts Office to pay SSP/SMP/SPP/SAP or to recover the amounts of SSP/SMP/SPP/SAP you have paid. Enter the total amount of funding received in box 20. You may have recorded this information on your form P32 <i>Employer's Payment Record</i> (or equivalent), or your P30BC <i>Payslip Booklet</i> .
Box 21	Calculate box 19 <i>minus</i> box 20, to get the net amount of statutory payments recovered. Enter the total in box 21.
Box 22	To check the total NICs, Income Tax and Student Loan deductions <i>minus</i> the amount of statutory payments recovered: <ul style="list-style-type: none"> <li>• calculate box 11 <i>minus</i> box 21, but</li> <li>• if box 21 is a minus amount - add box 21 to box 11.</li> </ul>
Box 23	You will only use this box if you made deductions during the year from subcontractors in the construction industry. Add up boxes 4.6 on all your CIS300 monthly returns and enter the total amount in box 23 of the P35.
Box 24	Add boxes 22 and 23 together. This is the amount payable to you for the year.
Box 25	Enter the total of NICs and tax that you have paid to your Accounts Office during the year. Remember to include any overpayment from the previous year transferred to this account by HMRC. You may have recorded your payments on form P32 <i>Employer Payment Record</i> (or equivalent), or your P30BC <i>Payslip Booklet</i> .
Box 26	If a tax-free incentive payment was credited to your 2008–09 PAYE payment record for having sent any previous year's Returns online, enter the amount. If the tax-free incentive payment was repaid directly to you by cheque, do not include the amount repaid.
Box 27	To check whether there is a balance to pay HMRC, calculate box 24 <i>minus</i> boxes 25 and 26. Enter the total in box 27. If it is a minus figure, put 'M' in front.

Only fill in boxes 28 and 29 if you are a limited company and CIS deductions have been taken from payments received for work in the construction industry.

Box 28	Refer to column E of the CIS132, or equivalent, for the amount of CIS deductions taken from payments you received during the year for work in the construction industry. Copy the total to box 28 of the P35.
Box 29	To check whether there is a balance to pay HM Revenue & Customs, calculate box 27 <i>minus</i> box 28. Enter the total in box 29. If it is a minus amount, put 'M' in front.



## Filling in page 4 of form P35

Now turn to page 4 of the form and use the prompts below to help you complete it.

### Part 3 Checklist

#### Question 1

Tick 'No' if you have employees for whom you have not completed a form P14, or a P38(S) or equivalent record.

These employees are likely to be part-time or casual staff. If you tick 'No' you must complete a P38A *Employer Supplementary Return* which you can get from the Employer Orderline on **08457 646 646** or from your Employer CD-ROM.

#### Question 2

A 'free of tax' payment is a payment where the employer (rather than the employee) bears any tax due.

#### Question 3

Has someone other than you paid expenses or provided benefits to any of your employees during the year as a result of the employee working for you?

#### Question 4

This question is in two parts. If the answer to the first part of this question is 'Yes', you will have to complete and enclose a form P14 for each employee concerned.

#### Question 5

Did you pay any part of the employee's pay direct to anyone else, for example, paying school fees direct to a school?

If you did, was the payment included in the employee's pay for tax and NICs purposes and in the pay shown on the employee's form P14?

This does not include Attachment of Earnings Orders, payments to the Child Support Agency and Salary Sacrifice arrangements.

#### Question 6

Question 6 is deliberately in two parts. The first question narrows those employers who need to consider whether the second question applies. If the answer to the first question is no, the answer to the second question will similarly be no.

The first question should be answered yes if:

- an individual performed services (intellectual, manual or a mixture of the two) for a client or clients, and
- the services were provided under a contract between the client and the company of which, at any time during the tax year, the individual performing the services was a shareholder or partner, and
- the company's income was, at any time during the tax year, derived wholly or mainly (that is, more than half of it) from the services performed by the shareholders or partners personally.

The second question should only be answered yes if income has been treated as deemed employment income and PAYE/NICs deducted in accordance with the Managed Service Company or Intermediaries legislation (IR35).

For the purposes of this question, 'service company' includes a limited company, a limited liability partnership, or a partnership.

The only engagements affected by the IR35 rules are those in which the worker would be classed as an employee (for NICs, employed earner) of the client if it were not for the service company involvement.

Where the IR35 rules apply, the intermediary (service company) may have to account for an additional amount of PAYE and NICs on the deemed payment, which is based upon the income from the engagements, after an allowance for certain expenses and pension contributions.

All income, less any allowable expenses, received by a worker providing their services through a Managed Service Company, is liable to PAYE and NICs.

If you are a service company (as explained above) in the year to 5 April 2009, tick the first 'Yes' box under this question.

If you have deducted PAYE and NICs on deemed employment payments under either the Intermediaries legislation (IR35) or the Managed Service Companies legislation in respect of any person shown on the Return, tick the second box 'Yes'.

#### In respect of the Intermediaries legislation (IR35) only:

- Where an engagement is within the rules but the deemed payment is nil because sufficient amounts of employment income have been paid, you should also tick the second box 'Yes'.
- If you tick the second box 'Yes' but the amount of the deemed employment payment is provisional, confirm this on a separate sheet and send it with your P35.
- If you cannot finalise the amounts by 19 May 2009, you will not have to pay a penalty so long as you send in your Employer Annual Return by that date, and you pay all of the PAYE and NICs due in respect of the deemed payment by 31 January 2010. You will still be charged interest from 19 April 2009 until the PAYE and NICs are paid.

For further guidance about the Intermediaries legislation (IR35):

- go to our website at: [www.hmrc.gov.uk/ir35](http://www.hmrc.gov.uk/ir35)
- phone the IR35 Helpline on **0845 303 3535** open Monday to Friday 09:00 - 17:00

For guidance about the Managed Service Companies legislation:

- go to our website at: [www.hmrc.gov.uk/employment-status/msc.htm](http://www.hmrc.gov.uk/employment-status/msc.htm)

### Part 4 Contracted-out pension schemes

If you operated a pension scheme that was contracted-out of the State Second Pension, enter the employer's contracted-out number from your Contracting-out Certificate in this box.

## Part 5 Employers certificate and declaration

**It is very important that you complete and sign this section.**

This section consists of several statements covering the return of forms P14, P38A, P11D and P11D(b).

Tick the appropriate boxes to indicate that forms are enclosed, will be sent later, or are not due.

Where the answer to Question 1 of the Checklist is 'Yes' the answer to the P38A question can only be 'is not due'.

The person signing the form must say who they are, for example, company secretary, payroll manager, proprietor and so on.

By sending your P35 online we accept that the requirement to sign the form has been complied with.

### Filing your P35 and P14 separately.

If you want to file your Return in parts, go to

**[www.hmrc.gov.uk/payonline/p14-p35-separately.htm](http://www.hmrc.gov.uk/payonline/p14-p35-separately.htm)**

You can file your Return in parts from different places and in various ways. A part can be made up of P14s or a P35. For example, your agent could file all your P14s in one part online whilst you file the P35 on paper. All the parts making up an Employer Annual Return must be sent in an acceptable format by 19 May 2009 or you will be liable to a penalty.

**Note:** If you intend to file your Employer Annual Return (P14s and P35) solely on paper you must continue to file your form P35 and all your forms P14 together in full to your HMRC office.

If you are filing your Return in parts **you must:**

- use a P14 Cover sheet, available from the Employer Orderline, for any part containing paper P14s, or your Return will be rejected
- choose a unique identifier for each P14 part being sent
- show in the box provided the number of P14 parts being sent. This is the number of P14 batches (not including the P35 itself) **not** the total number of P14s being sent. If you use magnetic media the figure in this box must be the number of unique identifiers used to send your P14s. There is no longer a requirement to provide details of the permit number(s) on the P35
- only file one P35 for each Employer PAYE reference reflecting all your P14 parts, irrespective of the number you are sending. **Do not** send a P35 for each P14 part
- not send a paper P35 if you have or intend to file your Return online.

Online Return & Forms - PAYE, or commercial software, which lets you file your Employer Annual Return in parts will ask you for a unique identifier, which you must provide prior to the submission of each P14 part. The unique identifier can be anything that you find easy to remember, up to 12 characters.

Whoever files the P35 must know exactly how many P14 parts are being sent in total.

We can only check that your whole Return meets the Quality Standard once we have every part. To be certain that we have your complete Return, we recommend that you send the P35 part last.

Example of page 4 of a completed form P35

**Part 3 Checklist**

You must answer each question by ticking the correct box

1 Have you sent a form P14 *End of Year Summary* or completed and retained a form P38(S) *Student employees* for every person in your paid employment, either on a casual basis or otherwise, during the tax year shown on the front of this form?

No  Yes

If 'No', please send a form P38A *Employer Supplementary Return*.

2 Did you make any 'free of tax' payments to an employee? In other words, did you bear any of the tax yourself rather than deduct it from the employee?

No  Yes

3 So far as you know, did **anyone else pay expenses**, or in any way provide vouchers or benefits to any of your employees whilst they were employed by you during the year?

No  Yes

4 Did anyone **employed** by a person or company **outside the UK** work for you in the UK for 30 or more days in a row?

No  Yes

If 'Yes', have you sent a form P14 for them?

No  Yes

5 Have you **paid** any of an employee's pay to **someone other than the employee**, for example, to a school?

No  Yes

If 'Yes', have you included this pay on their form P14?

No  Yes

6 Are you a Service Company?

No  Yes

If 'Yes', have you operated the Intermediaries legislation (sometimes known as **IR35**) or the Managed Service Companies legislation?

No  Yes

For more detailed information, see CWG2 *Employer Further Guide to PAYE and NICs*.

**Part 4 Contracted-out pension schemes if applicable**

If you have a Contracted-out pension scheme, enter your Employer Contracted-out number (ECON) from your contracting-out certificate

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**Part 5 Employer certificate and declaration**

Tick one box to complete each statement below. This certificate and declaration covers any documents authorised by us as substitutes for the forms mentioned below. We may penalise or prosecute you if you make false statements.

I declare and certify that

- forms P14 *End of Year Summary* for each employee or director for whom I was required to complete a form P11 *Deductions Working Sheet* (or equivalent record) during the year, are all enclosed

or

have been sent separately in one or more parts†

† If forms P14 have been sent in more than one part, please state the number of parts sent, **not the total number of forms P14**, and note that only one P35 is required reflecting all P14 parts. For more detailed information, see the MP2 *Do it online - Online filing and electronic payment handbook*.

- completed form P38A *Employer Supplementary Return* is enclosed  is not due

- completed forms P11D and P11D(b) *Returns of expenses payments, benefits and Class 1A contributions* are due  are not due

All the details on this Return and any forms enclosed or sent separately are fully and truly stated to the best of my knowledge and belief.

Employer signature

C P Elliot

Please print your name

CPELLIOT

Capacity in which signed

Director

Date

01 / 05 / 2009

Please give a daytime telephone number. It will help speed things up if we need to talk to you about your Return.

01234 567890

By law this Return must reach us by 19 May.

## Part 6 What to do next

After you have filled in your paper P14s, P35 and, where appropriate, P38(S) declarations and P38A, please:

- remove any pins or staples
- detach any stubs or sprocket holes
- separate the three parts of each form P14, or the individual copies if you use continuous stationery
- make separate bundles of the top and second copies
- don't fold forms P14
- deal with the third part, form P60, as instructed opposite in Part 7.

By 19 May 2009, send your P35, the top two copies of forms P14 and any forms P38A, to your HMRC office, **even if your payments of PAYE and NICs are not up to date.**

Do not send in originals, photocopies or declarations from the P38(S) or equivalent record.

Receipts will not be issued for an Employer Annual Return sent on paper. This is because acknowledging receipt of the Return may cause confusion if the Return fails the quality standard checks and has to be returned to you for correction.

Returns submitted online will receive an automatic acknowledgement. This will be an acceptance message if the Return passes the quality standard checks or a rejection message if the Return fails. Returns that fail the quality standard checks must be corrected and resubmitted as soon as possible.

Where the P14s and P35 are sent online separately, an automatic acknowledgement will be issued for any P14 parts. The acknowledgement for the P35 will not be sent until all the parts have been brought back together and checked against the quality standard.

### Paying any balance

Pay any outstanding amounts of monthly or quarterly PAYE and NICs for 2008–09 directly to your Accounts Office. **Do not send payments with forms P14 and P35.**

### Overpayments

An overpayment may arise if an entry in either Box 27 or Box 29 on your Employer Annual Return P35 is a minus amount. If this occurs you must ensure that all return parts and/or monthly CIS Returns have been submitted, so that we can investigate the apparent overpayment.

If you wish to claim a repayment of an apparent overpayment you should write to your local HMRC office.

### How long to keep records

Whether you keep electronic or paper records, or both, you must keep the following forms for at least three years after the end of the tax year to which they relate.

- Forms P11 and pay records. This applies even if an employee does not pay any PAYE or NICs in the tax year but you have completed a form P11 to keep records of earnings.

- Forms P38(S) or equivalent records including those relating to students for whom a form P14 has been prepared.

### Penalties

You may be liable to:

- a late filing penalty if any part of your Employer Annual Return (P14s and P35) is received after 19 May 2009. A penalty notice will be issued on receipt of the 'late' Return. An interim penalty notice will be sent in September and the following January and May if your Return remains outstanding by these dates
- a penalty for not filing online, if you have to send your P14s and P35 online and any part is sent on paper or by magnetic media. For 2008–09, notice of this penalty will be sent from mid-June 2009
- a surcharge for not paying on time, if you have to make your monthly payments of tax, NICs and Student Loan deductions electronically. These surcharges will be issued from mid-May 2009
- a separate penalty when your Employer Annual Return is checked in detail, if it is found to be incomplete due to either negligence or fraud. You will get separate notices for each penalty.

### Part 7 Form P60

By 31 May 2009 give a paper form P60 to each employee who was working for you at 5 April 2009 and for whom you have completed a form P11 (2008–09) or equivalent record.

- If you have used the HMRC paper part P14/60 set, destroy forms P60 for those employees who are no longer working for you at 5 April 2009.
- If an employee has had more than one period of employment with you during the tax year, only give one paper form P60 to the employee - this P60 should be for the period that covers 5 April 2009.
- If an employee asks for another copy, you may issue a duplicate. **Any duplicate must be clearly marked with the word 'DUPLICATE'.**

### Part 8 Tax-free payments for online filing

If you have fewer than 50 employees and file your 2008–09 Employer Annual Return online you could receive a tax-free payment of £75. We will write to tell you if you are due £75 for filing online. If you are registered for 'PAYE Online for Employers - Internet' we will send confirmation that we have credited the £75 tax-free payment online, even if you chose not to get in-year notices (for example, P6s) online. You can view this notice from your PAYE Online service page using the 'view employer notices' option. Otherwise, you will receive your letter through the post. The 'letter' is entitled 'Online Filing tax-free payment' and confirms that the tax-free payment has been credited to your PAYE account.

When you have received the 'Online Filing tax-free payment letter', the majority of you can get your tax-free payment by simply reducing your future payments of tax and NICs by £75. If there is no payment due you must send in a 'NIL' payslip to your Accounts Office to avoid unnecessary reminders being issued. Do not deduct the £75 tax-free payment from any 2008–09 payment due.

If you cannot claim your tax-free payment by reducing your payments to us, you can claim it back as a cheque. But again, you must wait until you have received the 'letter' entitled 'Online Filing tax-free payment'. The letter will tell you who you should contact to claim the tax-free payment back as a cheque.

If you have fewer than 50 employees and ceased trading during 2008–09 you can receive the tax-free payment if you file your cessation Return online. But you must:

- tell your HMRC office straight away that you have ceased
- send us all outstanding tax and NICs immediately.

We will credit the tax-free payment to your 2008–09 PAYE account if your records show a date of cessation during 2008–09.

You will only qualify for a tax-free payment if you are required to file an Employer Annual Return (P14s and P35). A tax-free payment will not be due where you were not required to complete a P11 *Deductions Working Sheet* or equivalent record for any of your employees.

## Part 9 Forms P11D, P11D(b) and P9D

Fill in forms P11D and P9D or online equivalent to give information about employees' expenses and benefits in the tax year and form P11D(b) to give information about Class 1A NICs.

Fill in forms **P11D** if you have paid or provided taxable benefits or expenses to:

- directors
- employees paid at a rate of more than £8,500 a year
- members of the families or households of the above including spouses, civil partners, children and their spouses or civil partners, parents, dependants, servants and guests.

Fill in form **P11D(b)** where taxable benefits or expenses subject to Class 1A NICs have been provided. The P11D(b) is also the employer declaration which must be sent along with forms P11D.

Fill in forms **P9D** if you have paid or provided taxable benefits to employees, but have not completed form P11D because they earned at a rate of less than £8,500 a year.

You can find blank copies of forms P11D, P11D(b) and P9D on the Employer CD-ROM in the Forms & Helpbooks section.

- Use Fill in Forms On-Screen (without save option) to enter figures directly onto the forms.

- Use Fill in Forms On-Screen (with save option) and the CD-ROM will help you to calculate the figures and then insert the figures onto the forms for you.

Completed forms should reach your HMRC office by 6 July 2009. Penalties are chargeable if forms arrive late, see page 2 for details.

Where you have completed a P11D for the taxable benefits or expenses paid or provided to an employee, give the employee a copy.

For more detailed information about benefits and expenses and Class 1A NICs see:

- booklet **CWG5(2009)** *Class 1A National Insurance contributions on benefits in kind - A guide for employers*, a reference guide covering all aspects of Class 1A NICs
- booklet **CA33** *Class 1A National Insurance contributions on Car and Fuel Benefits - a guide for employers*, a guide if you provide employees with a company car and/or fuel which is available for their private use
- booklet **480(2009)** *Expenses and benefits - A tax guide*, a comprehensive guide to the tax law relating to expenses payments and benefits
- booklet **490** *Employee travel - a tax and NICs guide for employers*, a guide setting out the approach which HMRC will normally take in applying legislation on employee travel
- **P11D Guide**, a guide to the completion of forms **P11D Return of expenses and benefits**
- **P11D Working Sheets**, optional working sheets for calculating the cash equivalent of certain benefits
  - Working Sheet 1 *Living accommodation*
  - Working Sheet 2 *Cars and car fuel*
  - Working Sheet 3 *Vans and van fuel*
  - Working Sheet 4 *Interest-free and low interest loans*
  - Working Sheet 5 *Relocation expenses*
  - Working Sheet 6 *Mileage allowance payments and passenger payments.*

You can get any of these forms or booklets from the Employer Orderline on **08457 646 646** or they are available from your Employer CD-ROM.

Further information about expenses and benefits can also be found on our website at

[www.hmrc.gov.uk/payex/exb.htm](http://www.hmrc.gov.uk/payex/exb.htm)

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

***Issued by***

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**HM Revenue  
& Customs**

