

Finishing the tax year up to 5 April 2012

This guidance on how to complete paper forms and returns at the end of the tax year is provided for the very small number of employers who are exempt from the requirement to file their Employer Annual Return (P35 and P14s) online.

Topics covered:

- Filing your 2011–12 Employer Annual Return (P35 and P14s) on paper.
- Key dates at the end of the 2011–12 tax year.
- Under what circumstances must I file an Employer Annual Return?
- What you'll need.
- Finalising form P11 *Deductions Working Sheet* or equivalent record.
- Filling in the form P14 *End of Year Summary*.
- Filling in the form P35 *Employer Annual Return*.
- What to do next.
- Form P60.
- Amending your return after you have filed it.
- Forms P11D, P11D(b) and P9D.

Help and guidance

Help and guidance is available from the following sources.

The internet

For help with payroll go to www.hmrc.gov.uk/payee

For wider interactive business help go to www.businesslink.gov.uk/mynewbusiness

Online Services

For information and help using our Online Services go to www.hmrc.gov.uk/online

For more help contact the Online Services Helpdesk by:

- email helpdesk@ir-efile.gov.uk
- phone **0845 60 55 999**, or
- textphone **0845 366 7805**.

Basic PAYE Tools

The Basic PAYE Tools contains a number of calculators and most of the forms that you will need to help you run your payroll throughout the year including:

- a P11 Calculator that will work out and record your employee's tax, NICs and Student Loan deductions every payday, with a linked P32 *Employer Payment Record* that works out how much you need to pay us
- a range of other calculators to work out Student Loan deductions and statutory payments and a learning zone to help you understand these and other payroll topics
- an employer database to record your employees' details
- interactive forms such as the P11D Working Sheets.

If you use the P11 Calculator in the Basic PAYE Tools you can file online your:

- starter and leaver information P45 Part 1, P45 Part 3, P46 information and P46(Expat) information
- Employer Annual Return (if you have up to and including nine employees) on the P11 Calculator at 5 April.

To download the Basic PAYE Tools, go to www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm

Employer helplines

- Employer for **less than 3 years**, phone **0845 60 70 143**.
- Employer for **3 years or more**, phone **08457 143 143**.
- If you have a hearing or speech impairment and use a textphone, phone **0845 602 1380**.

Employer helpbooks and forms

Helpbooks and forms are available to download. Go to www.hmrc.gov.uk/payee/forms-publications.htm

Yr Iaith Gymraeg

I lawrlwytho ffurlenni a llyfyrnau cymorth Cymraeg, ewch i www.hmrc.gov.uk/cymraeg/employers/emp-pack.htm Os, yn eithriadol, nad oes gennych gysylltiad i'r rhyngwrwyd, cysylltwch â'r Ganolfan Gyswilt Cymraeg ar **0845 302 1489**.

Forms and guidance in Braille, large print and audio

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

In person

We offer free workshops covering some payroll topics. These workshops are available at locations throughout the UK. For more information:

- go to www.hmrc.gov.uk/bst or
- phone our Business Education & Support Team on **0845 603 2691**.

Employer Bulletin online

Employer Bulletins contain information and news for employers. We publish these several times a year. Go to www.hmrc.gov.uk/payee/employer-bulletin

Employer email alerts

We strongly recommend that you register to receive employer emails to prompt and direct you to:

- each new edition or news about the Basic PAYE Tools
- the Employer Bulletin
- important new information.

To register, go to www.hmrc.gov.uk/payee/forms-publications/register.htm

HM Revenue & Customs (HMRC)

If you have a query about your PAYE scheme:

- phone the Employer Helpline on **08457 143 143**, or
- write to:
HM Revenue & Customs
Customer Operations Employer Office
BP4009
Chillingham House
Benton Park View
NEWCASTLE
NE98 1ZZ

Please tell us your employer reference when you contact us. You will find it on correspondence from HMRC.

Real Time Information (RTI)

From April 2013, HMRC is introducing Real Time Information (RTI). Under RTI, employers and pension providers will send HMRC information when they pay their employees, instead of yearly. For more information go to www.hmrc.gov.uk/rti/index.htm

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information go to www.hmrc.gov.uk/charter

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Part 1 – Filing your 2011–12 Employer Annual Return (P35 and P14s) on paper

This step-by-step guidance on how to complete the paper versions of forms P35 and P14 is aimed at the very small number of employers who are exempt from the requirement to file their 2011–12 Employer Annual Return online.

Even if you are exempt (see below) you can still choose to file online. Many exempt employers already do so because of the greater speed and convenience it offers. See the section 'Online filing – benefits and getting started' opposite to find out more.

Who can file their Employer Annual Return (P35 and P14s) either online or on paper?

Only the following have the option of filing their Employer Annual Return either online or on paper.

- (a) Employers entitled to operate PAYE using our Simplified Deduction Scheme for personal and domestic employees (using forms P12 and P37) – provided they haven't previously received a tax-free payment for online filing.
- (b) Practising members of religious societies or orders whose beliefs are incompatible with the use of electronic methods of communication.
- (c) Employers who employ someone to provide domestic or personal care or support services at or from the employer's home. The following conditions must be met:
 - the care or support services must be provided to the employer or a member of their family
 - the recipient of the services must have a physical or mental disability, or be elderly or infirm
 - the employer cannot have received a tax-free payment in respect of online filing in the preceding three years
 - the employer must file their return themselves and not have someone else (such as a relative or accountant) file it on their behalf.
- (d) Limited companies operating within the construction industry if they only want to claim the CIS deductions made from payments they received for work done in the construction industry (box 30 CIS deductions suffered). Since April 2011 these returns can be filed online, they should be submitted as a complete return with no P14s

If you are in category (b) or (c) and want to file on paper, you must write to the Customer Operations Employer Office, the address can be found on the 'Help and guidance' page, giving details of why you consider yourself exempt from filing online. Our records can then be updated and it will avoid you receiving a penalty notice for not filing your return online.

Who must file their Employer Annual Return (P35 and P14s) online?

Almost all employers are required to file their Employer Annual Return (P35 and P14s) online unless they are exempt. If you do not file your return online when required to do so, we may charge you a penalty.

Online filing – benefits and getting started

Online filing is faster, easier, more secure and more reliable than filing using paper forms. So even if you're one of the few employers with the option to continue filing on paper, we still recommend that you move to online filing. We provide a range of help and guidance to enable you to file online – see below.

Businesslink website

- For an overview of what's involved in online filing go to www.hmrc.gov.uk/payefile-or-payfileonline/intro.htm
- To find out how to register to start filing online go to www.hmrc.gov.uk/payefile-or-payfileonline/register.htm
- For more specific guidance about filing your Employer Annual Return online go to www.hmrc.gov.uk/payepayroll/year-end/annual-return.htm

HMRC Basic PAYE Tools

The HMRC Basic PAYE Tools contain a number of calculators to help you run your payroll throughout the year.

If you have used the Basic PAYE Tools to maintain your payroll records and you have up to and including nine employees on your payroll at the end of the tax year you can file your Employer Annual Return online directly from the HMRC Basic PAYE Tools, go to www.hmrc.gov.uk/payetools/basic-payetools.htm

Business Education & Support Teams

During February to May our Business Education & Support Teams run free 'End of year procedures' workshops which explain:

- how to register for PAYE Online, and
- how to file your Employer Annual Return (P35 and P14s) online.

For more information or to book a place on a workshop go to www.hmrc.gov.uk/bst/index.htm or phone the Business Education & Support Team on **0845 603 2691**.

Part 2 – Important dates to remember

19 April 2012

This is the final date for postal payments to reach your HMRC accounts office for any outstanding PAYE tax and Class 1 NICs for the tax year ending 5 April 2012.

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

This is the last date for setting up a Direct Debit payment to pay any outstanding tax and NICs due on 22 April. (If you do not already have a Direct Debit Instruction you need to set one up no later than the 15 April.)

20 April 2012

This is the final date for electronic payments to be cleared in our bank account for any outstanding PAYE and Class 1 NICs for the tax year ending 5 April 2012.

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

19 May 2012

Final date for your 2011–12 Employer Annual Return (P35 and P14s) to reach the HMRC Customer Operations Employer Office.

Penalties may be charged on any returns received after this date.

31 May 2012

Last date for giving a form P60 for 2011–12 to each relevant employee who was working for you on 5 April 2012.

6 July 2012

Last date for:

- your 2011–12 forms P9D and forms P11D, or substitutes, for the tax year ending 5 April 2012 to reach your HMRC office
- any return of Class 1A NICs on form P11D(b) for 2011–12 to reach your HMRC office. *Penalties will be charged automatically on any returns not received by 19 July 2012.*
- giving a copy of the 2011–12 form P9D, P11D, or equivalent information, to each relevant employee.

You need to complete form P9D and or forms P11D to give information about expenses and benefits paid or provided to your directors and/or employees in the 2011–12 tax year.

You need to complete a form P11D(b) to give information about Class 1A NICs you have paid on the benefits and expenses provided to your directors and/or employees.

19 July 2012

This is the final date for postal payments to reach your HMRC accounts office for any outstanding Class 1A NICs for the tax year ending 5 April 2012.

Interest will be charged on any payments received after this date. You may also be charged late payment penalties.

This is the last date for setting up a Direct Debit payment to pay any outstanding Class 1A NICs due on 22 July. (If you do not already have a Direct Debit Instruction you need to set one up no later than 15 July.)

20 July 2012

This is the final date for electronic payments to be cleared in our bank account for any outstanding Class 1A NICs for the tax year ending 5 April 2012.

Interest will be charged on any payments received after this date. You may also be charged late payment penalties.

Under what circumstances must I complete and file an Employer Annual Return?

You must complete and file an Employer Annual Return (P35 and P14s) if you were required to maintain a P11 *Deductions Working Sheet* or equivalent record for at least one employee during the 2011–12 tax year. (Please see part 1 of the Employer Helpbook E13(2012) *Day-to-day payroll* for more information about when you must complete a form P11 *Deductions Working Sheet* or equivalent record.)

You may also file a return if you are a limited company and the only information that you wish to submit is a claim for CIS deductions suffered, for CIS deductions made from payments received for work done in the construction industry. The return should be submitted as a complete return with no P14s.

If you are not required to file an Employer Annual Return (P35 and P14s) you must let us know, otherwise you may receive reminders and penalty notices.

You can do this by:

- telling us online, go to www.hmrc.gov.uk/payroll/year-end/annual-return.htm or
- phoning the Employer Helpline or
- writing to the Customer Operations Employer Office, the address can be found on 'Help and guidance' page.

What you will need

In order to complete your Employer Annual Return (P35 and P14s), you will need the following.

- A form P35 *Employer Annual Return*. If you are exempt from online filing and have not received a paper form P35 by the end of March 2012, contact the Employer Helpline and ask them to send you a 2011–12 version of form P35. Please note that the Employer Orderline does not supply this form. You must only send one form P35 for a single employer PAYE reference. We will not consolidate the details sent on more than one P35 for a single employer PAYE reference. If you are sending us a paper P35 and are required to file online you may be charged a penalty. **Do not send a paper P35 if you have also filed a P35 online.**
- A form P14 *End of Year Summary* for each completed form P11 *Deductions Working Sheet* or equivalent record. **If you are using HMRC forms P14, make sure that you only use the 2011–12 version** (there is an illustration of a P14 for 2011–12 on page 11). Contact the Employer Orderline as soon as possible to order a supply. **You should not order paper forms P14 from the Employer Orderline if you are required to file them online.**
- Employers taking advantage of the Regional Employer NICs Holiday for New Businesses scheme will need to file an end of year return providing details of the NICs holiday claimed. The NICs holiday end of year return cannot be filed online.

Reminder: your complete Employer Annual Return (P35, P14s and if appropriate a NICs holiday return) must reach us by 19 May 2012.

- All the forms P11 *Deductions Working Sheet* or equivalent records which you filled in for your employees for the 2011–12 tax year, including those for any employees who left your employment during the year.
- Your form P32(2011) *Employer Payment Record* or equivalent record which you used to record your monthly/quarterly PAYE and NICs payments made to HMRC.

You may also need the following if applicable.

- Any forms P38(S) *Student employees*, or equivalent records, you have completed for the 2011–12 tax year. These forms record the amount of pay that students earn while employed by you during the holidays.
- A form P38A *Employer Supplementary Return*. This form is used to record details about payments made to employees who worked for you during the 2011–12 tax year but for whom you were not required to complete a form P14 or P38(S). You should have received a form P38A with your paper form P35.

In addition to filing your Employer Annual Return (P35 and P14s), there are a number of other PAYE tasks you'll need to complete at the end of the tax year.

- By 31 May, you must give each relevant employee who was working for you on 5 April 2012 a form P60 *End of Year Certificate 2011–12*, or equivalent record. You do not have to provide a P60 to employees who left your employment before the end of the tax year. Form P60 is provided as the second part of the paper form P14. You can also order copies of the form from the Employer Orderline.
- Send us form P9D(2012) *Expenses payments and income from which tax cannot be deducted 2011–12* and/or form P11D(2012) *Expenses and benefits 2011–12* for each employee to whom you've provided expenses and benefits during the 2011–12 tax year. These forms must reach us by 6 July 2012.
When completing your Employer Annual Return (P35), you'll be asked to confirm whether you'll have any P11Ds to submit for the year.
- You must send us a form P11D(b) *Return of Class 1A National Insurance contributions due – Return of expenses and benefits – Employer declaration* by 6 July 2012 if you're submitting any forms P11D.

Part 3 – Finalising form P11 *Deductions Working Sheet*

Page 6 shows an example of the back of a completed form P11 for year ending 5 April 2012.

You will have been filling in the P11, or equivalent record, each week or month during the year. To finalise the form P11 at the end of the year you need to complete the 'End of Year Summary' boxes at the bottom of the form.

Columns 1a to 1f (NICs)

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

Please remember

- If you have used the exact percentage method to calculate NICs, round down the annual total of the earnings recorded in columns 1b, 1c and 1d to the nearest whole pound.
 - When completing column 1e, follow steps (1) to (4) below. If more than one contribution table letter has been used during this employment, these steps should be applied to each contribution table letter separately.
 - Use contribution category 'X' if no NICs entries are required.
- (1) Add all amounts of NICs not marked 'R'.
 - (2) Add all amounts of NICs marked 'R'.
 - (3) Take away (2) from (1).
 - (4) Enter the sum of step (3) in column 1e of the 'End of Year Summary' section – if this is a minus amount mark the entry as 'R'.

Scheme Contracted-out Number

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

Columns 1g to 1l (statutory payments and Student Loan deductions)

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

Columns 3 and 6 (pay and tax totals)

The action you take will depend on whether the employee:

- still worked for you at 5 April 2012, and
- started employment with you during the 2011–12 tax year, and you know their previous pay and tax details.

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

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

Cumulative basis

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

Week 1/month 1 basis

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

K code

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

Now you need to fill in your P14s. The guidance on pages 7 to 11 will help you. Please read the section on quality checks before you start to complete your P14s.

Quality checks – errors that mean your returns will fail our checks

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

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

Returns will be sent back to you for correction if they fail these initial quality checks. You must put right any errors and resubmit your return by 19 May 2012 to avoid the late filing penalty.

Returns will be checked in more detail after 19 May 2012. We will contact you then if your return does not meet these detailed checks.

Data quality

In addition to quality checks of the Employer Annual Return it is important to make sure that you send HMRC the correct information about your employees. Wherever possible, always check personal information you need from an official source like a birth certificate, passport or official documents from HMRC or the Department for Work and Pensions (DWP).

Names – Make sure that you provide the full forenames and surname and that you have spelt the names correctly.

Date of birth – Provide the correct date of birth. Do not enter a default or make one up.

NI Number – Always provide the correct National Insurance number. Do not use a default, or make a number up or use someone else's.

Example of a completed form P11 (back)

Turn over page for Weeks 1-30 (Months 1-7)

Employee's details use capitals

Box A Employer name: VFMLTD
Box B HM Revenue & Customs office name: MINSTER
Box C Sumname: DOE
Box D First two forenames: JANE MARY
Box E National Insurance number: QQ 12 34 56 A
Box F Date of birth (DD MM YYYY): 10 02 1963
Box G Works/payroll number: 720L
Box H Date of starting (DD MM YYYY): 09 05 2011
Box I Tax code: 720L
Box J Date of leaving (DD MM YYYY):
Box K Student Loan deductions case (/):

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

See Notes 1 and 2 overleaf

Statutory payments

Week number	Statutory Sick Pay (SSP)	Statutory Maternity Pay (SMP)	Ordinary Statutory Paternity Pay (OSPP)	Additional Statutory Paternity Pay (ASPP)	Statutory Adoption Pay (SAP)	Student Loan deductions (SID)
1	£	£	£	£	£	£
2	£	£	£	£	£	£
3	£	£	£	£	£	£
4	£	£	£	£	£	£
5	£	£	£	£	£	£
6	£	£	£	£	£	£
7	£	£	£	£	£	£
8	31	1800.00	12300.00	4205.32	1800.00	1800.00
9	32					
10	33					
11	34					
12	35	442	1600.00	1196.00	0.00	1858.68
13	36					
14	37					
15	38					
16	39	442	1600.00	1196.00	0.00	1858.68
17	40					
18	41					
19	42					
20	43	442	1600.00	1196.00	0.00	1858.68
21	44					
22	45					
23	46					
24	47	442	1600.00	1196.00	0.00	1858.68
25	48					
26	49					
27	50					
28	51					
29	52	442	1600.00	1196.00	0.00	1858.68
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231	254					
232	255					
233	256					
234	257					
235	258					
236	259					

Part 4 – Filling in the form P14

End of Year Summary

Important notes

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

You can use our form CA6855 *Employee's National Insurance number trace* to get the correct National Insurance number for your payroll records. Alternatively, you can use your own schedule if you include all the information we require, see Part 5 Employer Helpbook E13(2012) *Day-to-day payroll*.

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

For more information see the Employer Helpbook E13(2011) *Day-to-day payroll*. **You can find an example of a completed form P14 for the 2011–12 tax year on page 11.**

Filling in form P14

Make sure you have filled in your P11s following the instructions on pages 4 and 6.

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

Section on P14	Advice
Employer's name and address	<ul style="list-style-type: none"> Show your full address, including the postcode. Don't use sticky labels or a rubber stamp.
HM Revenue & Customs office name	<ul style="list-style-type: none"> Enter 'Pay As You Earn' in this box.
Employer PAYE reference	<ul style="list-style-type: none"> Enter your employer PAYE reference as shown on <ul style="list-style-type: none"> the front of the paper form P35, or your P30BC <i>Payslip Booklet</i>, or your P30B letter <i>Paying electronically</i>.
Tax year to 5 April 2012	<p>If you are using a paper form P14:</p> <ul style="list-style-type: none"> make sure the forms are for the correct year (there is an illustration of the form P14 for 2011–12 on page 11) enter all four numbers of the year, for example, 2012.

Some do's and don'ts

Do

If you print your P14s:

- use the appropriate version of form P14 depending on whether you're using an impact or laser printer. See the E3(2012) *Employer Orderline Order form*
- show dates as DD MM YYYY, with no punctuation. For example, 24 02 1959
- make sure printing is clear in all the boxes
- print only within the white boxes (the entries must not touch the box edges)
- use font size 10, at 6 lines per inch.

If you are filling in all your forms by hand:

- use form P14(Manual)(2011–12). The number is shown in the bottom right-hand corner
- use a ballpoint pen, or similar, so that both copies are easy to read; no carbon is necessary
- write clearly. If we can't read them, we may need to send the forms back to you to fill in new ones
- make sure entries are within the white boxes
- show dates as DD MM YYYY, with no punctuation. For example, 24 02 1959. Entries such as 24 02 59, or 24-02-59, or 24/02/1959 are wrong.

Don't

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

Section on P14	Advice				
Employee's details National Insurance number	Copy this from the front of form P11. <ul style="list-style-type: none"> It must be two letters, six numbers, followed by one letter (for example, QQ123456A). Ensure that the full and correct number is quoted and can be read clearly. Do not insert a temporary National Insurance number on a form P14. If the National Insurance number is not known see page 7 'Important notes'. 				
Date of birth	<ul style="list-style-type: none"> Enter the day and month as well as all four numbers of the year your employee was born. (See page 7 'Important notes'.) 				
Surname and first two forenames	<ul style="list-style-type: none"> If you don't know the employee's full forename(s), put their initial or initials at the start of each forename box. Don't put titles (for example, Mr, Mrs or Ms) or nicknames, or familiar names (for example, Jack instead of John, Peggy instead of Margaret). 				
Works/payroll number	<ul style="list-style-type: none"> Ensure the number entered on the P14 is the same as on the payroll record. 				
National Insurance contributions in this employment NICs table letter	<ul style="list-style-type: none"> Enter the National Insurance category letters you have used to calculate the employee's NICs. Copy this/these from the 'End of Year Summary' section on the back of form P11(2011–12). 				
Columns 1a to 1d	<ul style="list-style-type: none"> Copy these amounts from the 'End of Year Summary' section of form P11(2011–12). Make entries in whole pounds only. For example, in column 1a 4862 – not 4862.00. The entries in these boxes must be 'right justified'. For example, in column 1b, '£160' is shown as <table border="1" data-bbox="831 1043 1098 1093"> <tr> <td></td> <td>1</td> <td>6</td> <td>0</td> </tr> </table> If the employee is normally weekly or monthly paid – and earned consistently above the Primary Threshold (PT) – the amounts in columns 1a and 1b inclusive should always be <ul style="list-style-type: none"> 1a – a multiple of 102 (LEL) if weekly paid – a multiple of 442 (LEL) if monthly paid. 1b – a multiple of 37 (PT–LEL) if weekly paid; – a multiple of 160 (PT–LEL) if monthly paid. If there is an entry in column 1a, you must still send in form P14 – even though no NICs may be payable. Where there are no earnings and no NICs to report, complete form P14 to show contribution category letter X and enter zero in columns 1a to 1d. 		1	6	0
	1	6	0		
Columns 1e and 1f	<ul style="list-style-type: none"> Copy these amounts from the 'End of Year Summary' section on form P11(2011–12). The amounts in these columns must be in pounds and pence. Where you operate a contracted-out occupational pension scheme, and the column 1e total to be carried forward from the P11(2011–12) is a minus figure, enter 'R' in the corresponding box immediately to the right of the column 1e total boxes on the P14. Where there are no earnings and no NICs to report, complete form P14 to show contribution category letter X and enter zero in columns 1e and 1f. 				

Section on P14	Advice
Statutory payments in this employment Box 1g	You can: <ul style="list-style-type: none"> insert the total amount of SSP paid to the employee in those tax months for which an amount has been recovered under the Percentage Threshold Scheme, or if it is easier for you to record all SSP paid in all tax months, instead of just the tax months where you made a recovery, you can enter this amount instead.
Boxes 1h to 1k	<ul style="list-style-type: none"> Copy these amounts from the corresponding columns on form P11(2011–12).
Scheme Contracted-out Number	<ul style="list-style-type: none"> Only fill in this box if the employee is a member of a Contracted-out Money Purchase (COMP) scheme, COMP Stakeholder Pension (COMPSHP) scheme or the COMP part of the Contracted-out Mixed Benefit (COMB) scheme that you operate. You can find this number on your contracting-out certificate. If you cannot find your certificate, write to: HMRC Pension Schemes Services FitzRoy House PO Box 62 Castle Meadow Road NOTTINGHAM NG2 1BD. Please leave blank if the employee is part of a Contracted-out Salary Related (COSR) scheme or the COSR part of a COMB scheme. <p>Members of a COMP or COMPSHP scheme, including the COMP part of a COMB scheme, receive a rebate of their NICs based on their age. This is known as an Age Related Rebate (ARR). When completing the employee's form P14 <i>End of Year Summary</i>, you must ensure that the correct Scheme Contracted-out Number (SCON) is entered on form P14 against the relevant earnings.</p> <p>Failure to enter the correct SCON, where contribution table letters F or G apply, will result in non-payment of the ARR.</p> <p>For employees who move from one COMP or COMPSHP scheme to another, including the COMP part of a COMB scheme, show details of the earnings under each scheme on a separate line of the P14, even though there is no change in the NIC category letter. Enter the SCON of each scheme against the relevant entry on the P14.</p>
Student Loan deductions	<ul style="list-style-type: none"> Copy this amount from the totals box at the bottom of column 1l on form P11(2011–12). Enter whole pounds only on form P14.
Date of starting and date of leaving	<ul style="list-style-type: none"> Only make an entry in these boxes if the employee starts and/or leaves your employment during the 2011–12 tax year. Please use figures only, for example, <i>07 05 2011</i>.

Section on P14	Advice
Pay and Income Tax details In previous employment(s)	<ul style="list-style-type: none"> Copy this amount from the 'End of Year Summary' section on form P11(2011–12). Enter here the details you have of pay and tax deducted for employments earlier in the year.
In this employment	<ul style="list-style-type: none"> Copy this amount from the 'End of Year Summary' section on form P11(2011–12). Always fill in these boxes. The amounts must be in pounds and pence. If you have refunded more tax than you have deducted 'In this employment', you should enter 'R' in the net refund box.
Total for year	<ul style="list-style-type: none"> Copy this amount from the 'End of Year Summary' section on form P11(2011–12). Only fill in these boxes if the employee was working for you at 5 April 2012 and you know the pay and tax figures for the year, including those for any previous employments.
Employee's Widows & Orphans/Life Assurance contributions in this employment	<ul style="list-style-type: none"> Where an employee is legally obliged to pay contributions to a widows/widowers & orphans, or life assurance fund, that qualify for tax relief but are not authorised under 'net pay arrangements' for tax relief, enter the amount of contributions paid up to a maximum of £100. For further information on 'net pay arrangements' see the CWG2(2011) <i>Employer Further Guide to PAYE and NICs</i>, under 'Pensions contributions paid by employee'.
Final tax code	<ul style="list-style-type: none"> Fill in these boxes from the left-hand side. Always show here the tax code you were using at 5 April 2012, or when you last paid your employee. (Please see note below if you have made a payment in week 53). Only enter the tax code. Do not include any other characters like asterisks or leading zeros. If you operated the tax code on a week 1/month 1 basis, enter 'W1' or 'M1' after the code. Do not use any other abbreviations. Where form P11(2011–12) shows 'NI' in the tax code box, leave the tax code box on form P14 blank.
Payment in Week 53	<ul style="list-style-type: none"> If you make a payment in week 53 put one of the following notations in this box: '53' if there were 53 weekly paydays in the year '54' if there were 27 fortnightly paydays in the year '56' if there were 14 four-weekly paydays in the year. <p>Note: Do not change the final tax code to week 1 if the only reason you have used the week 1 table is to calculate a payment on week 53.</p>

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

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

Now you need to fill in your P35 – pages 12 to 19 will help you.

Part 5 – Filling in the form P35 *Employer Annual Return*

Introduction

This section will help you fill in your form P35 *Employer Annual Return* for 2011–12.

We issue paper forms P35 towards the end of each tax year to employers who are exempt from online filing. If you're entitled to file your P35 on paper and haven't received one by the end of March, contact the Employer Helpline.

Note: For details of the small number of employers who are still permitted to file form P35 on paper, see page 2. We may charge you a penalty if you file on paper when you are required to file online.

The paper P35 is a four-page form.

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

There is an example of pages 2 and 3 of a completed form P35 on page 16.

Filling in pages 2 and 3 of form P35

Part 1 – Summary of employees and directors

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

If there are more than ten entries you will have to use forms P35(CS) *Continuation Sheets* (or equivalents). If you didn't receive any continuation sheets with form P35 you can always use your own equivalent record as long as it contains the same information. Please list:

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

If you make a mistake and record the wrong entry:

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

Part 2 – Summary of payments for the year

Please complete boxes 1 to 31 as applicable and check that your payments to the accounts office are correct.

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

Box 12	If you have paid Statutory Sick Pay (SSP) to your employees during the year, put in box 12 the amount you have recovered under the Percentage Threshold Scheme (PTS) not the amount paid. Include any payments received directly from your accounts office to cover the recovery of SSP that you have shown at box 22. For more information refer to the E14(2011) <i>Employer Helpbook for Statutory Sick Pay</i> .
Box 13	If you have paid Statutory Maternity Pay (SMP) to your employees during the year, put in box 13 the amount that you have recovered. Include any payments received directly from your accounts office to cover the recovery of SMP that you have shown at box 22. For more information refer to the E15(2011) <i>Employer Helpbook for Statutory Maternity Pay</i> .
Box 14	Put in box 14 any compensation you have recovered in addition to the SMP recovered. For more information refer to the E15(2011) <i>Employer Helpbook for Statutory Maternity Pay</i> .
Box 15	If you have paid Ordinary Statutory Paternity Pay (OSPP) to your employees during the year, put in box 15 the amount that you have recovered. Include any payments received directly from your accounts office to cover the recovery of OSPP that you have also shown at box 22. For more information refer to the E19(2011) <i>Employer Helpbook for Ordinary and Additional Statutory Paternity Pay</i> .
Box 16	Put in box 16 any compensation you have recovered in addition to the OSPP recovered. For more information refer to the E19(2011) <i>Employer Helpbook for Ordinary and Additional Statutory Paternity Pay</i> .
Box 17	If you have paid Additional Statutory Paternity Pay (ASPP) to your employees during the year, put in box 17 the amount that you have recovered. Include any payments received directly from your accounts office to cover the recovery of ASPP that you have also shown at box 22. For more information refer to the E19(2011) <i>Employer Helpbook for Ordinary and Additional Statutory Paternity Pay</i> .
Box 18	Put in box 18 any compensation you have recovered in addition to the ASPP recovered. For more information refer to the E19(2011) <i>Employer Helpbook for Ordinary and Additional Statutory Paternity Pay</i> .
Box 19	If you have paid Statutory Adoption Pay (SAP) to your employees during the year, put in box 19 the amount you have recovered. Include any payments received directly from your accounts office to recover the amount of SAP that you have shown at box 22. For more information refer to the E16(2011) <i>Employer Helpbook for Statutory Adoption Pay</i> .
Box 20	Put in box 20 any compensation you have recovered in addition to the SAP recovered. For more information refer to the E16(2011) <i>Employer Helpbook for Statutory Adoption Pay</i> .
Box 21	Add all boxes from 12 to 20 together, and put the total in box 21.
Box 22	You will only use this box if you received funding from your accounts office to pay SSP/SMP/OSPP/ASPP/SAP or to recover the amounts of SSP/SMP/OSPP/ASPP/SAP you have paid. Put the total amount of funding received in box 22. You may have recorded this information on your form P32 <i>Employer Payment Record</i> (or equivalent).
Box 23	Calculate box 21 <i>minus</i> box 22, to get the net amount of statutory payments recovered in this tax year. Put the total in box 23.
Box 24	To check the total NICs, Income Tax and Student Loan deductions <i>minus</i> the amount of statutory payments recovered: <ul style="list-style-type: none"> • calculate box 11 <i>minus</i> box 23, but • if box 23 is a minus amount – add box 23 to box 11.
Box 25	You will only use this box if you made deductions during the year from subcontractors in the construction industry. Add up boxes 4.6 on all your CIS300 monthly returns and put the total amount in box 25 of the P35.
Box 26	Add boxes 24 and 25 together. This is the amount payable by you for the year.
Box 27	Put the total of NICs and tax that you have paid to your accounts office during the year. Remember to include any overpayment from the previous year transferred to this account by HMRC. You may have recorded your payments on form P32 <i>Employer Payment Record</i> (or equivalent).
Box 28	This box only applies to employers who have received a tax-free incentive payment for filing any previous Employer Annual Return online. If the tax-free payment was credited to your 2011–12 PAYE payment record for this year, enter the amount. If the tax-free payment was repaid directly to you or your adviser by cheque, leave this box blank.
Box 29	To check whether there is a balance to pay HMRC, calculate box 26 <i>minus</i> boxes 27 and 28. Put the total in box 29. If it is a minus figure, put 'M' in front.

Only fill in boxes 30 and 31 if you are a limited company and CIS deductions have been taken from payments received for work in the construction industry.

Box 30	Refer to column E of the CIS132, or equivalent, for the amount of CIS deductions taken from payments you received during the year for work in the construction industry. Copy the total to box 30 of the P35.
Box 31	To check whether there is a balance to pay HMRC, calculate box 29 <i>minus</i> box 30. Put the total in box 31. If it is a minus amount, put 'M' in front.

Filling in page 4 of form P35

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

Part 3 – Checklist

Question 1

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

These employees are likely to be part-time or casual staff. If you tick 'No' you must complete a form P38A *Employer Supplementary Return*. You should have received a form P38A with your form P35.

Question 2

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

Question 3

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

Question 4

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

Question 5

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

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

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

Question 6

Question 6 is deliberately in two parts because the first question identifies those employers who need to consider whether the second question applies. The first part asks 'Are you a service company?'

For the purposes of question 6, 'service company' includes a limited company, a limited liability partnership, or a partnership (but not a sole trader) which provides your personal services to third parties.

The first part of the question should be answered 'Yes' if:

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

So, if you are a service company in the year to 5 April 2012, tick the first 'Yes' box under this question.

If your answer to the first question is 'No' then you do not need to consider the second part because the answer to it will also be 'No'.

The second part then asks 'If 'Yes', have you operated the Intermediaries legislation (sometimes known as IR35) or the Managed Service Companies legislation?' The second part of this question should only be answered 'Yes' if:

- income has been treated as deemed employment income and PAYE/NICs deducted in accordance with the Managed Service Companies or Intermediaries legislation (IR35), or
- an engagement is within the IR35 rules but the deemed payment is nil because sufficient amounts of employment income have been paid.

In all other circumstances answer 'No'.

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

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

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

In respect of the Intermediaries legislation (IR35) only

If you are not able to calculate the actual amount of the deemed payment and the PAYE and NICs due for 2011–12 by 19 April 2012, a payment on account of the estimated tax and NICs due should be made by 19 April 2012 supported by a P35 showing provisional figures.

We will write to all employers later in the year reminding them that as their P35 figures were provisional in accordance with the above guidance, they must submit an amended P35 and make a balancing payment by 31 January 2013.

Where HMRC does not receive an amended P35 and balancing payment by 31 January 2013, the original P35 submitted will be considered to reflect figures which the employer declares to be final and correct.

If you cannot finalise the amounts by 19 May 2012, you will not have to pay a penalty so long as you send in your Employer Annual Return by that date, and you pay all of the PAYE and NICs due in respect of the deemed payment by 31 January 2013. You will still be charged interest from 19 April 2012 until the PAYE and NICs are paid.

For further guidance see the CWG2(2011) *Employer Further Guide to PAYE and NICs*. If you want more information about the Intermediaries legislation (IR35):

- go to www.hmrc.gov.uk/ir35
- phone the IR35 Helpline on **0845 303 3535**.

For guidance about the Managed Service Companies legislation go to www.hmrc.gov.uk/employment-status/msc.htm

Part 4 – Contracted-out pension schemes

If you operated a pension scheme that was contracted-out of the State Second Pension enter the Employers Contracted-out Number (ECON) from your contracting-out certificate, in this box.

Part 5 – Employer certificate and declaration

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

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

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

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

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

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

Filing your P35 and P14 separately

If you are filing your Employer Annual Return entirely on paper, then your P35 and all your P14s must be submitted to the Customer Operations Employer Office, at the same time. The address can be found on the 'Help and guidance' page.

If you choose to file your return in parts using different filing methods, if any parts are sent on paper when you are required to file online you may be charged a penalty.

All parts making up your Employer Annual Return (P35 and P14s) must be sent to HMRC in an acceptable format by 19 May 2012 or you will be liable to a penalty.

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

- use a P14 Cover Sheet, available from the Employer Orderline, for any part containing paper P14s, or your return will be rejected
- choose a unique identifier for each P14 part being sent
- show in the box provided the number of P14 parts being sent. This is the number of P14 batches (not including the P35 itself), **not** the total number of P14s being sent
- only file one P35 for each Employer PAYE reference reflecting all your P14 parts, irrespective of the number you are sending. **Do not** send a P35 for each P14 part.

Regional Employer NICs Holiday for New Businesses

If you set up your new business on or after 22 June 2010, you can find information about the Regional Employer NICs Holiday online, go to www.hmrc.gov.uk/nicsholiday

Example of page 4 of a completed form P35

Part 3 Checklist

You must answer each question

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

No Yes

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

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

No Yes

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

No Yes

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

No Yes

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

No Yes

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

No Yes

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

No Yes

6 Are you a Service Company?

No Yes

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

No Yes

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

Part 4 Contracted-out pension schemes *if applicable*

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

E	3								
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Part 5 Employer certificate and declaration

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

I declare and certify that:

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

or

have been sent separately in one or more parts[†]

[†] If forms P14 have been sent in more than one part, please enter the number of parts sent, **not the total number of forms P14**, and note that only one P35 is required reflecting all P14 parts. For more detailed information, see the *Guide to filing PAYE forms online and paying electronically*.

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

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

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

Employer signature

CPELLIOT

Date

27 / 04 / 2012

Please print your name

CPELLIOT

Please give a daytime phone number.

It will help speed things up if we need to talk to you about your return.

Capacity in which signed

Director

01234 567 890

By law your return must reach us by 19 May.

Part 6 – What to do next

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

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

By 19 May 2012, send your P35, the top copy of forms P14 and any forms P38A, to the Customer Operations Employer Office, the address can be found on the 'Help and guidance' page, **even if your payments of PAYE and NICs are not up to date.**

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

Receipts will not be issued for an Employer Annual Return (P35 and P14s) sent on paper. This is because acknowledging receipt of the return may cause confusion if the return fails the quality standard checks and has to be sent back to you for correction.

Paying any balance

Pay any outstanding amounts of monthly or quarterly PAYE and NICs for 2011–12 directly to your accounts office. **Do not send payments with forms P35 and P14.** You can find more information about paying HMRC at www.hmrc.gov.uk/payinghmrc/payee.htm

Overpayments

An overpayment may arise if an entry in either box 29, the 'Now payable' box or 'Revised amount now payable, box 31 on your form P35 is a minus amount. If this occurs you must ensure that all return parts and/or monthly CIS returns have been submitted, so that we can investigate the apparent overpayment.

If you wish to claim a repayment of an apparent overpayment you should write to the Customer Operations Employer Office, the address can be found on the 'Help and guidance' page.

How long to keep records

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

- Forms P11 and pay records. This applies even if an employee does not pay any PAYE or NICs in the tax year but you have completed a form P11 to keep records of earnings.
- Forms P38(S) or equivalent records including those relating to students for whom a form P14 has been prepared.
- Forms SL1 and SL2 *Start* and *Stop Notices* in respect of Student Loans deductions.

Your records for the 2011–12 tax year must be kept until 5 April 2015.

Penalties

You may be liable to:

- **a late filing penalty** if any part of your Employer Annual Return (P35 and P14s) is received after 19 May 2012. A penalty notice will be issued on receipt of the 'late' return. An interim penalty notice will be sent in September and the following January and May if your return remains outstanding by these dates
- **a penalty for not filing online**, if you have to send your P35 and P14s online and **any** part is sent on paper or by magnetic media. See page 2 for details of the employers still permitted to file their return on paper
- **a separate penalty** when your Employer Annual Return (P35 and P14s) is checked in detail, if it is found to be incomplete due to either negligence or fraud
- **a late payment penalty** if you do not pay your monthly or quarterly payments of PAYE (tax, NICs, Student Loans and Construction Industry Scheme (CIS) deductions) in full and on time.

Part 7 – Form P60

By 31 May 2012 you must give a form P60, which can be either paper or electronic, to each employee who was working for you at 5 April 2012 and for whom you have completed a form P11(2011–12) or equivalent record.

- If you have used the HMRC paper form P14–P60 set, destroy forms P60 for those employees who are no longer working for you at 5 April 2012.
- If an employee has had more than one period of employment with you during the tax year, only provide the employee with one P60 – this P60 should only be for the period that covers 5 April 2012.
- If an employee asks for another copy, you may issue a duplicate. Duplicate P60s for the tax year 2011–12 onwards, irrespective of whether they are provided on paper or electronically, will no longer need to carry a 'duplicate' annotation.

Part 8 – Amending your return after you have filed it

If you need to amend your Employer Annual Return (P35 and P14s) after you have filed it with HMRC you must take the following steps.

- Write to the HMRC Customer Operations Employer Office, the address can be found on the 'Help and guidance' page, explaining why your return needs to be amended.
- Send new versions of the forms that need to be amended.
- **Only record the difference between what you had originally filed and what the figure should be.** So if you recorded £100 less tax than should have been on the employee's form P14, your amended form P14 should show +£100.
- If you amend any P14s you must send a new form P35 with them, even if there are no changes to the figures you reported on your original form P35.
- If you only need to change the P35 details you must send an amended form P35 showing the amount of the amendment, not the revised totals.

Sending amended information means that your original return was incomplete and may result in you being charged a penalty.

You must give your employee details of the amendment. You do this by giving them a letter showing the amendment or a new P60 marked '**REPLACEMENT**'.

Part 9 – Forms P11D, P11D(b) and P9D

By 6 July 2012, submit forms P11D and P9D to tell us about the expenses and benefits you've provided to your employees in the 2011–12 tax year. Also by 6 July, submit a form P11D(b) to tell us the total Class 1A NICs due on any expenses and benefits you report on forms P11D. Penalties are chargeable if these forms are received after the due date in HMRC.

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

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

As well as submitting your forms P11D to HMRC, you must provide each employee with a copy of the information relating to them.

By 19 July 2012 (or 20 July 2012 if you pay electronically), pay any Class 1A NICs due. To make sure your payment is correctly allocated, make your payment using a 2011-12 payslip or include 1213 at the end of your accounts office reference on your electronic payment.

Use forms **P9D** instead of P11D for taxable benefits provided to employees who earn at a rate of less than £8,500 a year.

Complete a form **P11D(b)** if taxable benefits or expenses subject to Class 1A NICs have been provided. You use form P11D(b) to report your total Class 1A NICs liability for the year, and to make an employer declaration that must be sent along with any forms P11D.

HMRC will automatically issue you with a form P11D(b). If you have not received a 2011-12 P11D(b) by June and need to complete one you can obtain a form from the Employer Orderline on **08457 646 646**. Alternatively you can print a copy of the form, go to www.hmrc.gov.uk/payee/forms-publications.htm You can also file forms P11D, P9D and P11D(b) online, using commercial payroll software or the 'Online Return and Forms – PAYE' service on our website.

For more help with expenses and benefits, including an A to Z that explains how to report a wide range of benefits on forms P11D and P9D, go to www.hmrc.gov.uk/payee/exb

You'll also find guidance on expenses and benefits in a number of our publications.

- Our P11D Guide 2011–12 explains how to complete each section of form P11D.
- Our series of P11D Working Sheets provide more detailed guidance on working out the cash equivalent of certain employee benefits
 - Working Sheet 1 *Living accommodation 2011–12*
 - Working Sheet 2 *Cars and Car fuel benefit 2011–12*
 - Working Sheet 3 *Vans available for private use 2011–12*
 - Working Sheet 4 *Interest-free and low interest loans 2011–12*
 - Working Sheet 5 *Relocation expenses payments and benefits 2011–12*
 - Working Sheet 6 *Mileage allowance payments and passenger payments 2011–12.*

There are legal requirements that mean employers must comply with their obligations. At the time of writing, this guide sets out HMRC's view on how these legal requirements can be met. It will be updated annually and was last updated December 2011.

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