

Starting the tax year from 6 April 2010

Includes:

- Records you need to keep
- Form P11
- Preparing form P11
- Tax and NI tables
- How long to keep records
- Computer users

Help and guidance

Help and guidance is available from the following sources.

The Internet



Go to our website at www.hmrc.gov.uk/paye

Employer CD-ROM



Your Employer CD-ROM has most of the forms and guidance you will need to help you run your payroll throughout the year. For more information about your Employer CD-ROM see the inside back cover.

Employer Helplines



Employer for **less** than 3 years
Phone the New Employer Helpline

0845 60 70 143

Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

Employer for **more** than 3 years
Phone the Employer Helpline

08457 143 143

Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

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)
Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

A list of helplines and opening hours is available:

- on our website, go to
www.hmrc.gov.uk/contactus/helplines.htm
- on your CD-ROM
- in your Employer Bulletin, and
- in **The Phone Book** from BT.

In person



We offer free workshops covering all payroll topics. These workshops are available at locations nationwide. Further information is available from our website, go to www.hmrc.gov.uk/bst or by calling the Advice Team on **0845 603 2691**.

Forms and guidance in Braille, large print and audio

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

See the back cover for further help and guidance.

Starting the tax year from 6 April 2010 for 2010-11

This helpbook tells you what you need to do to prepare for the start of the new tax year 2010-11.

It explains:

- what records you need to keep from the start of the new tax year
- when to use a form P11 *Deductions Working Sheet* to record details of Pay As You Earn (PAYE) and National Insurance contributions (NICs), and how to fill in the employer and employee details on a form P11
- how to change your employee's tax code from the start of the tax year
- how long to keep the records.

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Records you need to keep

For each employee you must keep a record of:

- gross pay (the main things that count are wages or salary and overtime payments)
- any tax deducted or refunded
- any NICs deducted or refunded
- Student Loan deductions
- your employee's sick absence, including any Statutory Sick Pay (SSP) paid. See the E14(2010) *Employer Helpbook for Statutory Sick Pay* for more information
- your employee's pregnancy, including any Statutory Maternity Pay (SMP) paid. See the E15(2010) *Employer Helpbook for Statutory Maternity Pay* for more information
- your employee's paternity absence, including any Statutory Paternity Pay (SPP) paid. See the E19(2010) *Employer Helpbook for Statutory Paternity Pay* for more information if your employee was absent because a baby was born or because a child was being adopted
- your employee's absence due to adoption, including any Statutory Adoption Pay (SAP) paid. See the E16(2010) *Employer Helpbook for Statutory Adoption Pay* for more information.

When must I prepare and maintain a form P11 *Deductions Working Sheet*?

You must prepare and maintain a form P11 *Deductions Working Sheet* (or equivalent record) when:

- you pay your employee
 - £97 or more in any week (National Insurance contributions weekly Lower Earnings Limit), or
 - £421 or more in any month (National Insurance contributions monthly Lower Earnings Limit)

If your pay period is other than weekly or monthly please see the Employer Helpbook CWG2(2010) *Employer Further Guide to PAYE and NICs*

- we have issued you with a tax code for your employee, or
- you are required to operate a tax code taken from your employee's P45, or
- you have paid your employee and you are required to operate tax code BR in accordance with the P46 procedures shown on page 28 of the Employer Helpbook E13(2010) *Day-to-day payroll*.

If you are not required to maintain a form P11 *Deductions Working Sheet*, you must keep a record of the employee's name, address and the amount of wages paid each pay period, for example weekly, monthly or four-weekly.

Form P11

If you don't use payroll software HM Revenue & Customs provides:

- a **P11 Calculator** on your CD-ROM which will work out and record your employees' PAYE tax, National Insurance contributions (NICs) and any Student Loan deductions every payday. It also has a linked P32 *Employer Payment Record* that works out how much you need to pay us. If you use the P11 Calculator on the Employer CD-ROM you will need to finalise 2009-10 on the P11 Calculator. In the Employer Database select the 'Employer Tab' and 'Complete Year End 2009-10'. When opening the 2010-11 P11 Calculator use:
 - any new tax code we have issued (if you have received more than one, use the one with the most recent date), or
 - if no new tax code has been received, continue to use the tax code you used in 2009-10
- a paper form P11 *Deductions Working Sheet*. You can order copies from the Employer Orderline
 - from our website at www.hmrc.gov.uk/employers/emp-form.htm
 - by phone **08457 646 646**
 - by fax **08702 406 406**.

The P11 is a double-sided form and on each side:

- the left-hand section has columns 1a to 1f for recording NICs, 1g to 1j for recording statutory payments (SSP, SMP, SPP and SAP), and 1k for recording Student Loan deductions
- the right-hand section is headed 'PAYE Income Tax' and has columns 2 to 8 for recording pay and tax.

Alternatively you can use equivalent documents which must contain all the details you would record on the form P11.

Example of the top of form P11

Check you are using the right form P11.

Deductions Working Sheet P11 Year to 5 April 2011 Employee's details use capitals

Box A Employer name

Box B HM Revenue & Customs office name

Box C Employer PAYE reference

Box D Surname

Box E First two forenames

Box F National Insurance number

Box G Date of birth DD MM YYYY

Box H Works/payroll number

Box I Gender 'M' 'F'

Note 1 Using the P11 Calculator on your Employer CD-ROM is easier and quicker than completing the manual P11. The 'P11 Calculator Guide' on your CD-ROM gives guidance on how to use it. You can find all the Employer Helpbooks in the CD-ROM: E13 *Day-to-day payroll*; E14, E15, E16, E19 covering statutory payments and the E17 *Collection of Student Loans*. You can also get copies of the Helpbooks from the Employer Orderline on 08457 646 646. If you need help with your payroll go to www.hmrc.gov.uk or phone the Employer Helpdesk on 08457 646 646.

Note 2 In the NI Tables, a letter is shown at the top of each section, for example A, B, C, D. Copy the Table letter you use to the Table letter box in the 'End of Year Summary' overleaf. If the employee's circumstances change part way through a year, the Table letter may change as well. Record all Table letters used and enter separate totals for each one.

Turn over page for Weeks 31-52 (Months 8-12) and End of Year Summary boxes

Box I Date of starting DD MM YYYY

Box J Date of leaving DD MM YYYY

Box K Student Loan deductions case (✓)

Box L Tax code † † If amended cross out previous code

Box M Amended code † Wk/Mth in which applied

Please keep this form for at least three years after the end of the year to which it relates, or longer if you are asked to do so.

PAYE Income Tax

K codes only

For help on completing boxes A to L of the form P11 at the start of the tax year 2010-11, see pages 3 and 4.

Preparing form P11

At the start of the new tax year prepare a form P11 and fill in boxes A to M using the details from last year's form or update the payroll software that you have been using for 2009-10. The following guidance will help you.

Employer's details

Box A Employer's name.

Box B HM Revenue & Customs office name and Employer PAYE reference - you'll find this on the P11 or your payroll software that you have been using for 2009-10. Alternatively, you can find this number on the front of your P30BC Payslip Booklet or P30B letter.

Employee's details in CAPITALS

Box C Employee's surname.

Box D Employee's forename(s) - up to two forenames only. If you don't know the employee's full forename(s) put their initial - or initials - in this box but make efforts to find out their full forename(s) before the end of the tax year.

Box E Employee's National Insurance number - this must be two letters, six numbers followed by one letter (for example, QQ123456A). This is an example only and should not be used where an employee does not provide their NI number. For more information about tracing National Insurance numbers, see Part 5 of the Employer Helpbook E13(2010) *Day-to-day payroll*.

Box F Employee's date of birth - this must be entered in figures using the format DD MM YYYY, for example, 04 02 1959. You must show date of birth and gender on all P45s and P46s.

Box G Works/payroll number - if you use a works or payroll number system to identify your employees enter the works/payroll number in this box.

Box H Gender - enter M (male) or F (female).

Starting and leaving dates

Box I You don't need to fill in this box unless the employee starts work with you on or after 6 April 2010.

Box J This box should only be filled in if your employee stops working for you in the 2010-11 tax year.

Student Loan deductions

Box K Tick this box if you were required to make Student Loan deductions for the employee at the end of the previous tax year. If you receive a Stop Notification you should still tick this box if it did not come into effect until after 5 April 2010.

New tax codes from 6 April 2010

Boxes L & M We will not send you a new tax code for every employee, but when we do send you a new tax code you will receive either:

- an electronic notification of coding (depending on your arrangements with HM Revenue & Customs (HMRC)), or
- a form P9(T), see the example below.

We recommend that you carry out the new tax year code amendment process as follows:

Example of a form P9(T)

HM Revenue & Customs
Issued by HM Revenue & Customs
HM Revenue & Customs
Minster
Government Buildings
High Street Minster
MR2 8QT

PAYE - Notice to employer of employee's tax code

Employer details:
VFM Ltd
36 Soho Gardens
London
W1V 4LD

Employee's name: SMITH MR A
National Insurance number: QQ 12 34 56 A
Works or payroll number: 1615
Tax code: 510L
Please use for the tax year to 5 April: 2011

Instructions for the employer
1. Keep this form, as your authority, for three years.
2. Please make sure that you put the employee's National Insurance number on:
• your payroll records, and
• the end of year documents that you send in with your annual return after 5 April.
If the National Insurance number already on your records is different from the number shown above, please tell your HM Revenue & Customs office.
3. If the employee has left your employment, please destroy this form. Do not send it back to your HM Revenue & Customs office. Send Part 1 of form P45 to your HM Revenue & Customs office, if you have not already done so.

P9(T) HMRC 11/05

Employees without a new tax code

Carry forward the authorised tax code from last year's form P11 to the 2010-11 form P11, **but** if you have received a 2009-10 tax code on a form P6 too late to use in 2009-10 carry forward this code instead.

Do not copy or carry over any 'week 1' or 'month 1' markings. From 6 April 2010 any codes DO or NT carried forward should be operated on a cumulative basis for 2010-11.

Tax codes ending in V are no longer used. Please contact your HMRC office immediately if you have a tax code ending in V.

Employees with a new tax code

- keep and use the form P9(T) or other tax code notification, with the most recent date for each employee (if you have more than one, use the most recent one)
- scrap any form P9(T), or other tax code notification for the same employee, with an earlier date
- copy the tax code from the form P9(T) or other tax code notification onto the form P11
- update any tax codes where you have received a form P9(T) or other tax code notification, after you have set up your forms P11
- where, exceptionally, you receive the P9(T) or other tax code notification, significantly later than the date from which it is to be applied, contact your HMRC office for confirmation of the code to be used.

What to do if you did not receive a new tax code from us

If we haven't sent you tax codes for the new tax year and you were expecting them, please contact your HMRC office for duplicates.

Employee leaving

You do not need to change the tax code for an employee who leaves before 6 April even if you will be paying your employee after 6 April. Just use the old tax code.

When you have completed these boxes you are ready to start making your first deductions of PAYE and NICs for the new tax year. For more information on working out PAYE and NICs, see Parts 2 and 3 of Employer Helpbook E13(2010) *Day-to-day payroll*.

Tax and NI tables

The tax and NI calculators on your Employer CD-ROM should meet your needs if you do not use payroll software. They will work out the tax due in the same way as the Pay Adjustment and Taxable Pay Tables and calculate NICs for not contracted-out and contracted-out employees.

Alternatively, from 6 April 2010 please make sure you use either the:

- new *Calculator Tables* (April 2010), or
- new *Taxable Pay Tables* (April 2010)

but remember, these may change following the Budget.

Keep and use *Tax Tables A* – also known as *Pay Adjustment Tables*.

If you deduct NICs from your employees you will find all the appropriate new tables to use on:

- our website at www.hmrc.gov.uk/employers/emp-form.htm or
- your Employer CD-ROM.

Or you can order copies from the Employer Orderline:

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

These must be used from 6 April 2010. If you are unsure which NI Table to use see the flowchart at the beginning of the booklet CA38 *National Insurance Contributions Tables A and J*.

How long to keep records

You must keep the following forms for at least three years after the end of the tax year to which they relate. Records for 2010-11 should be kept until 5 April 2014:

- forms P11 and pay records. This applies even if you paid an employee below the NICs Lower Earnings Limit and did not deduct any PAYE in the tax year, but you used 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
- forms SL1 and SL2 *Start and Stop notices* in respect of Student Loan deductions.

If you use payroll software

If you do your own reprogramming, there are special notes to help you.

The *Notes for Payroll Software Developers* are published on a regular basis throughout the year and contain information to help you keep computerised payroll systems up to date with changing legislation.

The Notes are available on our website at www.hmrc.gov.uk/comp

If you would like to receive notification by email about future releases of the Notes to our website, please send your request, including your name and email address to hmrcnotes@replyservice.co.uk

or you can write to:

Notes for Payroll Software Developers
PO Box 17289
Edinburgh
EH12 1WY.

If you buy in payroll software for 2010-11 make sure that:

- all the detail in this helpbook is included and
- the program covers the changes from 6 April 2010 to the PAYE and NICs rates and limits, as given in Employer Helpbook E12(2010) *PAYE and NICs rates and limits for 2010-11*.

If you are not sure, please check with your software supplier.

HMRC Payroll Standard and Pensioner Payroll Standard

These are two separate accreditation schemes for commercial payroll software. The Payroll Standard is for full payroll software and the Pensioner Payroll Standard is for software that can pay pension recipients.

If a payroll software product displays the HMRC Payroll Standard logo or Pensioner Payroll Standard logo it means that the product has been tested and meets the requirements listed in these documents.

The logo helps employers to identify payroll software products which have the essential features necessary to calculate PAYE, NICs, statutory payments and perform a range of other payroll functions.

To view the Payroll Standard, Pensioner Payroll Standard and a list of accredited products and their suppliers go to www.hmrc.gov.uk/ebu/psu.htm You can also select 'Payroll Software Standard' from the Employers Home Page.

We can only tell you whether or not a payroll software product has met the Payroll Standard or Pensioner Payroll Standard. If you need further help in choosing a payroll software product, information is available from leading professional bodies within the payroll and computing industries. Alternatively, your accountant or financial adviser may be able to help you.



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



Further help and guidance

Further help and guidance for employers is available from the following sources.

The Internet

Go to www.hmrc.gov.uk/payee in the 'PAYE for employers' section where you'll find:

- a 'Getting started with PAYE' section for new employers
- advice on setting up and operating your payroll
- step-by-step guidance on filing your Employer Annual Return
- links to key PAYE forms, tools and publications.

Online services

For information about our online services go to www.hmrc.gov.uk/online

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

- email helpdesk@ir-efile.gov.uk
- phone **0845 60 55 999** open 8.00am to 8.00pm seven days a week.

Your Employer CD-ROM

Your CD-ROM has:

- most of the forms and guidance you will need to run your payroll throughout the year
- a P11 Calculator that will work out and record your employees' tax, NICs and Student Loan deductions every payday with a linked P32 *Employer Payment Record* 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.

Employer Annual Return

Almost all employers are required to file their 2009-10 Employer Annual Return (P35 and P14s) online.

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 direct from your Employer CD-ROM.

Starter and leaver information

You can also send starter and leaver information P45(Part 1), P45(Part 3), P46 and P46(Expat) online using the CD-ROM.

There is also:

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

Your HM Revenue & Customs (HMRC) office

Your own HMRC office can also help you if you have a query about your PAYE scheme. All our office contact details are on our website, go to

www.hmrc.gov.uk/local/employers/index.htm

Please tell us your employer reference which you will find on correspondence from your HMRC office.

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(2010) *Employer Further Guide to PAYE and NICs*
- CWG5(2010) *Class 1A NICs on benefits in kind*
- 480(2010) *Expenses and benefits - A tax guide*
- 490 *Employee travel - A tax and NICs guide for employers.*

You can view, download or order most of the helpbooks, booklets and other guidance from:

- our website go to www.hmrc.gov.uk/employers/emp-form.htm or
- your Employer CD-ROM.

Or you can order copies from the Employer Orderline by phoning **08457 646 646**.

Yr Iaith Gymraeg

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

Business Link

As an employer you will have wider issues to consider such as health and safety, working time and time off and so on. 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
- phone **0845 600 9006**, 8.30am to 5.30pm Monday to Friday.

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

Customer Information Delivery

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Printed in the U.K. by Belmont Press. HMRC 12/09 MM

