

Day-to-day payroll

Includes:

- Working out and recording tax and National Insurance contributions (NICs) on form P11
- Making payments to HM Revenue & Customs
- Taking on a new employee
- What to do when an employee leaves
- Employee's tax code changes in the year
- Changes that may affect an employee's NICs
- Student Loan deductions

Help and guidance

Help and guidance is available from the following sources.

The Internet



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

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 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.

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Day-to-day payroll

This helpbook helps you to:

- decide when you must complete a form
P11 *Deductions Working Sheet* (or equivalent record)
- work out how much tax and National Insurance contributions (NICs) you need to deduct when you make a payment of wages or salary to an employee, unless the employee is a director - for help on working out NICs for a director, see booklet CA44 *National Insurance for Company Directors*
- fill in a P11 *Deductions Working Sheet*
- fill in a P11 *Deductions Working Sheet* if you take on a new employee
- pay over tax and NICs to HM Revenue & Customs
- take the right action when an employee leaves
- change an employee's tax code
- identify the correct rate of NICs if there is a change in an employee's circumstances
- make Student Loan deductions.

If your employee:

- is sick
– see the E14(2010) *Employer Helpbook for Statutory Sick Pay*
- tells you they, or their wife or partner, are pregnant
– see the E15(2010) *Employer Helpbook for Statutory Maternity Pay*
- tells you that they, or their spouse or partner, are adopting a child
– see the E16(2010) *Employer Helpbook for Statutory Adoption Pay*
- tells you that their wife or partner is pregnant or that their spouse or partner are adopting a child
– see the E19(2010) *Employer Helpbook for Statutory Paternity Pay*.

All the above helpbooks are available:

- on our website, go to
www.hmrc.gov.uk/employers/emp-form.htm
- on your Employer CD-ROM
- from the Employer Orderline
– phone **08457 646 646**
– fax **08702 406 406**

If your employee asks you about Payroll Giving, go to www.hmrc.gov.uk/businesses/giving/payroll-giving.htm

You can also find information about Payroll Giving in the CWG2(2010) *Employer Further Guide to PAYE and NICs*, which is available:

- on our website, go to
www.hmrc.gov.uk/employers/emp-form.htm
- on your Employer CD-ROM
- from the Employer Orderline on **08457 646 646**.

Do it online

If you have 50 or more employees you must send employee starter and leaver information and similar pension information online.

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

Forms that must be sent online

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*
- P46(Pen) - Notification of pension starting (may be referred to as PENNOT in some commercial software products)
- P46(Expat) - only to be used where employees have been seconded to work in the UK whilst remaining employed by an overseas employer (further information is provided in the CWG2(2010) *Employer Further Guide to PAYE and NICs*).

If you have fewer than 50 employees you don't have to wait until 2011 before you start sending your starter and leaver information online. We suggest you start sending starter and leaver forms online as soon as you can, so that you have your software and internal processes in place well before the deadlines.

For more information about sending starter and leaver forms online, go to www.hmrc.gov.uk/payee/employees/start-leave/notify-online.htm

Benefits of doing it online

Doing it online is quick, secure and convenient. It also cuts out postal delays and the time it takes for us to process paper forms manually. This means that your employees get the right tax code and pay the right amount of tax sooner. When you register for PAYE Online for Employers - Internet Service you are given immediate access to payment by Direct Debit Online.

Online filing options

You can send starter and leaver information online using:

- our PAYE Online for Employers - Internet Service - you can choose either
 - our free 'Online Return and Forms - PAYE' product (this is designed for small employers who have fewer than 50 employees and do not send large numbers of forms to us)
 - commercial software
 - the P11 Calculator on your Employer CD-ROM (if you are an employer with 9 employees or less at 5 April)
- Electronic Data Interchange (EDI) - more suitable for large employers
- an agent or payroll bureau who can file online on your behalf, using our PAYE Online for Agents service.

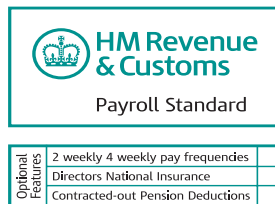
If you are using commercial payroll software to file online, please consult the accompanying instructions for details of the steps to take. If you are using our free Online Return and Forms - PAYE product, it will take you through the steps involved for filing starter and leaver information. If you use our online service to enter an employee's basic details, such as name and National Insurance number, into a database, then this information will automatically transfer to any form you create for the employee.

HMRC Payroll Standard and Pensioner Payroll Standard

We have 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 out 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 logos help employers and pension payers 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

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.

Forms that you can receive online

When you register to use PAYE Online for Employers we automatically make your PAYE tax codes, notices and reminders available to view online. You will no longer receive these on paper unless you opted out of receiving certain notices online when you registered.

You can view the codes and notices by logging on to your PAYE Online Service page on the HMRC website or by downloading the PAYE Desktop Viewer on to your own PC or laptop.

To access your PAYE notices and reminders from the HMRC website select 'PAYE for employers' from the 'do it online' menu from the HMRC homepage and login to your service using your User ID and Password.

Select one of the following options from the 'Notice summary' section on your PAYE Online service page

- 'Tax code notices' (P6s and P9s).
- 'Student loan notices' (repayment start and stop notices).
- 'Employer notices' and reminders such as P35N.

To use the PAYE Desktop Viewer go to www.hmrc.gov.uk/payee/tools/PDV and follow the instructions for installing PDV on to your computer. There are two ways to use PDV. They are:

- Administrator - can connect to HMRC and download new codes and notices.
- Sub-administrator - can only work on codes and notices sent to them by an Administrator.

PDV lets you download and manage your codes and notices without having to log on to your PAYE Online Service page. It shows you which codes and notices have not been worked ('unactioned') and lets you search by date, code type, individual, employer or NINO. You can also send codes and notices to another PDV user for them to work.

If you would like us to send you an email to tell you when there are online notices and reminders for you to view, you must provide us with an email address. To do this select 'provide us with an email address' under 'Notice options' from your PAYE Online service page:

- go to www.online.hmrc.gov.uk
- select 'PAYE for employers' from the 'do it online' menu
- enter your User ID and password
- select 'provide us with an email address'.

As a registered user of PAYE Online you can also view and change details about your business. Once you have logged onto the service, using User ID and Password, select the link 'About your organisation' from your PAYE Online service page.

For more information about online filing and the online services we provide for employers:

- go to www.hmrc.gov.uk/payee/file-or-pay/fileonline/register.htm
- refer to your Employer CD-ROM - it has a learning package giving step-by-step guidance on all aspects of PAYE Online
- contact our Online Services Helpdesk
 - email helpdesk@ir.efile.gov.uk
 - phone **0845 60 55 999**
8.00am to 8.00pm seven days a week
 - Minicom **0845 366 7805**
 - fax **0845 366 7828**.

Part 1 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 either:

- you pay your employee
 - £97, or more in any *week (National Insurance contributions weekly Lower Earnings Limit)
 - £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 CWG2(2010) Employer Further Guide to PAYE and NICs.*

- we have sent you 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 detailed on page 27.

If an employee has more than one period of employment with you in the same tax year, use a new P11 *Deductions Working Sheet* for each period of employment.

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/four-weekly.

Part 2 Working out and recording PAYE on form P11

Tax codes and how to use them

An employee's tax code reflects the tax allowances due against that employee's pay.

You work out the PAYE due by using the employee's tax code and the Tax Tables to find out how much to deduct from, or refund to, that employee on each payday.

Codes issued by HM Revenue & Customs

We may send any one of the following codes to you for an employee:

- a code of one or more numbers followed by the letter L, P, T, or Y, for example, 345L, 456Y, 567P, 0T
 - this is known as a suffix code.
The letter shows how the code should be adjusted to take account of any Budget changes
- a code starting with either the letter
 - D followed by a number, for example, D0; this is known as a D code and means that the whole of the employee's pay should be taxed at the Higher Rate, or
 - K followed by one to four numbers, for example, K123; this is known as a K code and enables additional tax (for benefits for example) to be deducted from the employee's pay
- a code which is letters only, BR or NT
 - BR means that tax will be deducted at the basic rate with no tax-free allowances
 - NT means that no tax is to be deducted.

Never alter an employee's tax code unless we tell you to do so on a Coding Notice or on a form P9X or a form P7X.

Calculating tax

You can use:

- commercial payroll software
- the P11 Calculator on your Employer CD-ROM
- the PAYE Tax Calculator on your Employer CD-ROM with the paper P11 *Deductions Working Sheet*
- the manual Tax Tables with the paper P11 *Deductions Working Sheet*

to calculate the amount of tax due on your employee's earnings.

Employer CD-ROM

If you are not using commercial payroll software the easiest and quickest way to calculate tax is to use the P11 Calculator on your Employer CD-ROM.

P11 Calculator

The P11 Calculator will work out and store how much tax to deduct from your employee's pay and record it on the form P11 on your CD-ROM.

The Learning Zone on your CD-ROM gives step-by-step instructions on how to use the P11 Calculator. See the lesson 'CD-ROM Database & Payroll Tools'. There is also step-by-step guidance in the Employer Helpbook P49(2010) *Paying someone for the first time*. You can find this in the forms and information section on the CD-ROM.

Note: You must install your CD-ROM to use the P11 Calculator.

PAYE Tax Calculator

The PAYE Tax Calculator calculates the 'pay adjustment' and the 'tax due' in the same way as the Pay Adjustment Tables A and the PAYE Tax Tables, and tells you which entries to make on your employee's form P11 *Deductions Working Sheet*. It saves you having to use the paper tables and doing the calculations yourself.

Pay Adjustment Tables, Tables A

Use these tables in all cases where an employee has a suffix code or K code. With them you will be able to work out the employee's 'Total pay adjustment to date' on any payday.

The 'Total pay adjustment to date' figure represents:

- **in suffix code cases**, the total pay an employee may have free of tax - known as Free Pay
- **in K code cases**, the total pay to be added to an employee's pay - known as Additional Pay.

To use the tables you need to know the:

- employee's tax code, and
- tax week/month number covering the date of payment - see the charts on page 26.

Taxable Pay Tables, Calculator Method

Use these tables (Calculator Tables) together with your calculator to work out the employee's 'Total tax due to date' on any payday.

For suffix code and K code cases, you need to know the employee's 'Total taxable pay to date' figure.

The employee's 'Total taxable pay to date' figure is:

- in suffix code cases, the total pay to date minus the Free Pay according to Pay Adjustment Tables, Tables A
- in K code cases, the total pay to date plus the Additional Pay according to Pay Adjustment Tables, Tables A.

Use the tables in the booklet to work out the PAYE tax deductions.

For:

- code BR cases, multiply the whole pay (rounded down to the nearest whole pound) by the rate for code BR, shown on page 2 of the tables, to calculate the PAYE tax deductions at the Basic Rate - code BR means there are no tax-free allowances
- D code cases, multiply the whole pay (rounded down to the nearest whole pound) by the rate for the D code, shown on page 2 of the tables to calculate the PAYE tax deductions at the Higher Rate.

Taxable Pay Tables, Manual Method

These are alternative tables (Manual Tables) you can use to work out the employee's tax due if you prefer not to use a calculator.

When to use a code on a week 1/ month 1 basis

You normally work out PAYE on a cumulative basis. This means you need to take into account an employee's previous pay and tax figures in the tax year to find out the tax to deduct from their pay.

Occasionally, you may have to make deductions in a non-cumulative way. This is called a week 1 or month 1 basis.

You should use a code on a week 1/month 1 basis when:

- we add a week 1/month 1 marking to any code we tell you to use
- you have a new employee and there is a week 1/month 1 tax code on their P45
- you have a new employee and the instructions on page 29 of this helpbook tell you to use the emergency code on a week 1/month 1 basis
- a weekly payday falls on 5 April or, in a leap year, on 4 or 5 April. If this occurs, see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'Week 53 payments'.

How to use a code on a week 1/ month 1 basis

If you use the P11 Calculator on your CD-ROM this will calculate the tax due on a week 1/month 1 basis for you once you have ticked the 'week 1/month 1' box in the Employer Database.

If you are using the Pay Adjustment Tables, Tables A, for an employee on a week 1/month 1 code, paid weekly or monthly:

- treat each payment you make to the employee separately, you should ignore their previous pay and tax details
- regardless of when the pay date is, turn to the page in the tables for week 1 or month 1 to work out the employee's 'Pay adjustment to date' figure
- use the guidance on pages 8 to 11 of this helpbook, appropriate to the code, to make the entries on form P11 or equivalent record.

Calculating the total pay adjustment to date

The 'total pay adjustment to date' figure represents:

- in suffix code cases, the Free Pay you deduct from an employee's total gross pay to date
- in K code cases, the Additional Pay you add to an employee's total gross pay to date.

The charts on page 26 of this helpbook show the periods covered by each tax week or month.

When you have found which week or month number is appropriate for the pay date, turn to the page in the Pay Adjustment Tables, Tables A, for that particular week or month number.

If a pay date is 1 December, for example, the table shows the week number is 35, the month number is 8.

All the examples shown on the following page use Week 35 to illustrate the procedures.

Examples

Employee's code is 500 or less

If the employee's code is 500 or less, look up the employee's code in the Pay Adjustment Tables, Tables A, column headed 'Code'.

The 'Total pay adjustment to date' figure is immediately to the right.

Employee's code is 501 or more and does not divide exactly by 500

- 1 Split the code into units of 500 and the leftover balance.
- 2 Look up the leftover balance figure in the Pay Adjustment Tables, Tables A, column headed 'Code'.

The 'Total pay adjustment to date' for the leftover balance is immediately to the right.

- 3 Multiply the number of units of 500 by the figure given in the box marked * at the foot of the tax table page.
- 4 Add the amounts at steps 2 and 3 above together to find out the 'Total pay adjustment to date' figure.

Employee's code is 501 or more and divides exactly by 500

- 1 Split the code into units of 500 and treat the last one as the leftover balance.
- 2 Look up the leftover balance figure in the Pay Adjustment Tables, Tables A, column headed 'Code'. The 'Total pay adjustment to date' for the leftover balance figure is immediately to the right.
- 3 Multiply the number of other units of 500 by the figure given in the box marked * at the foot of the tax table page.
- 4 Add the amounts at steps 2 and 3 above together to find out the 'Total pay adjustment to date' figure.

Week 35 - code 320

The 'Total pay adjustment to date' figure at week 35 for an employee on code 320 is £2,160.20.

Week 35 - code 1567

- 1 Code 1567 is split into three units of 500 and a leftover balance of 67.
- 2 The 'Total pay adjustment to date' figure at week 35 for a leftover balance figure of 67 is **£457.10**.
- 3 The 'Total pay adjustment to date' figure for three units of 500 at week 35 is $3 \times £3,365.60 = \mathbf{£10,096.80}$.
- 4 This means that the 'Total pay adjustment to date' figure at week 35 for an employee on code 1567 is **£457.10 + £10,096.80 = £10,553.90**.

Week 35 - code 1500

- 1 Code 1500 is split into two units of 500 with one unit of 500 left over.
- 2 The 'Total pay adjustment to date' figure at week 35 for the leftover unit of 500 is £3,371.55.
- 3 The 'Total pay adjustment to date' figure for two units of 500 at week 35 is $2 \times £3,365.60 = £6,731.20$.
- 4 This means that the 'Total pay adjustment to date' figure at week 35 for an employee on code 1500 is **£3,371.55 + £6,731.20 = £10,102.75**.

Filling in the 'PAYE Income Tax' section on form P11

This section explains how to complete columns 2 to 8, the PAYE Income Tax section of the form P11.

PAYE Income Tax																															
Week number	Pay in the week or month including statutory payments (SSP/SMP/SPP/SAP)			Total pay to date			K codes only Total 'free pay' to date as shown by Tables A *			K codes only Total 'additional pay' to date as shown by Tables A			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 Tax Tables B to D			K codes only Tax due at end of current period Mark refunds 'R'			K codes only Regulatory limit: 50% of column 2 entry			Tax deducted or refunded in the week or month Mark refunds 'R'			K codes only Tax not deducted owing to the Regulatory limit			For Employer use
	2	£	p	3	£	p	4a	£	p	4b	£	p	5	£	p	6	£	p	6a	£	p	6b	£	p	7	£	p	8	£	p	
1																															
2																															
3																															

Column 2 is used to record the employee's gross pay for tax purposes.

Gross pay for tax purposes includes such things as overtime, bonus, commission, Statutory Sick Pay (SSP), Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP) and Statutory Adoption Pay (SAP) **minus** any **authorised deductions** under the 'net pay arrangements' for superannuation contributions, or payroll giving schemes. For further details see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'gross pay'.

What you record in columns 3–8 depends on the type of the employee's code and whether or not it is being used on a cumulative basis or on a week 1/month 1 basis.

We tell you what entries to make for each type of code in the tables below and on pages 9 to 11.

Suffix code cases – cumulative basis	
Column 3	Add the amount you recorded in column 2 to the amount on the previous line in column 3 to give the 'Total pay to date'.
Column 4a	Enter the 'Total pay adjustment to date' figure from the Pay Adjustment Tables, Tables A. This is the figure you enter for 'Total free pay to date'.
Column 5	Take away the amount recorded in column 4a from the amount in column 3 to give the 'Total taxable pay to date'. Leave blank if the figure in column 4a is equal to or more than the figure in column 3.
Column 6	Use the Calculator Tables, or look up in the Manual Tables, the amount shown in column 5 to find out the 'Total tax due to date'. If you have made no entry in column 5 enter '0.00'.
Column 7	Take the previous amount in column 6 and the amount you now enter in column 6, then subtract the lower amount away from the higher amount to give the 'Tax deducted or refunded in the week or month'. If the amount you now enter in column 6 is the higher amount, the difference is the tax to deduct from the employee. If the previous amount is the higher amount, the difference is the tax to refund and include in the payment you make to the employee. Mark any refund entry 'R'.
Suffix code cases – week 1/month 1 basis	
Column 3	Leave blank.
Column 4a	Enter the 'Total pay adjustment to date' figure from week 1 or month 1 of the Pay Adjustment Tables, Tables A. This is the figure you enter for 'Total free pay to date'.
Column 5	Take away the amount recorded in column 4a from the amount in column 2 to give the 'Total taxable pay to date'. Leave blank if the figure in column 4a is more than the figure in column 2.
Column 6	Leave blank.
Column 7	Use the Calculator Tables, or look up in the Manual Tables, the amount shown in column 5 to find the amount of tax to deduct. If there is no figure in column 5, no tax is due.

D code cases	
Column 3	Leave blank.
Column 4a	Leave blank.
Column 5	Leave blank.
Column 6	Leave blank.
Column 7	Use the Calculator Tables or look up in Tables D at pages 10 and 11 of the Manual Tables the amount shown in column 2 to find the amount of tax to deduct.

D code cases – cumulative basis	
Column 3	Add the amount you recorded in column 2 to the last previous amount in column 3 to give the 'Total pay to date'.
Column 4a	Leave blank.
Column 5	Leave blank.
Column 6	Use the Calculator Tables or look up in the Manual Tables the amount shown in column 3 to find the 'Total tax due to date'.
Column 7	<p>Take the previous amount in column 6 and the amount you now enter in column 6. Take the lower amount away from the higher amount to give the 'Tax deducted or refunded in the week or month'.</p> <p>If the amount you now enter in column 6 is the higher amount, the difference is the tax to deduct from the employee. If the previous amount is the higher amount, the difference is the tax to refund and include in the payment you make to the employee. Mark any refund entry 'R'.</p>

Code BR cases – cumulative basis	
Column 3	Add the amount you recorded in column 2 to the last previous amount in column 3 to give the 'Total pay to date'.
Column 4a	Leave blank.
Column 5	Leave blank.
Column 6	Use the Calculator Tables or look up in the Manual Tables the amount shown in column 3 to find the 'Total tax due to date'.
Column 7	<p>Take the previous amount in column 6 and the amount you now enter in column 6. Take the lower amount away from the higher amount to give the 'Tax deducted or refunded in the week or month'.</p> <p>If the amount you now enter in column 6 is the higher amount, the difference is the tax to deduct from the employee. If the previous amount is the higher amount, the difference is the tax to refund and include in the payment you make to the employee. Mark any refund entry 'R'.</p>

Code BR cases – week 1/month 1 basis	
Column 3	Leave blank.
Column 4a	Leave blank.
Column 5	Leave blank.
Column 6	Leave blank.
Column 7	Use the Calculator Tables, or look up in the Manual Tables the amount shown in column 2 to find the amount of tax to deduct.

Code NT cases – week 1/month 1 basis	
Column 3	Leave blank.
Column 4a	Leave blank.
Column 5	Leave blank.
Column 6	Leave blank.
Column 7	Leave blank.

Code NT cases – cumulative basis	
Column 3	Add the amount you recorded in column 2 to the last previous amount in column 3 to give the 'Total pay to date'.
Column 4a	Leave blank.
Column 5	Leave blank.
Column 6	Enter 0.00.
Column 7	Take the 0.00 you now enter in column 6 from any previous amount in column 6. The difference is the tax to refund and include in the payment you make to the employee. Mark any refund entry 'R'.

K code cases – cumulative basis	
Column 3	Add the amount you recorded in column 2 to the last previous amount in column 3 to give the 'Total pay to date'.
Column 4a	Leave blank.
Column 4b	Enter the 'Total pay adjustment to date' figure from the Pay Adjustment Tables, Tables A. This is the figure you enter for 'Total additional pay to date'.
Column 5	Add the amount recorded in column 4b to the amount in column 3 to give the 'Total taxable pay to date'.
Column 6	Use the Calculator Tables, or look up the Manual Tables, to find out the 'Total tax due to date'.
Column 6a	<p>For the first payday after 5 April copy the amount in column 6.</p> <p>For other paydays</p> <ul style="list-style-type: none"> take the figure in column 6 and compare it with the amount in column 6 for the previous payday take the lower amount away from the higher amount, and <ul style="list-style-type: none"> – if the amount in column 6 for the previous payday is the lower amount, add to the result any entry in column 8 for the previous payday. Enter the figure obtained as the 'Tax due at end of current period' – if the amount in column 6 for the previous payday is the higher amount, take away from the result any entry in column 8 for the previous payday. Enter the figure obtained in column 6a. The amount you have just entered in column 6a is the tax to refund for this week/month and should be marked 'R'. <p><i>The exception to this is where the amount in column 8 for the previous payday is greater than the difference between the higher and lower amounts in column 6, when a tax deduction is then appropriate.</i></p>
Column 6b	Enter 50% of the 'Pay in the week or month'. This is the 'Regulatory limit'.
Column 7	The amount of 'Tax deducted' you enter in this column is the lower of the figures you have entered in columns 6a and 6b, unless the figure you have just entered in column 6a shows that a tax refund is due. If a refund is due, copy the amount from column 6a and mark it 'R'.
Column 8	If the amounts in columns 6b and 7 are the same, take away the amount in column 6b from the amount in column 6a to give the 'Tax not deducted owing to the Regulatory limit'. Leave blank if they are not the same.

K code cases - week 1/month 1 basis	
Column 3	Leave blank.
Column 4a	Leave blank.
Column 4b	Enter the 'Total pay adjustment to date' figure from week 1 or month 1 of the Pay Adjustment Tables, Tables A. This is the figure you enter for 'Total additional pay to date'.
Column 5	Add the amount recorded in column 4b to the amount in column 2 to give the 'Total taxable pay to date'.
Column 6	Leave blank.
Column 6a	Use the Calculator Tables or look up in the Manual Tables the amount in column 5 to find the 'Tax due at end of current period'.
Column 6b	Enter 50% of the 'Pay in the week or month'. This is the 'Regulatory limit'.
Column 7	Copy the lower of the figures you have just entered in columns 6a or 6b.
Column 8	Leave blank.

Unusual circumstances

The CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'pay intervals', gives information about what you should do if:

- there is more than one payday in any tax week or month
- regular paydays are at other than weekly or monthly intervals
- an employee changes from being weekly to monthly paid or monthly to weekly paid
- you change your employee's payday but keep the same pay interval
- you make payments in addition to normal pay on a day that is not the regular payday
- a payday falls on a non-banking day (Saturday, Sunday or a Bank Holiday).

Ask us for information about what you should do in any other unusual circumstances.

Part 3 Working out and recording NICs on form P11

How Class 1 NICs are made up

Class 1 NICs are made up of two elements:

- **employee's contribution** (also known as the primary contribution) which you are liable to pay in the first instance but which can be deducted from your employee's pay, and
- **employer's contribution** (also known as the secondary contribution) which you are liable to pay.

Employee's contribution

An employee's contribution is payable if the employee:

- is aged 16 or over and under State Pension age, and
- earns more than the Earnings Threshold (ET).

An employee's contribution is payable on all earnings above the ET.

For exceptions to this rule see pages 36 to 40 in this helpbook and the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'State Pension age'.

Currently State Pension age for men is 65. For women born before 6 April 1950 State Pension age is 60.

From April 2010 the State Pension age for women who were born on or after 6 April 1950 will gradually increase from 60 to 65 between 2010 and 2020. For further information go to

www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG_4017919

Employer's contribution

An employer's contribution is payable if the employee:

- is aged 16 or over, and
- earns more than the ET.

An employer's contribution is payable on all earnings above the ET, even if the employee is over State Pension age or otherwise excepted from paying their employee's contribution.

How to work out NICs

To work out NICs you must first decide:

- the correct earnings period
- the amount of gross pay due to the employee within that earnings period, and
- the contribution Table letter.

Earnings period

You must work out NICs on a payment by payment basis. NICs are worked out on the employee's gross pay above the ET using the appropriate percentage rates, and are based on the period of time for which the earnings are paid.

If you pay an employee weekly, the earnings period is one week.

If you pay an employee monthly, the earnings period is one month.

For more information about earnings periods, see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'pay intervals'.

Gross pay

Gross pay for NIC purposes is known as **earnings**.

Gross pay is the amount due to the employee **before** any deductions.

Gross pay includes such things as:

- salaries
- wages
- overtime
- bonus payments, commission and so on.

For further details of what should be included as gross pay, see chapter 5 of the CWG2(2010) *Employer Further Guide to PAYE and NICs*.

Contribution category letter

NICs are divided into classes and there are different rates for Class 1 NICs, identified by category letters. It is important to know which rate or rates apply to each employee.

Each category is allocated a contribution category letter. This letter corresponds with the letters shown in the National Insurance Tables and is referred to as a **contribution Table letter**.

To identify which contribution Table letter to use, see the flowchart on page 38.

Methods of working out NICs

There are two methods of working out NICs. You can use either the NI tables or the exact percentage method.

The same earnings limits and rates are used in both methods. You will find these either in the E12(2010) *PAYE and NICs rates and limits for 2010-11* or the NI Tables.

To help you to calculate the amount of NICs due on your employee's earnings you can use:

- commercial payroll software
- the P11 Calculator on your Employer CD-ROM
- the National Insurance contribution Calculators on your Employer CD-ROM, or
- the manual National Insurance contribution Tables.

The P11 Calculator and the NICs Calculators both use the exact percentage method to calculate the NICs due.

Directors' NICs

There are special rules for calculating NICs for directors.

The P11 Calculator on the CD-ROM automatically works out NICs for Directors when an employee is set up as a Director.

There is also a calculator on your CD-ROM which will calculate directors' NICs for you. Go to the 'Calculators Section', select 'National Insurance contribution Calculators', then 'Directors' Annual Earnings Period 2010-11'.

If you need to calculate NICs for directors you should refer to booklet CA44 *National Insurance for Company Directors*.

Calculating NICs

If you are not using payroll software, the easiest and quickest way to calculate NICs is to use the P11 Calculator on your CD-ROM.

Using the Employer CD-ROM

P11 Calculator

The P11 Calculator will work out the amount of NICs to deduct from your employee's pay and record it on the P11 on your CD-ROM.

Note: You must install your CD-ROM to use the P11 Calculator.

National Insurance contributions Calculator

The National Insurance contributions Calculator calculates the amount of NICs to deduct from your employee's pay and tells you which entries to make on your employee's form P11 *Deductions Working Sheet*.

Using the National Insurance contributions Tables

You must use the correct NI Tables to work out the NICs due on your employee's earnings. The NICs are worked out using whole pounds only.

In the NI Tables earnings are based on steps of £1 (weekly) and £4 (monthly) between the Lower Earnings Limit (LEL) and Upper Earnings Limit (UEL). With the exception of the LEL, Earnings Threshold (ET), Upper Accrual Point (UAP) and UEL, NICs are worked out on the mid-point of each step. For example, in the weekly table, NICs for earnings between £199 and £199.99 are worked out on £199.50.

If you use the NI Tables to work out NICs, you and your employee may pay slightly more or less than if you used the exact percentage method.

Each set of NI Tables gives help on how to use them.

Filling in the form P11 using the NI Tables

If you use the NI Tables to work out the NICs payable you can use the same table to help you fill in the form P11.

Copy the figures in columns 1a to 1f of the table to the columns 1a to 1f of the form P11 on the line next to the tax week or month in which the employee is paid.

Exact percentage method

If you decide to use this method the NICs must be worked out using the employee's gross pay - pounds and pence. Each element of the employee's and employer's contributions must be worked out separately.

To work out the employee's contribution

Work out the employee's gross pay due and the earnings period.

Employee's NICs are only payable when the employee's earnings exceed the weekly, monthly or equivalent ET, see the E12(2010) *PAYE and NICs rates and limits for 2010-11*. NICs are due on earnings between the ET and the UAP and then the UAP to the UEL at the appropriate main employee's percentage rate(s). If the employee's earnings exceed the UEL, NICs are also due at the additional employee's percentage rate(s) on all earnings above the UEL.

Earnings are above the ET but do not exceed the UAP

Deduct the weekly or monthly ET from the earnings and multiply the result by the appropriate main employee's percentage rate to work out the NICs due (round the calculation to the nearest penny, disregarding £0.005 or less).

Earnings are above the UAP but do not exceed the UEL

- Deduct the weekly or monthly ET from the weekly or monthly UAP and multiply the result by the appropriate main employee's percentage rate (round the calculation to the nearest penny, disregarding £0.005 or less).
- Deduct the weekly or monthly UAP from the earnings and multiply the result by the appropriate main employee's percentage rate (round the calculation to the nearest penny, disregarding £0.005 or less).
- Add both amounts together to work out the employee's NICs due.

Earnings exceed the UEL

- Deduct the weekly or monthly ET from the weekly or monthly UAP, and multiply this amount by the appropriate main employee's percentage rate (round the calculation to the nearest penny, disregarding £0.005 or less).
- Deduct the weekly or monthly UAP from the weekly or monthly UEL and multiply this amount by the appropriate main employee's percentage rate (round the calculation to the nearest penny, disregarding £0.005 or less).
- Deduct the weekly or monthly UEL from the total earnings and multiply this amount by 1% - the additional employee's percentage rate - (round the calculation to the nearest penny, disregarding £0.005 or less).
- Add all amounts together to work out the employee's NICs due.

For details of the employee's percentage rates, see the E12(2010) *PAYE and NICs rates and limits for 2010-11*, available:

- on our website, go to www.hmrc.gov.uk/employers/emp-form.htm
- on your CD-ROM
- from the Employer Orderline.

To work out the employer's contribution

Use the same gross pay due and earnings period to work out the employer's contribution.

The appropriate employer's percentage rate(s) is (are) used to work out the NICs due on all earnings above the ET, including those above the UEL.

If the employee is a member of your contracted-out occupational pension scheme, NICs are worked out using:

- the appropriate employer's contracted-out percentage rate on earnings above the ET, up to and including the UAP (round the calculation to the nearest penny, disregarding £0.005 or less)
- the employer's not contracted-out percentage rate on the earnings above the UAP, up to and including the UEL (round the calculation to the nearest penny, disregarding £0.005 or less)
- the employer's not contracted-out percentage rate on the earnings above the UEL (round the calculation to the nearest penny, disregarding £0.005 or less).

All amounts are added together before recording the NICs due on the form P11.

Examples of working out NICs using the exact percentage method

The following three examples each show how to work out NICs and fill in the form P11 when you use the exact percentage method and the employee is not contracted-out.

You will find details of the rates and limits in the E12(2010) *PAYE and NICs rates and limits for 2010-11*.

Example 1

An employee is weekly paid. NICs are due under contribution Table letter A.

The employee is paid £242.77 on 16 July 2010.

$$£242.77 \text{ minus } £110 \text{ (ET)} = £132.77$$

Employee's contribution

$$£132.77 \times 11\% = £14.604 \text{ rounded to } £14.60$$

This is the figure to enter in column 1f on form P11.

Employer's contribution

$$£132.77 \times 12.8\% = £16.994 \text{ rounded to } £16.99$$

The total of employee's and employer's contributions payable is $£14.60 + £16.99 = £31.59$

This is the figure to enter in column 1e of the form P11.

The earnings columns 1a, 1b, 1c and 1d of the form P11 are filled in as follows:

1a LEL £97

1b ET *minus* LEL $£110 - £97 = £13$

1c Employee's earnings *minus* ET
 $£242.77 - £110 = £132.77$

1d £0.00

Example 2

An employee is monthly paid. NICs are payable under contribution Table letter A. £3,712.88 is paid on 30 July 2010.

Employee's contribution

The employee is liable for NICs on all earnings above the ET, including any earnings above the UEL.

$$£3,337 \text{ (UAP)} \text{ minus } £476 \text{ (ET)} = £2,861$$

$$£2,861 \times 11\% = £314.71$$

$$£3,656 \text{ (UEL)} \text{ minus } £3,337 \text{ (UAP)} = £319$$

$$£319 \times 11\% = £35.09$$

$$£3,712.88 \text{ minus } £3,656 \text{ (UEL)} = £56.88$$

$$£56.88 \times 1\% = £0.568 \text{ rounded to } £0.57$$

$$\text{Employee's NICs} = £314.71 + £35.09 + £0.57 \\ = £350.37$$

This is the figure to enter in column 1f on form P11.

Employer's contribution

$$£3,337 \text{ (UAP)} \text{ minus } £476 \text{ (ET)} = £2,861$$

$$£2,861 \times 12.8\% = £366.208 \text{ rounded to } £366.21$$

$$£3,656 \text{ (UEL)} \text{ minus } £3,337 \text{ (UAP)} = £319$$

$$£319 \times 12.8\% = £40.832 \text{ rounded to } £40.83$$

$$£3,712.88 \text{ minus } £3,656 \text{ (UEL)} = £56.88$$

$$£56.88 \times 12.8\% = £7.280 \text{ rounded to } £7.28$$

$$\text{Employer's NICs} = £366.21 + £40.83 + £7.28 \\ = £414.32$$

The total of employee's and employer's contributions payable is $£350.37 + £414.32 = £764.69$

This is the figure to enter in column 1e on form P11.

The earnings columns 1a, 1b, 1c and 1d of the form P11 are filled in as follows:

1a LEL £421

1b ET *minus* LEL $£476 - £421 = £55$

1c UAP *minus* ET $£3,337 - £476 = £2,861$

1d UEL *minus* UAP $£3,656 - £3,337 = £319$

Example 3

The basic principles for calculating the LEL, ET, UAP and UEL for employees paid in exact multiples of a week are the same, and are set out in the example below. For instance, for an employee paid every two weeks, the LEL, ET, UAP and UEL would be as follows:

$$\text{LEL} = £97 \times 2 = £194$$

$$\text{ET} = £5,715 \div 52 = £109.90384 \times 2 = 220$$

(round up to the next whole pound)

$$\text{UAP} = £770 \times 2 = £1,540$$

$$\text{UEL} = £43,875 \div 52 = £843.75 \times 2 = 1,688$$

An employee is paid every four weeks. NICs are due under contribution Table letter A. The employee is paid £961.08 on 16 July 2010.

The first step is to work out the ET and the UEL for a four-weekly earnings period. To do this, divide the annual earnings threshold by 52, then multiply the answer by four. Finally, round up the answer to the next whole pound.

Earnings Threshold

$$£5,715 \div 52 = £109.90384 \times 4 = £440$$

UEL

$$£43,875 \div 52 = £843.75 \times 4 = £3,375$$

LEL and UAP

You then work out the LEL and the UAP for the four-weekly earnings period by multiplying the weekly limits by the number of weeks in the earnings period, in this example four.

- LEL = £97 × 4 = £388
- UAP = £770 × 4 = £3,080

As the earnings fall between the ET and UAP, NICs are worked out as follows:

Employee's contributions

$$£961.08 \text{ minus } £440 = £521.08$$

$$£521.08 \times 11\% = £57.318 \text{ rounded to } £57.32$$

£57.32 is the figure to be entered in column 1f on form P11.

Employer's contributions

$$£961.08 \text{ minus } £440 = £521.08 \times 12.8\% = £66.698$$

rounded to £66.70

The total of employee's and employer's contributions payable is £57.32 + £66.70 = £124.02

This is the figure to enter in column 1e on form P11.

The earnings columns 1a, 1b, 1c and 1d of the form P11 are filled in as follows:

1a LEL £388

1b ET minus LEL £440 - £388 = £52

1c Employee's earnings minus ET
£961.08 minus £440 = £521.08

1d £0.00

Contracted-out occupational pension schemes

If the employee is a member of your contracted-out occupational pension scheme you will also have to work out employee's and employer's NIC rebates. If you use the appropriate NI Tables for contracted-out pension schemes or use the calculators on your Employer CD-ROM, the NIC rebates are worked out for you and are taken into account in arriving at the amount of NICs shown as due.

Employee's NIC rebate

The employee's NIC rebate is calculated on earnings between the LEL and the ET. The employee is entitled to that portion of their own rebate that can be offset against their NICs. The employer is entitled to any balance of the employee's NIC rebate that cannot be offset against the employee's NICs.

Employer's NIC rebate

The employer's NIC rebate is also calculated on earnings between the LEL and the ET. The employer is entitled to their own rebate plus any balance of employee's NIC rebate not offset.

Example

Employee earns £111 per week (contribution Table letter D)

Employee's NICs = £1 x 9.4% = £0.09

Employer's NICs = £1 x 9.1% = £0.09

Employee's NICs rebate = £110 - £97 = £13 x 1.6% = £0.21

Employer's NICs rebate = £110 - £97 = £13 x 3.7% = £0.48

The employee is entitled to £0.09 of their NIC rebate, which reduces their NIC liability to nil. £0.00 is the figure to be entered in column 1f on form P11.

The employer is entitled to the balance of £0.12, **plus** their own NIC rebate of £0.48 = £0.60.

£0.60 employer rebate offset against £0.09 employer NICs = minus £0.51 employer NICs. R0.51 is the figure to be entered in column 1e on form P11.

(Negative figures should be shown by an 'R' immediately before the entry in column 1e of the form P11.)

Further information can be found in:

- CA39 and CA43 *National Insurance Tables*
- CWG2(2010) *Employer Further Guide to PAYE and NICs* under 'occupational pension schemes'.

Filling in a form P11 - NICs

If, during any earnings period in the year, the employee earns below the LEL, do not enter these earnings in columns 1a to 1d of the P11.

When an employee's earnings are at or above the LEL at any time during the year, you must fill in the National Insurance (NI) section of the form P11 or equivalent record, **even if the employee does not pay any NICs**. You must report this information at the end of the tax year. This is to protect the employee's entitlement to benefits, which is linked to earnings at or above the LEL.

Enter all the details of earnings at or above the LEL, and NICs in the appropriate columns 1a to 1f that corresponds to the week or month number in which you make a payment to an employee.

1a Earnings at the LEL (where earnings are equal to or exceed the LEL)

1b Earnings above the LEL, up to and including the ET

1c Earnings above the ET, up to and including the UAP

1d Earnings above the UAP, up to and including the UEL

Where an employee's earnings exceed the UEL, only record in column 1d of the P11 the earnings from the UAP up to and including the UEL. You should not include the amount of earnings in excess of the UEL, even though the NICs payable on these earnings will be included in the total NICs figure recorded in column 1e.

		National Insurance contributions								Statutory payments				Student Loan deduction
		Earnings details				Contribution details				Statutory Sick Pay (SSP)	Statutory Maternity Pay (SMP)	Statutory Paternity Pay (SPP)	Statutory Adoption Pay (SAP)	Student Loan deduction
Month number	Week number	Earnings at the LEL (where earnings are equal to or exceed the LEL)	Earnings above the LEL, up to and including the ET	Earnings above the ET, up to and including the UAP	Earnings above the UAP, up to and including the UEL	Total of employee's and employer's contributions - mark minus amounts 'R'	Employee's contributions due on all earnings above the ET	Statutory Sick Pay (SSP) paid to employee in the week or month included in column 2	Statutory Maternity Pay (SMP) paid to employee in the week or month included in column 2	Statutory Paternity Pay (SPP) paid to employee in the week or month included in column 2	Statutory Adoption Pay (SAP) paid to employee in the week or month included in column 2	Student Loan deduction (whole pounds)		
		1a	1b	1c	1d	1e	1f	1g	1h	1i	1j	1k		
		£	£	£	£	£	£	£	£	£	£	£		
	1													
	2													
	3													
1	4													
	5													
	6													

Earnings details

Column 1a Earnings at the Lower Earnings Limit (LEL)

If the employee earns at or above the LEL, enter the LEL figure.

If the earnings do not exceed the LEL there will be no NICs payable. Enter 0.00 in columns 1b to 1f.

Column 1b Earnings above the LEL, up to and including the Earnings Threshold (ET)

Enter any earnings above the LEL, up to and including the ET. If the earnings are constantly above the ET, the figure entered here will be the same each earnings period.

If NI Tables are used, the amount entered will be in whole pounds only. If the exact percentage method is used, the amount entered will be in pounds and pence, unless earnings reach or exceed the ET in which case the entry will be in whole pounds only.

If the earnings do not exceed the ET there will be no NICs payable and columns 1c to 1f will be zero filled.

Column 1c Earnings above the ET, up to and including the Upper Accrual Point (UAP)

Enter any earnings above the ET, up to and including the UAP. If the earnings are constantly above the UAP the figure entered here will be the same in each earnings period.

If NI Tables are used, the amount entered will be in whole pounds only. If the exact percentage method is used, the amount entered will be in pounds and pence, unless earnings reach or exceed the UAP in which case the entry will be in whole pounds only.

Column 1d Earnings above the UAP, up to and including the Upper Earnings Limit (UEL)

Enter any earnings above the UAP, up to and including the UEL. If the earnings are constantly above the UEL, the figure entered here will be the same in each earnings period. Do not include those earnings above the UEL.

If NI Tables are used, the amount entered will be in whole pounds only. If the exact percentage method is used, the amount entered will be in pounds and pence, unless earnings reach or exceed the UEL in which case the entry will be in whole pounds only.

Contribution details

Column 1e Total of employee's and employer's contributions payable

Enter the combined total of both the employee's and employer's NICs, not just the employer's NICs. Include any NICs payable on earnings above the UEL, where appropriate. Where NICs are due under contribution Table letter D, F, L or S, the amount to be entered is the combined total after deduction of any employee's and employer's NIC rebates.

Column 1f Employee's contribution payable on earnings in 1c and 1d

This column should show only the employee's NICs payable included in column 1e. Include any employee's NICs payable on earnings above the UEL, where appropriate.

If there are no employee's NICs payable, zero fill.

If contribution Table letter D, F, L or S is used, the amount entered should be the employee's NICs payable after deducting the employee's NIC rebate. If this amount is zero enter '0.00'.

Statutory Sick Pay (SSP), Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP), Statutory Adoption Pay (SAP) and Student Loan deductions

The Employer CD-ROM has learning programs that will take you step-by-step through the process of deciding when to pay SSP, SMP, SPP, SAP and when to make Student Loan deductions. You will also find calculators to help speed up your calculations of the above and save you the job of calculating the figures yourself.

Column 1g Statutory Sick Pay

Recording SSP is optional if you are not recovering any SSP in the same tax month. You need only enter SSP paid in those tax months where a recovery is made. For more information see the E14(2010) *Employer Helpbook for Statutory Sick Pay*.

Column 1h Statutory Maternity Pay

Enter the gross amount of SMP paid before deducting NICs, tax or any other deductions due. For more information see the E15(2010) *Employer Helpbook for Statutory Maternity Pay*.

Column 1i Statutory Paternity Pay

Enter the gross amount of SPP paid before deducting tax, NICs or any other deductions due. For more information on whether your employee is entitled to SPP, in the case of a birth or adoption, see the E19(2010) *Employer Helpbook for Statutory Paternity Pay*.

Column 1j Statutory Adoption Pay

Enter the gross amount of SAP paid before deducting tax, NICs or any other deductions due. For more information see the E16(2010) *Employer Helpbook for Statutory Adoption Pay*.

Column 1k Student Loan deductions

You should only use this column to make Student Loan deductions from an employee's earnings if you have been notified in one of the following ways:

- we have sent you an SL1 *Student Loan - Start Notice*
- your new employee gives you a P45 which has a "Y" in box 5
- you have submitted a form P46 with a tick in box D.

The figure to be entered is the amount of Student Loan deductions worked out using either:

- commercial payroll software
- the collection of Student Loan calculator on your Employer CD-ROM
- the SL3 *Student Loan Deduction Tables*.

Amounts must be rounded down to whole pounds.

To find out what you need to do when you receive a Start Notice form SL1, see page 40.

Part 4 Making payments to HM Revenue & Customs

When to make payment

Each tax month/quarter you must pay your Accounts Office all the amounts due for that tax period for:

- Income Tax
 - Pay As You Earn (PAYE)
 - deductions from subcontractors
- Student Loan deductions
- National Insurance contributions (NICs).

The day your payment needs to reach us depends on what payment method you use.

- If you pay electronically (including through your bank or Post Office), your cleared payment for the full amount due must reach our bank account no later than 22nd of the month/quarter. Where the 22nd falls on a weekend or is a bank holiday, your cleared payment must reach us on the previous bank working day. Bank working days are Monday to Friday excluding Bank Holidays.
- Employers who are not subject to the mandatory electronic payment rules and who continue to pay by post must ensure that payment reaches us no later than 19th of the month.

When paying electronically you need to allow enough time for your payment to reach us. It normally takes three bank working days for payment to reach us. Bank working days are Monday to Friday excluding Bank Holidays. The exception to this is CHAPS which is the same day payment facility.

You should check with your bank or building society to see how long they take to transfer a payment and what their cut off time for initiating payment is. If they take longer, you will have to initiate your payment earlier.

Interest and penalties on late payments

We charge interest from:

- 19 April following the end of the tax year, on any cheque payment that reaches us after this date (for employers not subject to the mandatory electronic payment rules), and
- 22 April following the end of the tax year, on any payment made electronically (including through your bank or Post Office), that clears our bank account after this date.

You may have to pay penalties if any portion of any monthly/quarterly PAYE/NIC payment is late. We will work out the amount of the penalty as a proportion of the amount that is late. The percentage which we use will get bigger depending on how often you send your payments late.

You will not have to pay a penalty if your payment is only late once in any tax year (provided the payment is less than six months late).

Number of times payments are late in a tax year	Penalty percentage
1	No penalty
2-4	1%
5-7	2%
8-10	3%
11 or more	4%

If you are over six months late with any payment you may have to pay a penalty of 5% of the amount that is late. There is a further penalty of 5% if you still have not paid after 12 months.

You will not have to pay a penalty if you have a reasonable excuse for paying late.

For more information about late penalties go to www.hmrc.gov.uk/paye/file-or-pay/payments/deadlines.htm

Appeals

You can appeal against the penalty if:

- you disagree that your payment was late
- you have a reasonable excuse for the lateness
- you disagree with the amount charged.

Appeals have to be made within 30 days of the penalty notice and include the reasons for the appeal. Please also include your Accounts Office reference and any supporting information.

If you appeal you can have a review by someone within HMRC who was not involved in the original decision. For more information about appeals and reviews go to www.hmrc.gov.uk/dealingwith/appeals/directtax.htm

Reasonable excuse

What counts as a reasonable excuse will differ from person to person depending on their particular circumstances. It is likely to be something unusual, that you could not reasonably have known would happen, and which you could not do anything to prevent.

If we agree that you have a reasonable excuse for not paying on time you are not liable to a penalty. If we do not agree you can appeal to the tribunal.

The law says that the following do not count as a reasonable excuse:

- inability to pay (unless this inability is attributable to events outside your control)
- you have deliberately not paid, or
- you rely on someone else to make the payment for you (unless you took reasonable care to make sure the payment was made).

Payslip booklet

You need a payslip booklet to pay through your bank, a Post Office or if you post us a cheque. You do not need a payslip booklet if you pay by any other payment method.

To stop us issuing booklets for future years:

- follow the guidance on our website at www.hmrc.gov.uk/payinghmrc/pay.htm, or
- phone us on **0845 366 7816**.

If you do not pay electronically and do not receive your P30BC *Payslip Booklet* in time to make your payments, please phone **0845 366 7816** immediately.

Quarterly payment option for small employers

If your average monthly payments of PAYE, deductions from subcontractors, Student Loan deductions and/or NICs for the current year are likely to be less than £1,500, you can choose to pay your Accounts Office quarterly rather than monthly.

The tax quarters end on:

- 5 July
- 5 October
- 5 January, and
- 5 April

which means your cleared electronic payments are due by 22nd of the month in which the quarter ends or, if you pay by cheque, by the earlier date of the 19th of that month. It is important that you pay on time and in full as you may have to pay penalties if your payments are late.

How the payments are calculated

In most cases the payments are calculated for each month/quarter by:-

PAYE

adding together all of the:

- tax that you have deducted from your employees
- deductions from payments made to subcontractors
- Student Loan deductions made from your employees, and
- subtracting any tax refunded to your employees.

NICs

adding together all of the:

- employees' and employer's NICs due, and
- subtracting any
 - SSP you are entitled to recover
 - SMP/SPP/SAP and/or NIC compensation you are entitled to recover.

Correcting an error

If you make a mistake when working out how much to pay to your Accounts Office, you can put it right by adjusting your next payment.

If you discover a mistake after the tax year has ended, contact:

- the Employer Helpline by calling **08457 143 143** for advice about NICs, SSP/SMP/SPP/SAP, Student Loan deductions, or
- your HM Revenue & Customs office for advice about PAYE.

Keeping records

We may ask to inspect your records to make sure that you have paid all the tax and NICs due. If you have not, we may calculate the amount that you will have to pay. Both the P32 *Employer Payment Record* and the P30BC *Payslip Booklet*, pages 4 and 5, are designed to:

- help you make the calculations referred to on page 20
- record your payments.

You only need to use one of these forms to keep your records.

Please note that the monthly Gross National Insurance contribution totals recorded in column 4 of these forms may not be the same as the monthly totals needed for calculating the recovery of SSP under the Percentage Threshold Scheme. For further information see the E14(2010) *Employer Helpbook for Statutory Sick Pay* which is available from:

- our website, go to **www.hmrc.gov.uk/employers/emp-form.htm**
- on your Employer CD-ROM
- from the Employer Orderline
 - Phone **08457 646 646**
 - Fax **08702 406 406**

There is an on screen version of the form P32 on your CD-ROM. It shows you how much PAYE tax, National Insurance contributions and Student Loan deductions are due to HMRC each month for all your employees entered on the P11 Calculator. It can also act as a record of payments made.

These forms will also help you to fill in your P35 *Employer Annual Return*, at the end of the year.

Making a payment

We accept payment by a range of methods but we recommend payment is made electronically. Electronic payments are generally more efficient and secure than payments by post.

You can pay electronically by:

- Direct Debit
- debit or credit card over the Internet at **www.billpayment.co.uk/hmrc**
- BACS Direct Credit
- Internet or telephone banking
- CHAPS.

If you still receive a payslip booklet then you can also pay electronically at your own bank branch by bank giro or over the Post Office counter.

Where a payment is made by post, please send the payment with your completed payslip, P30B for the correct month/quarter, to your Accounts Office.

Instead of relying on the post and sending a cheque we encourage you to pay electronically by Direct Debit Online. You only need to:

- enter the bank account details shown on your cheque to create a Direct Debit Instruction (DDI)
- Use the DDI each month or quarter to pay your PAYE/NICs.

You can set up your payment for a future date as soon as you know what you are due to pay. There is no postage to pay and we are responsible for collecting your payment.

For more information about paying HMRC please:

- go to **www.hmrc.gov.uk/payinghmrc**
- phone us on **0845 366 7816**

Faster payments

We are currently unable to receive or make payments using the Faster Payment Service, which is offered by some banks. For further information go to www.hmrc.gov.uk/payinghmrc/paye.htm

When you pay by Bank Giro, at a Post Office, or by post you must complete a payslip P30B:

- for the correct 'period ending' (see top right of P30B)
- showing the total amount due in the 'Amount due' box.

See the example of payslip P30B on page 23.

Use the information from the P32, or table on pages 4 and 5 of your P30BC, to fill in the P30B as follows:

P30B box heading	P30BC or P32 column number
Amount due	14

If, at the end of a month/quarter:

- you have no payment to make, you should tell us. Unless you tell us on or before the payment date that nothing is due, a payment reminder may be issued. You can let us know by
 - completing the form at www.hmrc.gov.uk/payinghmrc/paye-nil.htm
The online form 'No PAYE/NIC Payment due' is the most convenient and cost effective way to let us know that no payment is due
 - returning a signed payslip, form P30B, for the correct month/quarter marked 'NIL due'
 - phoning **0845 366 7816** to say no payment is due for a particular month/quarter, quoting your Accounts Office reference number
- the 'Net Income Tax' payable in column 3 of your form P32 or P30BC is a minus figure, insert an 'M' (for minus) in front of the figure in this column
- the 'Net NICs' payable in column 13 of your form P32 or P30BC is a minus figure, because your total recoverable SSP/SMP/SPP/SAP and/or NIC compensation claimed is more than the NICs payable, insert an 'M' (for minus) in front of the figure in this column
- the 'Amount due' in column 14 of your form P32 or P30BC is a minus figure, recover the amount you are owed from the following month's/quarter's payment and let us know that no payment is due.

If it is not possible to recover the amount you are owed from the following month's/quarter's payment you can apply for funding. We may refuse claims where payments for previous months or quarters are not up to date.

You will need to work out whether the refund in column 14 is due in respect of the net Income Tax figure, the net NIC figure (due to the recovery of statutory payments), or both, and make separate applications for funding for tax and funding for statutory payments.

Funding for tax refunds

To apply for funding for a tax refund:

- complete the form at www.hmrc.gov.uk/employers/payefunding.htm or
- send a letter or a *fax to your Accounts Office requesting funding for a tax refund. You will need to provide the following information

- Accounts Office reference number (shown on the front cover of your P30BC *Payslip Booklet* or P30B letter)
- employer reference number (shown on the front cover of your P30BC *Payslip Booklet* or P30B letter)
- employer name and phone number
- the number of employees you are applying for funding for
- the total amount required.

Funding for statutory payments

The way that you apply for funding will depend whether the statutory payment claim relates to the current tax year or a previous tax year.

Statutory payment relates to the current tax year

You can apply online go to www.hmrc.gov.uk/payee/employees/statutory-pay/funding.htm

You can also send a letter or a *fax to your Accounts Office requesting funding in respect of a statutory payments claim. You will need to explain how you have worked out the amount owed and quote your Accounts Office reference shown on the front of your P30BC *Payslip Booklet* or P30B letter.

Statutory payment relates to a previous tax year

If the statutory payment claim relates to a previous tax year you **cannot** apply online. You must send a letter or *fax to your Accounts Office requesting funding in respect of statutory payments. You will need to explain how you have worked out the amount owed and quote your Accounts Office reference shown on the front of your P30BC *Payslip Booklet* or P30B letter.

* Fax numbers

Accounts Office Shipley - **01274 539 651**.

Accounts Office Cumbernauld - **01236 785 251**.

Further information about payments and payslips

There are special rules about making payments during a **trade dispute**. For details see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'trade disputes'.

If you need to post a payment to the Accounts Office and do not have a payslip (for example, if the payment is for an earlier year), please send your cheque with a covering letter showing:

- your address and telephone number
- your Accounts Office reference, shown on the front of your P30BC *Payslip Booklet*, or on the P30B letter
- the period the payment is for
- the amount of PAYE and NICs you are paying.

There is a reference checker on our website, go to www.hmrc.gov.uk/payinghmrc/referencechecker.htm you will find this useful if you are paying electronically through your bank's Internet or telephone banking service or by BACS Direct Credit.

It will help to ensure your payment is allocated correctly, particularly if your payment is for an earlier year. You do not need to use it if you pay by Direct Debit Online or use BillPay. These two online services validate your references when you enter them.

Example of P32 (extract)

HM Revenue & Customs **Employer Payment Record**

Employer name: _____

Accounts Office reference: _____

Year ended 5 April: _____

You will need information about payments when you complete your form P35 Employer Annual Return.

Please fill in this form each time you make a payment. Usually, this will be each week or month - when you make a payment. If you make quarterly payments then you will normally fill in this form every third month. However, you may prefer to fill it in each month (or week), if you do, total your amounts every third month.

For guidance on making payments to HM Revenue & Customs please see Employer Helpbook E13 Day-to-day payroll.

Period	Week number	Income Tax (include subcontractor deductions)	Student Loan deductions	Net Income Tax (1 + 2)	Gross NICs *See Note overleaf	Statutory Sick Pay (SSP) recovered	Statutory Maternity Pay (SMP) recovered	NIC compensation on SMP	Statutory Paternity Pay (SPP) recovered	NIC compensation on SPP	Statutory Adoption Pay (SAP) recovered	NIC compensation on SAP	Total deductions from NICs (total of boxes 5 to 11)	Net NICs (4 minus 12)	Amount due (3 + 13)	Date paid
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
6 April to 5 May	1	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
	2															
	3															
	4															
Month 1	Total	1234.50	60.00	1294.50	1094.38		168.25	7.58					175.83	918.55	2213.05	7/5/10
6 May to 5 June	5															
	6															
	7															
	8															
Month 2	Total															
6 June to 5 July	9															
	10															

Example of P30BC (extract of page 4)

Calculation of net Income Tax – monthly payments

Date	Income Tax including subcontractor deductions	Student Loan deductions	Net Income Tax (1 + 2)	Gross NICs	Statutory Sick Pay (SSP) recovered	Statutory Maternity Pay (SMP) recovered	NICs compensation on SMP
	1	2	3	4	5	6	7
5 May	£ 1234.50	£ 60.00	£ 1294.50	£ 1094.38	£	£ 168.25	£ 7.58
5 Jun							
5 July							

Example of P30BC (extract of page 5)

Calculation of net National Insurance contributions – monthly payments

Stat. Paternity Pay (SPP) recovered	NICs compensation on SPP	Stat. Adoption Pay (SAP) recovered	NICs compensation on SAP	Total deductions from NICs (total of boxes 5 to 11)	Net NICs (4 minus 12)	Amount due (3 + 13)	Date paid
8	9	10	11	12	13	14	
£	£	£	£	£ 175.83	£ 918.55	£ 2213.05	7/5/10
							5 May
							5 Jun

Payments made

Example of payslip P30B

Alliance & Leicester *Trans cash* **Payslip** **HM Revenue & Customs** **bank giro credit**

COMMERCIAL BANK
Bootle Merseyside GIR 0AA
Year 2010-11
Credit account number

Reference: 131 PE 00045678 1001
157 8049

Amount due (no fee payable at PO counter): **£ 2213 05**

Period ending: 05 May 2010

Cashier's stamp and initials: _____
Signature: _____ Date: _____

P30B HMRC 06/09 **57-80-49**

CASH: _____
CHEQUE: _____

Please do not fold this payslip or write or mark below this line

131PE000456781001 &7241578049 00000000 74 X

Part 5 Taking on a new employee - including someone who has worked for you before

Who to treat as an employee

An employee is anyone you employ under a contract of services and includes full-time, part-time and casual workers.

If the employee does not give you a form P45 because they claim to be self-employed, look at the terms on which you took them on.

For more information on how to decide whether someone is employed or self-employed, go to www.hmrc.gov.uk/employment-status/index.htm

If you are in any doubt, ask your HM Revenue & Customs office for help, and treat them as an employee in the meantime.

If your new employee tells you they have previously been claiming Jobseeker's Allowance, tell them that to stop claiming they should contact the Jobcentre Plus office or send back their ES40JP.

If your employee is a student on a course in the UK who solely works for you during their holidays please refer to the CWG2(2010) *Employer Further Guide to PAYE and NICs*, 'students who work for you during their holidays'.

The Home Office recommends that employers conduct checks on entitlement to work for all new employees to prevent illegal migrant working and, by completing the checks, avoid liability for payment of a civil penalty.

For more information:

- go to the 'Ensuring your workers are eligible to work in the UK' pages of the Business Link website at www.businesslink.gov.uk and select the 'interactive tool to check if your workers are eligible to work in the UK', or
- go to the 'Preventing illegal working' pages of the Home Office website via www.ukba.homeoffice.gov.uk or
- phone the 'Sponsorship and Employers' Helpline. Further details are available on the Home Office website at www.ukba.homeoffice.gov.uk

National Insurance numbers

Importance of National Insurance numbers

The HM Revenue & Customs National Insurance Contributions Office issues National Insurance (NI) numbers to those approaching 16 years of age and to those working or claiming benefit so that NICs and credits can be correctly recorded on each person's National Insurance account, Income Tax and other records.

You should ask your employee for their NI number and they must let you know what it is, if known, when you ask for it. It is essential that you show the full and correct NI number on all documents on which you record NICs. Anyone who does not have an NI number must apply for one when they start work by contacting Jobcentre Plus on **0845 600 0643**.

The NI number is important because it helps to link the information you will send us at the end of the year to your employee's NI account, Income Tax and other records. This in turn helps to protect your employee's entitlement to benefits such as basic State Pension.

Use the correct National Insurance number

HM Revenue & Customs will no longer accept 'temporary' NI numbers, for example TN220157M for a male born on 22 January 1957. This applies no matter which method you use to submit your forms and returns (for example paper, online) so in all cases you should try to obtain the correct NI number.

Identifying the NI number

NI numbers consist of two letters, followed by six numbers, followed by one letter, A, B, C or D. No other format is acceptable.

It will look something like this: QQ123456A.

This NI number is only an example and should not be used where an employee does not provide their NI number.

If the NI number is not shown on the P45 in this format or the employee can't remember their NI number, see 'Tracing National Insurance numbers' on page 32.

A new employee gives you a form P45

This section will take you step-by-step through the actions you need to take when you take on a new employee and they give you a form P45.

The P45 is available to send Online. If you have 50 or more employees you must send this form to us online. For more information see the 'Do it online' section on page 2 or go to www.hmrc.gov.uk/inyear

If a new employee doesn't give you a P45

If the employee does not give you a P45 when they first start work you will have to follow a different set of steps. You can find this information on page 27 of this helpbook.

What is a P45?

A P45 is a certificate providing details from your employee's previous employment. An example of Part 2 of the P45 is on page 25.

The P45 is a four-part form. Your employee should give you Parts 2 and 3.

If the employee gives you Part 1A of form P45, return it to them to keep.

Example of a completed form P45

P45 Part 2
Details of employee leaving work
Copy for new employer

HM Revenue & Customs

1 Employer PAYE reference Office number Reference number 1311 / V30	5 Student Loan deductions <input type="checkbox"/> Student Loan deductions to continue
2 Employee's National Insurance number Q0 12 34 56 A	6 Tax Code at leaving date 510L
3 Title - enter MR, MRS, MISS, MS or other title MR Surname or family name JOHNSON First or given name(s) PETER ANDREW	7 Last entries on P11 Deductions Working Sheet. Complete only if Tax Code is cumulative. If there is an 'X' at box 6, there will be no entries here. Week number 6 Month number Total pay to date £ 1765.50 Total tax to date £ 235.00
4 Leaving date DD MM YYYY 14 05 2010	

To the employee
This form is important to you. Take good care of it and keep it safe. Copies are not available. Please keep Parts 2 and 3 of the form together and do not alter them in any way.
Going to a new job
Give Parts 2 and 3 of this form to your new employer, or you will have tax deducted using the emergency code and may pay too much tax. If you do not want your new employer to know the details on this form, send it to your HM Revenue & Customs (HMRC) office immediately with a letter saying so and giving the name and address of your new employer. HMRC can make special arrangements, but you may pay too much tax for a while as a result of this.
Going abroad
If you are going abroad or returning to a country outside the UK ask for form P85 *Leaving the United Kingdom* from any HMRC office or Enquiry Centre.
Becoming self-employed
You must register with HMRC within three months of becoming self-employed or you could incur a penalty. To register as newly self-employed see The Phone Book under HM Revenue & Customs or go to www.hmrc.gov.uk to get a copy of the booklet SE1 *Are you thinking of working for yourself?*

Claiming Jobseeker's Allowance or Employment and Support Allowance (ESA)
Take this form to your Jobcentre Plus office. They will pay you any tax refund you may be entitled to when your claim ends, or at 5 April if this is earlier.
Not working and not claiming Jobseeker's Allowance or Employment and Support Allowance (ESA)
If you have paid tax and wish to claim a refund ask for form P50 *Claiming Tax back when you have stopped working* from any HMRC office or Enquiry Centre.

Help
If you need further help you can contact any HMRC office or Enquiry Centre. You can find us in The Phone Book under HM Revenue & Customs or go to www.hmrc.gov.uk

To the new employer
Check this form and complete boxes 8 to 18 in Part 3 and prepare a form P11 *Deductions Working Sheet*. Follow the instructions in the Employer Helpbook E13 *Day-to-day payroll, for how to prepare a P11 Deductions Working Sheet*. Send Part 3 of this form to your HMRC office immediately. Keep Part 2.

P45(Manual) Part 2 HMRC 04/08

Using the P11 Calculator on the Employer CD-ROM

If you are using the P11 Calculator on your Employer CD-ROM you must check the information on the form P45 before you create an entry for the employee in the Employer Database. To do this, follow the instructions at 'Step 1 Checking form P45' - see opposite then return to this section.

When you enter the employee's details from the P45 on to the database, the pay and tax details from the previous employer will automatically be checked and the correct tax code given to your employee. These details will be transferred to the P11 Calculator ready for your employee's first payday.

Once you have entered your employee's details from the P45 you must complete and send the P45 (Part 3) to the HM Revenue and Customs office that deals with you as an employer. Please follow the instructions at 'Step 7 Fill in Part 3 of the form P45' on page 27.

What you will need if you are not using the P11 Calculator on the Employer CD-ROM

In addition to the P45 you will need a form P11 *Deductions Working Sheet*, or equivalent record. Copies of the manual form P11 *Deductions Working Sheet* are available from the Employer Orderline:

- go to www.hmrc.gov.uk/employers/emp-form.htm
- phone **08457 646 646**
- fax **08702 406 406**

There is a P45 checker on your Employer CD-ROM which you can use to check the figures on the P45. You can still use this if you are using a paper form P11 *Deductions Working Sheet* or equivalent record. For further information please see 'Using the P45 Checker on your Employer CD-ROM' below.

If you are not using the P45 Checker on your Employer CD-ROM you will need to check the P45 figures yourself using the manual tables. If you are going to calculate the tax and National Insurance contributions using the manual tables you will need the following:

- Pay Adjustment Tables, Tables A
- Calculator Tables or Taxable Pay Tables B and D, and
- NIC Tables.

These are available:

- from our website, go to www.hmrc.gov.uk/employers/emp-form.htm
- on your Employer CD-ROM
- from the Employer Orderline
 - phone **08457 646 646**
 - fax **08702 406 406**

If you are using the manual tables please go to **Step 1**

Using the P45 Checker on your Employer CD-ROM

The P45 Checker will check the P45 figures for you and give you the figures to enter on the P11 *Deductions Working Sheet* or equivalent record.

If you are going to use the P45 Checker you must follow the instructions in **Step 1** first.

After checking the figures on the form P45 using the P45 Checker you will need to return to **Step 2**.

Step 1 Checking form P45

- Check if the employee's NI number is entered at item 2 of the P45. If item 2 is blank, or the NI number is not in the format described on the previous page, see 'Tracing National Insurance numbers' on page 32 for help on how to find an employee's NI number and return to this page.

You can continue to pay an employee who does not give you a NI number. You must make sure that you keep records and record the NI number as appropriate once it has been traced.

- Check if items 6 and 7 of Part 3 agree with the corresponding entries on Part 2 of the P45. **If they do not agree** contact your HM Revenue & Customs office immediately.

Step 2 Preparing a form P11

Fill in boxes A to K at the top of the form P11 by using the information provided on the P45 such as the employee's name, address, National Insurance number and date of birth, and your own details. If your employee has worked for you previously in the tax year you must complete a new form P11 for their latest spell of employment. For help on completing box L see the next step.

Weekly chart

Period	Week number
6 Apr to 12 Apr	1
13 Apr to 19 Apr	2
20 Apr to 26 Apr	3
27 Apr to 3 May	4
4 May to 10 May	5
11 May to 17 May	6
18 May to 24 May	7
25 May to 31 May	8
1 Jun to 7 Jun	9
8 Jun to 14 Jun	10
15 Jun to 21 Jun	11
22 Jun to 28 Jun	12
29 Jun to 5 Jul	13
6 Jul to 12 Jul	14
13 Jul to 19 Jul	15
20 Jul to 26 Jul	16
27 Jul to 2 Aug	17
3 Aug to 9 Aug	18
10 Aug to 16 Aug	19
17 Aug to 23 Aug	20
24 Aug to 30 Aug	21
31 Aug to 6 Sep	22
7 Sep to 13 Sep	23
14 Sep to 20 Sep	24
21 Sep to 27 Sep	25
28 Sep to 4 Oct	26
5 Oct to 11 Oct	27
12 Oct to 18 Oct	28
19 Oct to 25 Oct	29
26 Oct to 1 Nov	30
2 Nov to 8 Nov	31
9 Nov to 15 Nov	32
16 Nov to 22 Nov	33
23 Nov to 29 Nov	34
30 Nov to 6 Dec	35
7 Dec to 13 Dec	36
14 Dec to 20 Dec	37
21 Dec to 27 Dec	38
28 Dec to 3 Jan	39
4 Jan to 10 Jan	40
11 Jan to 17 Jan	41
18 Jan to 24 Jan	42
25 Jan to 31 Jan	43
1 Feb to 7 Feb	44
8 Feb to 14 Feb	45
15 Feb to 21 Feb	46
22 Feb to 28 Feb	47
1 Mar to 7 Mar	48
8 Mar to 14 Mar	49
15 Mar to 21 Mar	50
22 Mar to 28 Mar	51
29 Mar to 4 Apr	52
5 April <i>(Use the week 1 Table)</i>	53

Monthly chart

Period	Month number
6 Apr to 5 May	1
6 May to 5 Jun	2
6 Jun to 5 Jul	3
6 Jul to 5 Aug	4
6 Aug to 5 Sep	5
6 Sep to 5 Oct	6
6 Oct to 5 Nov	7
6 Nov to 5 Dec	8
6 Dec to 5 Jan	9
6 Jan to 5 Feb	10
6 Feb to 5 Mar	11
6 Mar to 5 Apr	12

Step 3 Deciding which tax code to use

- Check which year the P45 is for. To do this look at the leaving date at item 4. If the leaving date is in the current tax year (the period 6 April 2010 to 5 April 2011), use the tax code on the P45 and enter in box L of the P11.
- A tax code is normally made up of one or more numbers followed by a letter. If the tax code on the P45 has only a number, add letter 'T' to the end of the code when you enter it on the P11 but **do not alter** the P45.
- If the P45 is for an earlier tax year, please refer to page 2 of the current E12(2010) *PAYE and NIC rates and limits for 2010-11*. Use the guidance shown there and then return to this page to continue with **Step 4**.

Step 4 Deciding which rate of NICs to deduct

- All employees aged 16 or over and below State Pension age are liable to pay a standard rate of NICs known as contribution Table letter 'A' unless certain conditions apply.
- To help you decide the right rate of National Insurance that applies to your new employee look at the flowchart on page 38, then return to this page.
- Enter the appropriate contribution Table letter under which NICs are due in the 'End of Year Summary' section on the reverse side of the form P11.

Step 5 Which week or month number to use for the employee's first payment

- The weekly and monthly charts on this page will help you to identify which week or month pay period number you should use for the first payment to your new employee.
- Look at these charts now and identify which pay period number **includes the date of payment**. This is the period to use. Now go to Step 6.

Step 6 Entering the P45 details on form P11

If the P45 is for the 2010-11 tax year

If there is an 'X' in box 6 enter 'NIL' as the previous pay and tax details in Columns 3 and 6 of the P11 on the line above the one you will use for the employee's first payment.

If there is no 'X' in box 6:

- enter in column 3 of the P11 on the line immediately above the one you will use for the employee's first payment, the 'Total pay to date' shown at item 7 of the P45
- do not enter the 'Total tax to date' figure, shown at item 7 of the P45, in column 6 of the P11. Instead, using the
 - week or month number shown on the P45
 - the appropriate code number (from step 3) and
 - the figure of 'Total pay to date'
 work out the tax due according to the Calculator Tables or Tax Tables B to D and complete columns 4a, 5 and 6 of the P11. You can find out how to do this on pages 8 to 11 of this helpbook.

- If the tax code starts with a 'K' complete columns 4b, 5 and 6 using the lower of the
 - P45 tax figure, or
 - tax due as shown by Calculator Tables or in Tax Tables B to D

To work out the 'total taxable pay to date' for column 5 and 'total tax due to date' for column 6, see Part 2 of this helpbook then return to this page.

If the P45 is for an earlier tax year

Enter 'Nil' as the previous pay and tax details in columns 3 and 6 of the P11.

If there is a 'Y' in item 5, Student Loan deductions to continue (for whatever year):

- enter a tick in box K of the form P11
- start making Student Loan deductions, if appropriate, from the first available payday. See Part 9 on page 40 of this helpbook.

Step 7 Fill in Part 3 of the form P45

If you have less than 50 employees and do not file online, you may still use the paper A5 size P45 part 3 to notify us of your new employee's details.

- Enter your 'Employer PAYE reference' and note the following:
 - Item 10 – enter exactly what you would want to see appear on any tax code notifications we send you
 - Item 12 – enter the code you are using if it is not the same as the one shown on the P45
 - Item 13 – enter the figure of tax due if it is not the same as the amount shown at item 7 of the P45
 - Items 16 – you must include the employee's gender and 17 and date of birth details. It is important to use the correct information as it is used to trace the employee's record and may be used to decide if the employee is entitled to age related allowances.
- Send Part 3 to the HM Revenue & Customs office that deals with you as an employer immediately after you have completed the above actions.
- Keep Part 2 of the P45 for at least three years after the end of the tax year it is for. If you have 50 or more employees you must send this form to us online.

You can now start working out any tax and NICs due. To find out how to work out and record tax on form P11, turn to Part 2 on page 5 of this helpbook. To find out how to work out and record NICs on form P11, turn to Part 3 on page 12 of this helpbook.

If you are using the P11 Calculator on your Employer CD-ROM

If you are using the P11 Calculator on your Employer CD-ROM and have registered for our PAYE Online for Employers - Internet Service, you can send the P45 (Part 3) directly to us from your CD-ROM. You can do this after you have entered your new employee's details into the Employer Database.

If you wish to send the P45 (Part 3) on paper, you will be able to print off a copy of the completed form and send it to the HM Revenue & Customs office that deals with you as an employer.

Under Government proposals all employers will have to send these forms online from 6 April 2011.

You will need to keep Part 2 of the form P45 for at least three years after the end of the tax year it is for.

A new employee doesn't give you a form P45

If a new employee doesn't have a P45 you and your employee will probably need to complete a form P46. The P46 is the form to tell us about an employee who does not have a P45.

The P46 is available to send online. If you have 50 or more employees you must send this form online. For more information go to www.hmrc.gov.uk/payee/employees/start-leave/notify-online.htm

If you use the P11 Calculator on the Employer CD-ROM you can send the P46 starter information online, for new employees who start employment with you on or after 6 April 2010. You can do this when you enter your new employee's details into the Employer and Employee database on the CD-ROM.

You can also use the interactive form P46 or print blank copies from the 'Forms and Helpbooks' section of your Employer CD-ROM.

When a P45 is not provided, and you file your P46 forms online, your employee will not necessarily have to complete the form P46. If you file your P46 forms online you may obtain the information required by the form P46 from your employee, either online or on your own stationery. It is up to you to decide how to obtain the relevant information required by the P46 and whether you require a signature from your employee, for your own purposes. You can obtain the necessary information in a way that best suits your business need as long as you keep a record of where it came from.

If a new employee is going to work for you for one week or less and before the end of that week you do not arrange to keep the employee on beyond that week, or arrange for the employee to work for you again, you do not need to fill in a P46. Instead, follow the advice on page 31 of this helpbook 'Taking on a new employee - for one week or less.'

If a new employee is going to work for you for more than one week and does not have a P45:

- ask your employee to contact their previous employer to get a P45 if they have worked in the UK in the current tax year, *unless a P45 has already been given to the employee, who has then lost it*
- ensure that Section one of form P46 is completed in time for your employee's first payday.

Filling in form P46

The P46 is a two-sided form. An example of a completed form P46 is shown below and on the opposite page .

Example of a completed form P46 Section one

HM Revenue & Customs
P46: Employee without a form P45

Section one To be completed by the employee
 Please complete section one and then hand the form back to your present employer. If you later receive a form P45 from your previous employer, hand it to your present employer. Use capital letters when completing this form.

Your details

National Insurance number
 This is very important in getting your tax and benefits right
 Q Q 1 2 3 4 5 6 A

Title - enter MR, MRS, MISS, MS or other title
 MR

Surname or family name
 WILLIAMS

First or given name(s)
 ROBERT
 IAN

Gender: Enter 'X' in the appropriate box
 Male Female

Date of birth DD MM YYYY
 08 08 1955

Address
 House or flat number
 25

Rest of address including house name or flat name
 SAVILLE STREET
 LONDON

Postcode
 W11 6PD

Your present circumstances
 Read all the following statements carefully and enter 'X' in the one box that applies to you.

A - This is my first job since last 6 April and I have not been receiving taxable Jobseeker's Allowance, Employment and Support Allowance or taxable Incapacity Benefit or a state or occupational pension.

OR

B - This is now my only job, but since last 6 April I have had another job, or have received taxable Jobseeker's Allowance, Employment and Support Allowance or Incapacity Benefit. I do not receive a state or occupational pension.

OR

C - I have another job or receive a state or occupational pension.

X

Student Loans
 If you left a course of Higher Education before last 6 April and received your first Student Loan instalment on or after 1 September 1998 and you have not fully repaid your Student Loan, enter 'X' in box D. (Do not enter 'X' in box D if you are repaying your Student Loan by agreement with the Student Loans Company to make monthly payments through your bank or building society account.)

Signature and date
 I can confirm that this information is correct

Signature

Date: DD MM YYYY
 07 06 2010

P46 Page 1 HMRC 11/09

Section one

There are four parts to Section one:

- Your details
- Your present circumstances
- Student Loans, and
- Signature and date.

You have two options for how to complete Section one.

You can either:

- give the form to your employee and ask them to complete Section one, or
- if filing online, ask your employee to supply the relevant information to enable you to complete Section one on their behalf.

If you complete Section one on behalf of your employee it will be up to you to decide:

- how to obtain all the relevant information required on the form P46 (for example you could use your own stationery or email.) You must keep an adequate audit trail to confirm how this information was obtained, and
- whether you require a signature from your employee for your purposes.

Your details

Your employee must provide their personal details. If they don't know their NI number, follow the guidance under 'Tracing National Insurance numbers' on page 32 of this helpbook. You can send in a P46 without a NI number if you have followed the steps on page 32.

Date of birth

You **must** show the date of birth on all forms P46. This is important as it is used to trace the employee's correct record and may be used to decide if the employee is entitled to age-related allowances.

Male or female

You **must** show the gender on all forms P46.

Your present circumstances

Your employee must:

- read statements A, B and C and put 'X' in the **one box** that applies, or
- if filing online, supply you with information you need to indicate which statement applies.

Student Loans

Your employee must:

- read the Section and put 'X' in box D if it applies, or
- if filing online, supply you with information you need to indicate if box D applies.

Signature and date

- If your employee is completing the form they must sign and date Section one of the form.
- If you are completing the form on behalf of your employee because you are filing online, it is up to you to decide whether you need a signature for your purposes.

Example of a completed form P46 Section two

Section two To be completed by the employer

File your employee's P46 online at www.hmrc.gov.uk/employers/doitonline
 Use capital letters when completing this form. Guidance on how to fill it in, including what to do if your employee has not entered their National Insurance number on page 1, is at www.hmrc.gov.uk/employers/working_out.htm and in the E13 Employer Helpbook *Day-to-day payroll*.

Employee's details

Date employment started DD MM YYYY
 07 06 2010

Works/payroll number and department or branch (if any)
 1592

Job title
 F I T T E R

Employer's details

Employer PAYE reference
 Office number Reference number
 131 / V30

Address
 Building number
 36

Rest of address
 S I O H O G A R D E N S
 L O N D O N

Employer name
 V F M L T D

Postcode
 W 1 1 4 L D

Tax code used

If you do not know the tax code to use or the current National Insurance contributions (NICs) lower earnings limit, go to www.hmrc.gov.uk/employers/rates_and_limits.htm
 Enter 'X' in the appropriate box

Box A
 Emergency code on a cumulative basis A

Box B
 Emergency code on a non-cumulative Week 1/Month 1 basis B

Box C
 Code BR C X

Tax code used B R

If Week 1 or Month 1 applies, enter 'X' in this box

Send this form to your HM Revenue & Customs office on the first pay day.
 If the employee has entered 'X' in box A or box B, on page 1, and their earnings are below the NICs lower earnings limit, do not send the form until their earnings reach the NICs lower earnings limit.

Page 1

Section two - to be completed by the employer

You must complete Section two of the form. Tell us the date your employee started to work for you and provide us with your Employer details, including your Employer PAYE reference. You can find your Employer PAYE reference on correspondence from your HMRC office and on your P30BC *Payslip Booklet* or P30B letter. You should complete the Works/payroll number as you would like it to appear on any tax code notifications.

In the Tax code used section you should:

- enter 'X' in box A, B or C in line with the box completed in Section one
- refer to the table below to find out what tax code to use if you are unsure

On the form P46	Tax code to use
Box A completed	*Emergency code on a cumulative basis
Box B completed	*Emergency code on a week 1/month 1 basis
Box C completed	BR code on a cumulative basis
No box completed	BR code on a cumulative basis

**Use the emergency tax code shown in the E12(2010) PAYE and NICs rates and limits for 2010-11.*

- write the tax code you have used in the Tax code used box.

Exceptionally, if your employee has not completed the form P46, or provided you with the information to fully complete Section one in time for their first payday, you **must** complete Section one to the best of your knowledge on their behalf and use code BR on a cumulative basis.

You must send in a P46 for all cases on the employee's first payday, unless the employee has completed box A or box B and their earnings are below the NICs Lower Earnings Limit. Prepare a form P11 when you first pay your employee.

When you have completed Section two continue in accordance with the instructions given on the next page.

What to do with the completed P46

1. Employee ticked box A or box B and earnings in the week or month are less than the NICs Lower Earnings Limit (see the E12(2010) *PAYE and NICs rates and limits for 2010-11*)

- keep form P46 for future use
- keep a record of the employee's name, address and amount of pay.

If the rate of pay increases at a later date to be equal to or more than the Lower Earnings Limit

- look at the form P46 again
- take appropriate action based on the instructions below.

2. Employee ticked box A and earnings in the week or month are equal to or more than the NICs Lower Earnings Limit (see the E12(2010) *PAYE and NICs rates and limits for 2010-11*)

- prepare a form P11
- enter the employee's pay in this week or month in column 2
- enter the employee's total pay to date in this employment in column 3
- deduct and record tax in the normal way using the emergency tax code on a **cumulative** basis
- deduct and record NICs in the normal way - see the flowchart on page 38 if you are unsure which NI Table letter to use
- send the P46 to your HM Revenue & Customs office on your employee's first payday.

3. Employee ticked box B and earnings in the week or month are equal to or more than the NICs Lower Earnings Limit (see the E12(2010) *PAYE and NICs rates and limits for 2010-11*)

- prepare a form P11
- enter the employee's pay in this week or month in column 2
- deduct and record tax using the emergency tax code on a week 1/month 1 basis. Week 1/month 1 tax codes are explained on pages 5 and 6 of this helpbook
- deduct and record NICs in the normal way - see the flowchart on page 38 if you are not sure which NI Table letter to use
- send the P46 to your HM Revenue & Customs office on your employee's first payday.

4. Employee ticked box C

- prepare a form P11 when you first pay the employee
- enter the employee's pay in this week or month in column 2
- deduct tax using the Basic Rate (BR) code
- deduct and record NICs in the normal way - see the flowchart on page 38 if you are not sure which NI Table letter to use
- send the P46 to your HM Revenue & Customs office on your employee's first payday.

5. Employee ticked box D

- start making Student Loan deductions from the next payday using either the
 - P11 Calculator on your Employer CD-ROM
 - the stand alone Student Loan calculator also on the Employer CD-ROM, or
 - the SL3 *Student Loan Deduction Tables*, which are available from our website at www.hmrc.gov.uk/employers/emp-form.htm your Employer CD-ROM, or the Employer Orderline on **08457 646 646**.

Preparing a form P11

- Using the information provided on the P46, such as the employee's name, address, National Insurance number and date of birth, and your details, fill in the boxes A to K at the top of the form P11.
- If your employee has worked for you previously in the tax year you must complete a new form P11 for their latest period of employment.
- Enter the tax code in box L of the P11.

Employee gives you a form P45 after the first payday

If an employee gives you a P45 after the first payday take note of any relevant Student Loan information (see page 41) and if you have already received the employee's code from us destroy the P45.

Using the P11 Calculator on the Employer CD-ROM

If you have already paid your employee

If you have paid your employee using the P11 Calculator and have not received a code for your employee from us, follow the guidance at '**Step 1 Checking form P45**' on page 25, then edit the employee details in the Employer Database by selecting 'Change Tax Code, Previous Pay and Tax Details' and follow the on screen instructions. You must send the P45 (Part 3) to the HM Revenue & Customs office that deals with you as an employer.

If you have not paid your employee

If you have set up a record for your employee on the Employer Database and

- have not sent a form P46 to us, and
 - have not paid your employee
- delete their record from the Employer Database and set them up again following the instructions on page 25, 'Using the P11 Calculator on the Employer CD-ROM'.

If you have set up a record for your employee on the Employer Database and

- have sent a form P46 to us, and
 - have not paid your employee
- follow the guidance at '**Step 1 Checking the form P45**' on page 25, then edit the employee details in the Employer Database by selecting 'Change Tax Code, Previous Pay and Tax Details' and follow the on screen instructions. You must send the P45(Part 3) to the HM Revenue & Customs office that deals with you as an employer.

If you are not using the P11 Calculator on the Employer CD-ROM

In all other circumstances follow Steps 1 to 7 of the section headed 'A new employee gives you a form P45' starting on page 24.

On the next payday, unless the tax code is to be operated on a week 1/month 1 basis, add up the entries in columns 3 and 6 of the P11 including those:

- from form P45, and
- any pay and tax details since they started work for you.

If this results in a minus amount, repay this to your employee and deduct from your next monthly or quarterly PAYE payment. If the repayment is more than your next payment, see page 22 'Funding for tax refunds.'

Existing employee gives you a form P45

If an existing employee gives you a form P45 from a second job they have just left you should tell them to send the P45 Part 3 to their local office. The local office will review the tax code and issue an amended one if appropriate.

Taking on a new employee – for one week or less

If the employee is going to work for you for one week or less:

- do not complete a form P46
- take the following action, depending on what the circumstances are, **but if you are a farmer** first see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'Farmers'.

Total pay in the week is equal to or more than the National Insurance Lower Earnings Limit* and you know the employee has other employment.

- Fill in a form P11.
- Deduct tax using code BR.
- Work out NICs due, see Part 3 on pages 12 to 19 of this helpbook.
- Issue a form P45 at date of leaving.

Total pay in the week is equal to or more than the National Insurance Lower Earnings Limit* and you do not know if the employee has other employment.

- Fill in a form P11.
- Deduct tax using the emergency tax code on a week 1/month 1 basis.
- Work out NICs due.
- Issue a form P45 at date of leaving.

Total pay in the week is less than the National Insurance Lower Earnings Limit*

You do not have to complete a form P11 but you must keep a record of the employee's name, address and amount of wages paid each pay period, for example weekly/monthly/four-weekly.

* Details of the National Insurance Lower Earnings Limit are included in the E12(2010) *PAYE and NICs rates and limits for 2010-11*, on your Employer CD-ROM. If you are reading this section after the end of April 2010, see the Updated Employer CD-ROM issued in your Budget Pack 2010.

Paying a pension to a retired employee or to a dependant of a deceased employee

If you are to pay the pension to a retiring employee.

- **Do not** treat the employee as leaving your employment.
- **Do not** complete a form P45.
- **Do** fill in form P46(Pen). Send it to us within 14 days of the employee retiring and give them a copy of the form (if you have 50 or more employees you will need to send the form to us online).

When you start to pay the pension, use the employee's existing tax code on a week 1/month 1 basis until you hear from us. If we have not contacted you by 5 April, (or the employee retires so late in the tax year that the first pension payment is made after 5 April), carry forward the existing tax code to the new tax year but use it on a cumulative basis.

If you are to pay the pension to a dependant of a deceased employee.

- Complete a form P46(Pen).
- **Do not** give the form to the pension recipient. This is particularly important where the pension is paid to a widow or widower following the death of their spouse.
- At the top of the form, under 'Pension recipient' enter the pension recipient's details.
- Complete the bottom two sections of the form and send it to your HM Revenue & Customs office (if you have 50 or more employees you will need to send the form to us online).
- Prepare a form P11 for PAYE purposes only.
- Use the emergency code on a week 1 or month 1 basis.

If the pension is to be paid by the trustees of a pension fund as the employer, take the following action.

- Treat the employee as leaving your employment.
- Complete form P45 (if you have 50 or more employees you will need to send the form to us online).
- Do not complete form P46(Pen).

Additional guidance for other pension and annuity payers is included in the CWG2(2010) *Employer Further Guide to PAYE and NICs*.

Tracing National Insurance numbers

If the employee can't remember or can't find their NI number check any documentation you may have that shows the NI number, for example, form P45, or a certificate of election form CA4139(CF383).

If you are unable to find your employee's NI number:

- keep a record of their full name - surname or family name and first name(s) - address, date of birth, gender, and
- if you have to send a form P46 to your HM Revenue & Customs office, take no further action as we will automatically trace the employee's NI number and tell you what it is. If the NI number cannot be traced, your HM Revenue & Customs office will ask the HM Revenue & Customs National Insurance Contributions Office to carry out a clerical trace, which may involve writing to your employee.

If the NI number is traced, the HM Revenue & Customs National Insurance Contributions Office will confirm to you what it is on form P46-5, and confirm to your employee what it is on form P217.

If we can't trace their NI number see the paragraph headed **Employee with no NI number** opposite.

If you do not have to send a form P46, you can ask your HM Revenue & Customs office to trace a NI number or, use the NI number tracing service.

To use the NI number tracing service you can either fill in form CA6855, which you can get from:

- www.hmrc.gov.uk/forms/ca6855.pdf
 - your Employer CD-ROM
 - the Employer Orderline on **08457 646 646**
- or prepare your own schedule.

Preparing your own schedule to trace NI numbers

This should clearly set out the information in the following order.

- 1 Employee's title
- 2 Surname or family name
- 3 First name(s)
- 4 Address
- 5 Date of birth
- 6 Gender
- 7 Works/payroll number
- 8 Date employment started
- 9 Date employment ended (if applicable)
- 10 Employer PAYE reference.

If you want us to send this information to your company agent, please make sure form 64-8 *Authorising your agent* has been completed.

Where to send form CA6855 or schedule

HM Revenue & Customs
National Insurance Contributions Office
Evening Work Centre NI Number Tracing
Room BP3101
Benton Park View
Newcastle Upon Tyne
NE98 1ZZ

On receipt of the form or schedule of employees, the HM Revenue & Customs National Insurance Contributions Office will trace the employee's NI number.

They will return form CA6855 or the schedule, showing the correct NI number for each employee, or indicate where we can't trace an NI number (see **Employee with no NI number** below).

When form CA6855 is returned to you, you should record the NI number on all relevant pay records and tell the employee what their NI number is.

Employee with no NI number

If your employee has never had an NI number or the National Insurance Contributions Office is unable to trace their number:

- keep a record of their full name (surname and first name(s)), address, date of birth, gender, and
- tell them to contact the Jobcentre Plus office on **0845 600 0643** or, in Northern Ireland their Social Security or Job Benefits Office, to arrange to apply for an NI number. This may be done by interview or in some circumstances by completion of the form. They will be told what evidence they need to establish their identity and if necessary their right to work in the UK.

For certain types of employment, the Department for Work and Pensions will offer a 'fastpath' route for registering the employee with a NI number. Which employers and employment are suitable will depend on many things, including the employer's recruitment process. For more information go to the Department for Work and Pensions website www.dwp.gov.uk

Part 6 What you have to do when an employee leaves

Which forms you have to complete

Form P11

Enter the date of leaving in box J on the P11 *Deductions Working Sheet* or equivalent record.

If you have used the P11 Calculator on your Employer CD-ROM you must enter the leaving date in the Employer Database. Do not enter a leaving date until after you have made the final payment to your employee.

Form P45

Form P45 is available to send online. If you have 50 or more employees you must send this form to us using the online options available. For more information see the 'Do it online' section on page 2 or go to www.hmrc.gov.uk/payee/employees/start-leave/notify-online.htm

Fill in a form P45:

- even if the employee says they will not be working when they leave you
- for any employee leaving for whom you have completed a form P11.

Do not fill in a form P45

- when the employee is a student who, because of the P38(S) procedure, has not had tax deducted. Instead complete the 'Employer's statement' on form P38(S) or equivalent records, and keep this form for three years, or longer if you are asked to do so. These forms must be made available for inspection by us if required
- if you are paying a pension to a retiring employee. Please go to page 31 for further information.

When filling in a form P45:

- make sure you use the A4 size P45, the A5 size P45 must not be used
- make sure you use a four-part version
- use capitals, and
- make sure all parts are legible.

If you have been told to make Student Loan deductions:

- enter a 'Y' in box 5 headed 'Student Loan deductions' on the form P45. However, if you have received a Stop Notification for this employee **do not** enter 'Y' in the box.
- give parts 1A, 2 and 3 of form P45 to your employee when they leave
- send Part 1 to your HM Revenue and Customs office **immediately**.

If you are using the P11 Calculator on your Employer CD-ROM

If an employee leaves after 6 April 2010, you can send their form P45 online to us direct from the Employer CD-ROM.

After you have sent the form online you will be able to print out copies of Parts 1A, 2 and 3 which you must give to your employee when they leave.

If you prefer to send us a paper form P45 you can view the details you will need to complete the form on the Employer CD-ROM. Go to the 'In Year Leaver Summary' on the P11 Calculator to view the entries you need to make on the P45. Follow the instructions below for completing the paper form P45.

Do not delete records for any employees until after you have submitted your Employer Annual Return for the tax year.

Example of a completed form P45

When filling in a paper form P45 make sure you use a four-part version, use capitals and make sure all parts are legible.

Enter your **PAYE reference** (now known as Employer PAYE reference).

You must enter the employee's NI number if known.

The totals at item 8 are the amounts of employee's pay and tax deducted for your employment in the current year.

If the 'Total tax in this employment' figure is nil or you have refunded more tax than has been paid, enter £0.00 in this box. **Do not enter any refunds made or negative amounts.**

This part must be completed in all cases where the employee, at the date of leaving, is on:

- week 1/month 1 basis code, or
- cumulative basis code and the figures are different from those you have entered at item 7.

HM Revenue & Customs
P45 Part 1
Details of employee leaving work
Copy for HM Revenue & Customs

File your employee's P45 online at www.hmrc.gov.uk

Use capital letters when completing this form

1 Employer PAYE reference
Office number: 131 / Reference number: V30

2 Employee's National Insurance number
QQ 12 34 56 A

3 Title - enter MR, MRS, MISS, MS or other title
MR
Surname or family name: JOHNSON
First or given name(s): PETER ANDREW

4 Leaving date DD MM YYYY
14 05 2010

5 Student Loan deductions
 Enter 'Y' if Student Loan deductions are to be made

6 Tax Code at leaving date
510L
If week 1 or month 1 applies, enter 'X' in the box below.
Week 1/Month 1:

7 Last entries on P11 Deductions Working Sheet. Complete only if Tax Code is cumulative. Make no entry if week 1 or month 1 applies, go straight to box 8.
Week number: 6 Month number: 1
Total pay to date: £ 1765.50
Total tax to date: £ 235.00

8 This employment pay and tax. Leave blank if the Tax Code is cumulative and the amounts are the same as box 7.
Total pay in this employment: £
Total tax in this employment: £

9 Works number/Payroll number and Department or branch (if any)
1603

10 Gender: Enter 'X' in the appropriate box
Male: Female:

11 Date of birth DD MM YYYY
08 08 1955

12 Employee's private address
16 BARCLAY STREET
LONDON
Postcode: SE17 6PB

13 I certify that the details entered in items 1 to 11 on this form are correct.
Employer name and address
VFM LTD, 36 SOHO GARDENS
LONDON
Postcode: V1W 4LD
Date: DD MM YYYY
14 05 2010

14 When an employee dies. If the employee has died enter 'D' in the box and send all four parts of this form to your HMRC office immediately.

Instructions for the employer

- Complete this form following the 'What to do when an employee leaves' instructions in the Employer Helpbook E13 Day-to-day payroll. Make sure the details are clear on all four parts of this form and that your name and address is shown on Parts 1 and 1A.
- Send Part 1 to your HM Revenue & Customs office immediately.
- Hand Parts 1A, 2 and 3 to your employee when they leave.

P45(Manual) Part 1 HMRC 04/08

Enter the **last tax code** shown on form P11.

The totals at item 7 are the employee's pay and tax details for the whole of the current tax year. They are made up of the pay and tax details:

- in your employment, and
- in the previous employment, if the employee started with you after 6 April **and** you were notified of these details on either form P45 or P6.

Do not enter any details at item 7 if the employee is on a week 1/month 1 basis code at the date of leaving.

You must enter the employee's address if known.

You **must** show the date of birth and gender on all forms P45.

Other points to note

Employee pays reduced rate NICs

If the employee is a woman who has been paying the reduced rate of employee's NICs (for example, contribution Table letter B, E or G) complete the form CA4139 (CF383) or CF380A with the information requested on the form and return it to her.

Employee receiving SSP and still sick

If the employee is receiving SSP and is still sick when they leave:

- return any original medical evidence that continues after the date they leave, to the employee and keep a copy for your own records
- issue form SSP1, or your own version of the form, so that the employee can claim benefit.

If we find that you have dismissed an employee to avoid paying SSP we can decide that you are still liable to pay SSP as if the contract had continued.

For further information see the E14(2010) *Employer Helpbook for Statutory Sick Pay*.

Employee receiving SMP

Your liability to pay SMP does not end when your employee leaves. You must continue to pay her the SMP until the end of the Maternity Pay Period, and to record the SMP in column 1h and include it in column 2 on the P11.

For further information see the E15(2010) *Employer Helpbook for Statutory Maternity Pay*.

Employee receiving SPP

If you have already started paying SPP and your employee leaves, you must carry on paying for the one/two weeks they are entitled to. Record the SPP in column 1i and include it in column 2 on the P11.

For further information see the E19(2010) *Employer Helpbook for Statutory Paternity Pay*.

Employee receiving SAP

Your liability to pay SAP does not end when your employee leaves. You must pay them the SAP, and record it in column 1j and include it in column 2 on the P11.

For further information see the E16(2010) *Employer Helpbook for Statutory Adoption Pay*.

Form P45 lost or incorrect

If a former employee loses their P45 tell them to contact their HM Revenue & Customs office immediately.

If you realise you have issued an incorrect P45, write to your HM Revenue & Customs office with an explanation.

You must never complete a further form P45 or amend a P45.

Payment to a former employee

If you make a payment to a former employee or there is still a payment due to a deceased employee, see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'Employees - leaving', or 'Employees - death'.

When you no longer have employees

Tell your HM Revenue & Customs office when:

- you cease in business, or
- you do not expect to employ anyone for one year or more from the start of the next tax year.

If yours is a limited company and you no longer have employees, the HM Revenue & Customs office will ask for special information before deciding whether or not to cancel your PAYE scheme.

Part 7 Employee's tax code changes in the tax year

If your employee's tax code changes during the tax year your HM Revenue & Customs office will send you a form P6.

If you have registered for our PAYE Online-Internet service you will automatically receive forms P6 online, unless you have opted to receive notices by another channel, such as paper, or Electronic Data Interchange. For more information go to www.hmrc.gov.uk/payee/onlinefiling-understanding.htm

HM Revenue & Customs

Employer PAYE reference
131 / V30
Please use this reference if you write or call. It will help to avoid delay.

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

VFM Ltd
36 Soho Gardens
London
W1V 4LD

This is a notice of your employee's tax code (or amended code) and previous pay and tax. You should use this tax code for the tax year shown below.

Employee's name
WHITE MRS M

National Insurance number
Q Q 1 2 3 4 5 6 A

Works or payroll number
1624

Tax code
This employee's code is amended to
560L
Please use this tax code from the next pay day

for the year to 5 April
2011

Please read the notes on the back of this form.

Previous pay and tax	
Previous pay	Previous tax
£ 750.00	£ 56.40

P6 HMRC 06/09

When you receive form P6, use the new code from the first payday after you receive it, unless we tell you otherwise.

If a refund of tax is due when you operate the code make the refund **unless** the new code is NT. In this case, only make a refund if we ask you to do so.

In box M of the P11 enter the new code and the week/month it is applied and cross out any previous code.

Code changed from week 1/month 1 basis to a cumulative basis code

- Add up the pay and tax shown on form P11 columns 2 and 7, including any from previous employment in the tax year.
- On the line of the last payment you made, enter in columns 3 and 6 the total pay and tax you have just added up.
- Follow the guidance in Part 2, pages 5 to 11, appropriate to the amended code on the first payday you use it.

Code changed from a cumulative basis to a week 1/month 1 basis

- Follow the guidance in Part 2, pages 5 to 11, appropriate to the amended code on the first payday you use it.
- Disregard any previous pay and tax details when you work out the tax to deduct from the first payment.

Code changes from a K code on a cumulative basis to a suffix code on a cumulative basis

On the first payday:

- complete the entries for columns 3 to 6 as shown in Part 2, page 8, under suffix code cases
- leave columns 6a and 6b blank
- take the figure in column 6 for the current pay period and deduct the amount from column 6 for the previous pay period. This may be a negative amount
- add to this result any entry in column 8 for the previous pay period
- enter the figure calculated in column 7 (Tax deducted or refunded in the week or month). If the amount is a negative amount precede the figure with the letter 'R'.

Previous pay and tax

On receipt of a form P6 compare the figures shown on the 'Previous pay and tax' boxes on this form with any 'previous pay and tax' figures shown in columns 3 and 6 of your form P11.

If no 'previous pay and tax' figures have been entered on your employee's form P11 enter the figures shown on the P6 in columns 3 and 6 of the form P11 on the line above the one you used for the employee's first payment.

If you have already entered 'previous pay and tax' figures on the form P11 and the P6 shows different amounts to those previously entered, change columns 3 and 6 of the form P11 to show the revised figures shown on the form P6.

For paydays after the first payday

Complete all entries as shown in Part 2, pages 8 to 11, appropriate to the tax code.

If you are using the P11 Calculator on your Employer CD-ROM enter the P6 details when inputting your employee's pay details in the next pay period. The new tax code and/or any previous pay and tax details will be included in the next tax calculation and the P11 will be automatically updated.

If a refund of tax is due when you operate the code make the refund **unless** the new code is NT. In this case, only make a refund if we ask you to do so.

Part 8 Changes that may affect an employee's NICs

During an employee's working life there will be times when their circumstances change. This may mean that there is a need to change the contribution Table letter under which you are deducting NICs. This section will help you to identify what action you need to take.

The table on page 38 of this helpbook and the flowchart at the beginning of the NI tables will also help you to identify which contribution Table letter and set of tables you should use.

Main changes

The main changes that may happen are an employee:

- reaches age 16
- legally changes their recorded gender
- is a married woman or widow who
 - is entitled to pay reduced rate NICs and who tells you she wishes to pay full-rate NICs
 - loses her right to pay reduced rate NICs
- joins or leaves your contracted-out occupational pension scheme
- has more than one job with different employers
- has more than one job with the same employer
- becomes a director
- goes abroad to work
- reaches State Pension age and continues to work
- dies.

If any of the above applies to an employee take action as described in the relevant following paragraphs.

An employee reaches age 16

If an employee is aged under 16 there is no NICs liability for the employee or for you as an employer.

Liability for employee's and employer's NICs starts from a person's 16th birthday. If an employee reaches age 16 while working for you and:

- their earnings are equal to or exceed the Lower Earnings Limit and
- you do not already use a P11 to record their earnings you should prepare a form P11, or equivalent record, in the same way as when you take on a new employee. You must start to make deductions of NICs from their pay and record the employee's and employer's NICs on the P11 or equivalent record.

Enter the appropriate contribution Table letter in the 'End of Year Summary' section on the reverse of the P11.

You will also have to start paying your employer's share of NICs.

An employee legally changes their recorded gender

The Gender Recognition Act 2004, allows transsexual people to legally change their recorded gender and to benefit from any rights and responsibilities that are associated with their acquired gender.

For further information see CWG2(2010) *Employer Further Guide to PAYE and NICs*, Chapter 1.

A married woman or widow who is entitled to pay reduced rate NICs

Some married women and widows are entitled to pay NICs at a reduced rate. A *certificate of election* - form CA4139, CF383 or, exceptionally, CF380A - is proof of such entitlement and is your authority to deduct reduced rate NICs. Unless you are given a valid certificate by an employee, you must deduct full-rate NICs using the appropriate contribution Table letter.

Your employee wishes to pay full rate

If a woman tells you she now wishes to pay full rate, return her certificate of election to her and deduct full rate, using the appropriate contribution Table letter.

Your employee loses the right to pay reduced rate NICs

In certain circumstances a married woman or widow loses her right to pay reduced rate NICs. Those circumstances are set out in detail:

- on the certificate of election
- in the CWG2(2010) *Employer Further Guide to PAYE and NICs* (look in the index under 'married women and widows').

One of the more common reasons why a married woman loses her right is because her marriage ends in divorce or is annulled. If that happens, you must:

- deduct full-rate NICs from wages or salary you pay her on or after the date of her decree absolute or decree of nullity
- immediately return the certificate of election to her.

You may consider it worthwhile having arrangements in place:

- so that an employee knows that they must notify you if they are no longer entitled to pay reduced rate NICs, and
- to issue periodic reminders to employees advising them of the need to notify you.

For more help, see under 'married women and widows' in the CWG2(2010) *Employer Further Guide to PAYE and NICs*.

An employee joins or leaves your pension scheme

Occupational pension schemes which satisfy certain legal requirements can contract-out of the State Second Pension. There are three methods of contracting-out of State Second Pension:

- Contracted-out Salary Related (COSR) scheme
- Contracted-out Money Purchase (COMP) scheme
- Contracted-out Money Purchase Stakeholder Pension (COMPSP) scheme.

If you hold a contracting-out certificate (CA7000 or SHP305) and an employee is a member of your occupational pension scheme, you should deduct NICs under the appropriate contracted-out contribution Table letter.

When an employee joins, or leaves, a pension scheme look at the quick guide on page 38, or the flowchart at the beginning of the NI Tables, to check which contribution Table letter you should use.

If you operate more than one pension scheme an employee may choose to move between schemes during the tax year. In addition to identifying the correct contribution Table letter to use if an employee changes from a COSR to a COMP pension scheme, or between COMP schemes, you will also have to ensure the employee's record reflects the correct Scheme Contracting-Out Number (SCON).

An employee may also change from an Appropriate Personal Pension (APP) or APP Stakeholder Pension (APPSHP) scheme to your occupational contracted-out scheme. This will also change the contribution Table letter under which you deduct NICs.

For further information see CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'occupational pension schemes'.

An employee has more than one job

An employee has more than one job with different employers

An employee may tell you that they have another job where they are already paying NICs and that you should only deduct NICs at 1% from the salary that you pay them if they give you a CA2700.

If an employee with more than one job thinks that they will earn in excess of the weekly or monthly UEL in one, or a combination of more than one, of their jobs, they can ask the HM Revenue & Customs National Insurance Contributions Office for permission to defer paying some of the NICs in their other jobs.

The HM Revenue & Customs National Insurance Contributions Office will send you form CA2700 if it agrees that the employee may defer some of the NICs they would otherwise have to pay on the earnings they receive from you. This form authorises you to deduct employee contributions at 1% on **all** earnings you pay to the employee that exceed the ET, including any earnings above the UEL.

You must still pay your employer's share of the NICs under the appropriate contribution Table letter - for help in identifying the right contribution Table letter see the table on page 38.

Until you receive the CA2700 form, continue to deduct employee's contributions at the appropriate rates.

For further information:

- read the 'Guidance notes for form CA72A' which you can find using 'Find a form' at www.hmrc.gov.uk/allforms.shtml
- see the CWG2(2010) *Employer Further Guide to PAYE and NICs* under 'Deferment of the payment of employee's contributions for employees with more than one job'
- phone Deferment Services on **0845 915 7141**.

An employee has more than one job with the same employer

There are special rules about calculating NICs in these circumstances. For further information see CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'National Insurance contributions (NICs)'.

An employee becomes a director of your company

When you make an employee a director or a new director starts work, there are special rules that apply to the calculation of NICs. You can find these rules in the booklet CA44 *National Insurance for Company Directors*, which is available:

- on our website, go to www.hmrc.gov.uk/employers/emp-form.htm
- on your Employer CD-ROM
- from the Employer Orderline
 - phone **08457 646 646**
 - fax **08702 406 406**.

An employee goes abroad to work

If you have an employee who goes abroad to work, see the booklet CWG2(2010) *Employer Further Guide to PAYE and NICs*, Chapter 4.

An employee reaches or is over State Pension age

If an employee reaches or is over State Pension age they no longer have to pay NICs.

Currently the State Pension age for men is 65. For women born before 6 April 1950 State Pension age is 60. From April 2010 the State Pension age for women born on or after 6 April 1950 will gradually increase from 60 to 65 between 2010 and 2020. For further information go to www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG_4017919

You must still pay your employer's share of NICs.

Before you stop deducting employee NICs from the employee's wages, you must see some proof of their date of birth, for example a passport or birth certificate, to show that they have reached State Pension age. It would be helpful if you keep a record of the proof you have seen. Alternatively, they can provide you with one of the following certificates of age exception - CA4140 or CF384 which they can obtain from either the National Insurance Contributions Office (NICO) or the Department for Work and Pensions (DWP). Please note that the certificates issued by DWP are sometimes in paper format rather than card, but they are equally acceptable as proof of age.

If you stop deducting employees' contributions before you have seen proof, or continue to pay employer contributions at the contracted-out rate, you are responsible for any underpayment.

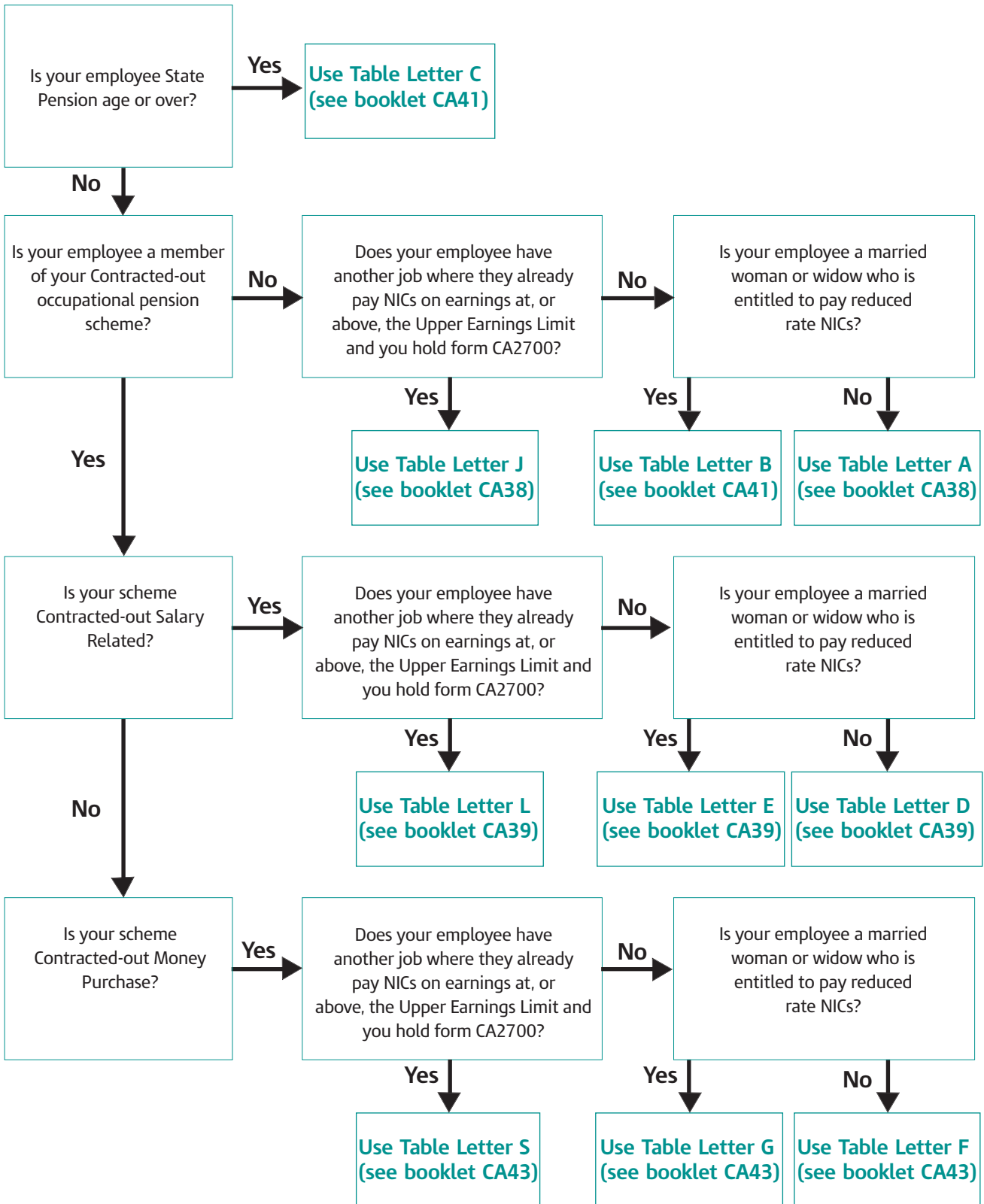
For further information see CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'State Pension age'.

Which National Insurance Tables to use

You must use the correct Tables in calculating the NICs due on your employee's earnings

Check you are using the Tables for 2010-11.

If your employee is under 16 years of age there is no NICs liability.



If you employ mariners, the CA42 *National Insurance Tables*, give details of category letters, rates and limits to use.

Important - please note:

NI Tables are updated every tax year. These are available on your Employer CD-ROM or can be requested from the Employer Orderline on **08457 646 646**.

Check you are using the Tables for 2010-11.

You must use the correct Tables when calculating the NICs due on your employee's earnings.

An employee dies

If an employee dies while they are working for you, and a payment is due on or after their date of death that would normally attract a deduction of NICs, there is no liability for either employee or employer NICs.

For further information see CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'Death of employee'.

Recalculating NICs because of a change in circumstances or an error

Subject to special rules explained below, if you do not deduct the correct amount of NICs at the proper time because of a change in the employee's circumstances or because you discover an error has been made in good faith, you can:

- recover any underpaid NICs by making extra deductions from later earnings
- refund any overpaid NICs.

The action you take will depend on whether you will be making adjustments to NICs from:

- a current date
- a previous date
 - within the same tax year, or
 - in a previous tax year.

and whether the adjustment:

- results in an under or overpayment of NICs
- involves a change in the contribution Table letter that you have been using.

Adjustments that are made from a current date will not involve either an under or overpayment of NICs but they will normally require a change in the contribution Table letter - for example, an employee reaches State Pension age.

Adjusting NICs from a current date

If you are adjusting the NICs from a current date using a paper P11 *Deduction Working Sheet*:

- draw a line across the P11 columns 1a to 1f under the last entry for the original contribution Table letter and begin entering the new contribution details, including the new contribution Table letter, on the next available line
- enter the totals of columns 1a to 1f up to the date of change in the boxes next to the entry for the original contribution Table letter in the 'End of Year Summary' section on page 2 of P11
- enter the new contribution Table letter on the next line of the 'End of Year Summary' section.

If you are using the P11 Calculator on the Employer CD-ROM:

- go into the employee's details in the Employer Database and change the NI Table letter.

Adjusting NICs from a previous date within the same tax year

If you are adjusting the NICs from a previous date within the same tax year using a paper P11 *Deductions Working Sheet*, amend the P11 by:

- drawing a line through each entry that you are adjusting so that the original entry can still be read
- recording the right amounts and, if necessary, the correct Table letter alongside
- entering the amended totals of column 1a to 1f in the boxes next to the entry for the original contribution Table letter in the 'End of Year Summary' section on page 2 of the P11
- entering the new contribution Table letter, if necessary, on the next line of the 'End of Year Summary' section.

If you are using the P11 Calculator on the Employer CD-ROM:

- enter the P11 Calculator
- select the employee to whom the error relates
- go to the P11 Calculator main menu
- select 'view P11 summary' and take a note of the previous NI details that are incorrect
- select 'back' then use the 'Amend the previous pay period for this employee' to delete all of the pay periods to which the error relates
- if necessary, go to the Employer Database and change the Table letter for the employee
- go back into the Calculator and re-input the gross pay for all the pay periods you have just deleted.

If primary NICs have been overpaid refund the difference to the employee.

Adjusting NICs from a previous date in a previous tax year

If you are adjusting the NICs from a previous date within a previous tax year using a paper P11 *Deductions Working Sheet*, amend the P11 for the current year only, by:

- drawing a line through each of the entries that you are adjusting so that the original entry can still be read, and recording the right amounts alongside
- drawing a line, if necessary, through the contribution Table letter in the 'End of Year Summary' section and entering the new contribution Table letter alongside.

If primary NICs have been overpaid for the previous tax year and either:

- you have not yet sent in your Employer Annual Return and final payment to your Accounts Office
 - make a refund of the difference to the employee
 - adjust your final payment
 - amend your Employer Annual Return to show the correct figures
 - amend the P11 as described above, or
- you have already sent in your Employer Annual Return and final payment to your Accounts Office, you must apply to HM Revenue & Customs National Insurance Contributions Office for a refund of employer contributions. At the same time HMRC will automatically refund employee contributions to your employee(s).

The address you should write to is:
HMRC
National Insurance Contributions Office
Refunds Group Employers Unit
Room BP1001
Benton Park View
Newcastle upon Tyne
NE98 1ZZ

If you are using the P11 Calculator on the Employer CD-ROM follow the same steps for Employer CD-ROM users as described under 'Adjusting NICs from a previous date within the same tax year' on page 39.

Underpayments of NICs

If NICs have been underpaid for the previous tax year and either:

- **you have not yet sent your Employer Annual Return and final payment to HMRC**
 - include the underpayment with your final payment, sending it either electronically or by cheque direct to your Accounts Office
 - submit your Employer Annual Return (P14s and P35) to show the correct figures
 - amend the P11 as described under 'Adjusting NICs from a previous date in a previous tax year', or
- **you have already sent your Employer Annual Return and final payment to HMRC**
 - submit an amended Employer Annual Return (P14(s) and P35 as appropriate) to reflect only the amount of any amendment (that is, the underpaid NICs)
 - send a letter to your HMRC office explaining the reason for the amendment
 - send any additional payment due as a result of the amendment to HMRC, either electronically or by cheque direct to your Accounts Office.

Recovering underpayments from your employees

If you find that the employee has underpaid NICs as a result of an error made by you in good faith you can recover the underpayment. You can do this by making extra deductions from any later earnings you pay the employee in the remainder of the tax year in which the error was discovered and the following tax year. The extra deductions made from any later payment of earnings can be no greater than the employee's contributions due on those earnings.

For example, if NICs of £15 are due on the later earnings, you can deduct no more than an extra £15 towards the underpayment.

If any arrears are left outstanding after the end of the second tax year you must not recover these from any other earnings paid to the employee. You, as the employer, must bear the cost of the balance.

Software users

Consult your agent or software provider if your software guide does not cover this issue.

Further help

For further help on what to do if a mistake is discovered during the tax year or after it has ended see the CWG2(2010) *Employer Further Guide to PAYE and NICs*, under 'Mistakes in amount of NICs or PAYE deducted'. Further information on what counts as an error in good faith can be found at www.hmrc.gov.uk/employers/recovery.htm

Part 9 Student Loan deductions

We are responsible for collecting repayments of Income Contingent Student Loans. In the majority of cases you will collect these repayments by making deductions from pay.

Start notification, form SL1

At any time during the year we may send you a form SL1 to begin making Student Loan deductions from an employee.

If you receive a form SL1 and you are using:

- **the P11 Calculator on your Employer CD-ROM**
 - simply indicate the employee is a student loan borrower on the Employer Database by editing the employee's details. The P11 Calculator will work out any Student Loan deductions for you
 - keep the form SL1 in your wages records
- **a P11 Deductions Working Sheet or equivalent record**
 - enter a tick in box K, headed 'Student Loan deductions case' on the employee's form P11
 - use the calculator on your Employer CD-ROM or the SL3 *Student Loan Deduction Tables*, to work out the amount of the Student Loan deduction. This amount should be deducted from the first available payday after the start date shown on the notice. Do not make deductions before the start date. By 'the first available payday' we mean the first payday on which it is practical to apply the notice
 - keep the form SL1 in your wages records.

You can view and print off a copy of the SL3 *Student Loan Deduction Tables* from your Employer CD-ROM or order one from the Employer Orderline on **08457 646 646**.

New employee, forms P45 and P46

If a new employee gives you a form P45 and there is a 'Y' in box 5, 'Student Loan deductions to continue' box, or if the employee completes a form P46 and there is an 'X' in box D, 'Student Loans', proceed as follows:

- **If you are creating a P11 for your new employee using the P11 Calculator**
 - simply indicate that the employee is a student loan borrower when setting up the employee in the Employer Database.
- **If you are using a P11 *Deductions Working Sheet* or equivalent record**
 - use the Collection of Student Loans Calculator on your Employer CD-ROM or the Student Loan Deduction Tables, also on your Employer CD-ROM, to start making Student Loan deductions
 - enter a tick in box K, headed 'Student Loan Deductions case' on your employee's form P11.

Working out and paying over Student Loan deductions

If you employ a borrower who also has an Attachment of Earnings Order, refer to the E17(2010) *Collection of Student Loans* before making Student Loan deductions.

You can view and print off a copy of the guide:

- on our website, go to www.hmrc.gov.uk/employers/emp-form.htm
- on your Employer CD-ROM
- from the Employer Orderline
 - phone **08457 646 646**
 - fax **08702 406 406**.

Working out pay for Student Loan deduction purposes

Use the same amount of gross pay for Student Loan deduction purposes as you have used to calculate NICs.

For further information on gross pay see page 12 of this helpbook.

At the end of each pay period

Each payday:

- work out the employee's gross pay for Student Loan deduction purposes
- **if you are using the P11 Calculator on your Employer CD-ROM**
 - use the Student Loan Calculator on your Employer CD-ROM, or the SL3 *Student Loan Deductions Tables* to work out the amount of Student Loan deductions
- **if you are using a P11 *Deductions Working Sheet* or equivalent record**
 - use the SL3 *Student Loan Deductions Tables* or the calculator on your Employer CD-ROM, to work out the amount of Student Loan deductions
 - enter the amount of the Student Loan deduction on the employee's P11 in column 1k at the appropriate week or month.

At the end of each tax month or quarter

See page 20 of this helpbook.

Stop notification

When you receive a Stop notification from us:

- stop making Student Loan deductions from the first available payday after the stop date shown on the notice. By 'the first available payday' we mean the first payday on which it is practical to apply that notice
- if you are using the P11 Calculator for this employee edit the employee details in the Employer Database by removing the student loan borrower indicator
- keep the Stop notification in your wages records.

Where to get further help and advice

There is more detailed guidance in the E17(2010) *Collection of Student Loans*.

You can view and print off a copy of the guide from:

- our website, go to www.hmrc.gov.uk/employers/emp-form.htm

Or you can order a copy from the Employer Orderline

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

There is a step-by-step teach yourself Student Loan deductions package on your Employer CD-ROM.

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

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