

Finishing the tax year up to 5 April 2010

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 2009-10 Employer Annual Return (P35 and P14s) on paper.
- Key dates at the end of the 2009-10 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.
- Form P11D, P11D(b) and P9D.

Help and guidance

Help and guidance is available from the following sources.

The Internet



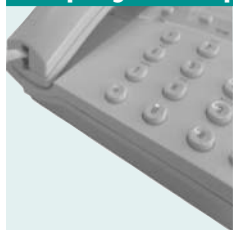
Go to our website at www.hmrc.gov.uk/payee

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 inside back cover.

Employer Helplines



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

0845 60 70 143

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

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

08457 143 143

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

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

0845 602 1380

(Only people with specialised equipment
such as Minicom are able to use this service)
Open 8.00am to 8.00pm Monday to Friday
8.00am to 5.00pm Saturday and Sunday

A list of helplines and opening hours is available:

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

In person



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

Forms and guidance in Braille, large print and audio

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

See the inside back cover for further help and guidance.

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Part 1 Filing your 2009-10 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 2009-10 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 with less than 50 employees who cease during 2009-10 tax year provided their complete return is received by 5 April 2010.
- (b) Employers entitled to operate PAYE using our simplified deductions scheme for personal and domestic employees (using forms P12 and P37) - provided they haven't previously received a tax-free payment for online filing.
- (c) Practising members of religious societies or orders whose beliefs are incompatible with the use of electronic methods of communication.
- (d) 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 (aged 65 or over) 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.

If you are in category (c) or (d) and want to file on paper, you must write to your HMRC office 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) on paper?

You must file your Employer Annual Return (P35) on paper if your business is a limited company and the **only** information you're submitting on the P35 is a

claim for CIS deductions suffered at box number 28 of the P35 for CIS deductions made from payments received for work done in the construction industry.

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 you 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.

HMRC website

- For an overview of what's involved in online filing go to www.hmrc.gov.uk/payefile-or-pay/fileonline/intro.htm
- To find out how to register to start filing online go to www.hmrc.gov.uk/payefile-or-pay/fileonline/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
- For a demonstration of our online services go to www.hmrc.gov.uk/demo/organisation/payefile

Employer CD-ROM

If you have used your CD-ROM to maintain your payroll records and you have nine or less employees on your payroll at the end of the tax year you can file your Employer Annual Return online directly from the CD-ROM. There is a PAYE Online lesson within the Learning Zone on your Employer CD-ROM. Go to the Learning Zone in the main menu and select '**PAYE Online**' for a demonstration on how to get started with PAYE Online and how to file your Employer Annual Return (P35 and P14s) online.

Advice Teams

During February to May our Advice Teams run a free 'End of year procedures' workshop which explains:

- 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 the workshop go to www.hmrc.gov.uk/bst/index.htm or call the Advice Teams on **0845 603 2691**.

Part 2 Important dates to remember

5 April 2010

If you have less than 50 employees and you ceased during the 2009-10 tax year, and want to send your Employer Annual Return (P35 and P14s) on paper, this is the final date for receipt of your complete Employer Annual Return.

19 April 2010

This is the final date for postal payments to reach your HMRC Accounts Office for any outstanding PAYE tax and NICs for the tax year ending 5 April 2010.
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).

22 April 2010

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 2010.
Interest will be charged on any payments received after this date. A surcharge will also be charged in the case of late payments from employers who are subject to the mandatory electronic payment rules.

19 May 2010

Final date for your 2009-10 Employer Annual Return (P35 and P14s) to reach your HMRC office.

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

31 May 2010

Last date for giving a paper form P60 for 2009-10 to each relevant employee who was working for you on 5 April 2010.

6 July 2010

Last date for:

- your 2009-10 forms P9D and forms P11D, or substitutes, for the tax year ending 5 April 2010 to reach your HMRC office
- any return of Class 1A NICs on form P11D(b) for 2009-10 to reach your HMRC office
– *penalties will be charged automatically on any returns not received by 19 July 2010*
- giving a copy of the 2009-10 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 2009-10 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 2010

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 2010.

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 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.)

22 July 2010

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 2010.

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

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 2009-10 tax year. (Please see part 1 of Employer Helpbook E13 *Day-to-day payroll* for further information regarding when you must complete a form P11 *Deductions Working Sheet* or equivalent record.)

You may also submit 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.

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/payee/payroll/year-end/no-annual-return.htm or
- contacting your HMRC office shown on the form P35 by phone or in writing.

What you'll 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 2010, contact your HMRC office and ask them to send you a 2009-10 version of form P35. Please note that the Employer Orderline does not supply this form. You must only send one P35 for a single employer PAYE reference. We will not consolidate the details sent on more than one P35 for a single employer PAYE reference. 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 2009-10 version** (there is an illustration of a P14 for 2009-10 on page 14). Contact the Employer Orderline by:
 - phone on **08457 646 646**, or
 - fax on **08702 406 406**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.**

Reminder: Your complete Employer Annual Return (P35 and P14s) must reach us by 19 May 2010.

- All the forms P11 *Deductions Working Sheet* or equivalent records which you filled in for your employees for the 2009-10 tax year, including those for any employees who left your employment during the year.
- Your form P32(2009) *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 2009-10 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 2009-10 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. If you don't have one you can download a copy from our website. Go to www.hmrc.gov.uk/employers/emp-form.htm or from your Employer CD-ROM. Or you can order copies from the Employer Orderline by:
 - phone on **08457 646 646**, or
 - fax on **08702 406 406**.

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 2010 a form P60 *End of Year Certificate 2009-10*, 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 third part of the paper form P14. You can also order copies of the form from the Employer Orderline by:
 - phone on **08457 646 646**, or
 - fax on **08702 406 406**.
- Send us form P9D *Expenses payments and income from which tax cannot be deducted 2009-10* and/or form P11D *Expenses and Benefits 2009-10* for each employee to whom you've provided expenses and benefits during the 2009-10 tax year. These forms must reach us by 6 July 2010. 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 can download forms P11D and P9D from our website. Go to www.hmrc.gov.uk/employers/emp-form.htm or from your Employer CD-ROM. Or you can order them from the Employer Orderline by:
 - phone on **08457 646 646**
 - fax on **08702 406 406**.
- 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 2010 if you're submitting any forms P11D. If you need to file a P11D(b) and you don't have one, you can
 - download and print a copy from our website, go to www.hmrc.gov.uk/employers/emp-form.htm
 - download and print a copy from your Employer CD-ROM
 - contact your HMRC office and ask them to send you a 2009-10 version of form P11D(b)
 - order copies from the Employer Orderline by phone on **08457 646 646** or fax on **08702 406 406**.

- (1) Add all amounts of NICs not marked 'R'
- (2) Add all amounts of NICs marked 'R'
- (3) Take away (2) from (1)
- (4) Enter (3) in column 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 1k (statutory payments and Student Loan deductions)

Add up each of the entries in columns 1g, 1h, 1i, 1j and 1k 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 2010, and
- started employment with you during the 2009-10 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, as shown below.

Cumulative basis

- enter the final figures shown in columns 3 and 6 of the P11 at week 52 (or 53) or month 12 into the corresponding 'Total for year' boxes. Mark any refund 'R'
- subtract any 'In previous 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 10 to 14 will help you. Please read the section on quality checks before you start to complete your P14s.

Turn over page for Weeks

Starting year	08 05 2009	Box L Tax code †	610L	† If amended cross out previous code	Please keep this form for at least after the end of the year to which it applies longer if you are asked to do so.
Ending year		Box M Amended code †		Wk/Mth in which applied	
Student Loan deductions case (✓)					

Total 'free pay' to date as shown by Tables A *		K codes only		Total taxable pay to date: column 4a or column 3 plus column 4b *		Total 'tax due' to date as shown by Calculator Tables or Tables SR + B to D		K codes only		Tax deducted or refunded in the week or month Mark refunds 'R'	
£	p	4a	4b	5	6	6a	6b	7	£	p	
11700	00	3563	83	8136	17	1627	20			238	20
13400	00	4072	72	9327	28	1865	40			238	20
15100	00	4581	81	10518	19	2103	60			238	20
16800	00	5090	90	11709	10	2341	80			238	20
18500	00	5599	99	12900	01	2580	00			238	20
20200	00	6109	08	14090	92	2818	00			238	00

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

Pay	Tax deducted
£	£
1500 00	198 00
18700 00	2620 00
20200 00	2818 00

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

Employee's Widows & Life Assuranc contribution in this emp

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 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 sent on paper or magnetic media will be sent back to you for correction if they fail these initial quality checks. You must put right any errors and re-submit your return by 19 May 2010 to avoid the late filing penalty.

Paper and magnetic media returns will be checked in more detail after 19 May 2010. We will contact you then if your return does not meet these detailed checks.

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.

Use our form CA6855 *Employer's National Insurance number trace* to get the correct National Insurance number for your payroll records. This is available from our website, go to www.hmrc.gov.uk/forms/ca6855.pdf or your Employer CD-ROM. Or you can order a copy from the Employer Orderline by:

- phone on **08457 646 646**, or
- fax on **08702 406 406**.

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 Employer Helpbook E13 *Day-to-day payroll*. **You can find an example of a completed form P14 for the 2009–10 tax year on page 14.**

Some dos 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 E3(2010) *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)(2009-10)*. The number is shown in the bottom right-hand corner
- use a ball point pen, or similar, so that all three copies are easy to read; no carbon is necessary
- write clearly. If we can't read them, we may need to send the forms back to you to fill in new ones
- make sure entries are within the white boxes
- show dates as DD MM YYYY, with no punctuation. For example, 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).

Filling in form P14

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

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

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.
HMRC office name and Employer PAYE reference	<ul style="list-style-type: none"> Enter your HMRC office name and Employer PAYE reference from the front of the paper form P35 or your P30BC, <i>Payslip Booklet</i> or P30B letter, <i>Paying electronically</i>.
Tax year to 5 April 2010	<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 2009–10 on page 14) enter all four numbers of the year, for example, 2010.
Employee's details National Insurance number	<p>Copy this from the front of form P11.</p> <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. <p>(See page 9 Important notes)</p>
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. <p>(See page 9 Important notes)</p>
Surname and first two forename(s)	<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).

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Section on P14	Advice				
<p>National Insurance contributions in this employment NIC table letter</p>	<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(2009-10). 				
<p>Columns 1a to 1d</p>	<ul style="list-style-type: none"> Copy these amounts from the End of Year Summary section of form P11(2009-10). Make entries in whole pounds only. For example, in column 1a 4940 - not 4940.00. The entries in these boxes must be 'right justified'. For example, in column 1b, '£780' is shown as <div style="text-align: right; margin: 10px 0;"> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">7</td> <td style="width: 20px; height: 20px; text-align: center;">8</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> </tr> </table> </div> If the employee is normally weekly or monthly paid - and earned consistently above the Earnings Threshold - the amounts in columns 1a and 1b inclusive should always be <ul style="list-style-type: none"> 1a - a multiple of 95 (LEL) if weekly paid; - a multiple of 412 (LEL) if monthly paid. 1b - a multiple of 15 (ET-LEL) if weekly paid; - a multiple of 64 (ET-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. 		7	8	0
	7	8	0		
<p>Columns 1e and 1f</p>	<ul style="list-style-type: none"> Copy these amounts from the End of Year Summary section on form P11(2009-10). 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(2009-10) 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. 				

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Section on P14	Advice
Statutory payments in this employment Box 1g	You can either: <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 1j	<ul style="list-style-type: none"> • Copy these amounts from the corresponding columns on form P11(2009-10).
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 of 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 Share 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 letter F or G applies, will result in non-payment of the ARR.</p> <p>For employees who move from one COMP or COMSHP scheme to another, including the COMP part of a COMB scheme, show details of the earnings under each scheme on a separate line of the P14, even though there is no change in the NIC category letter. Enter the SCON of each scheme against the relevant entry on the P14.</p>
Student Loan deductions	<ul style="list-style-type: none"> • Copy this amount from the totals box at the bottom of column 1k on form P11(2009-10). • 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 2009-10 tax year. • Please use figures only, for example, <i>06 05 2009</i>.

continued on page 13

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(2009-10). • 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(2009-10). • Always fill in these boxes. The amount 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(2009-10). • Only fill in these boxes if the employee was working for you at 5 April 2010 and you know the pay and tax figures for the year, including those for any previous employments.
Employee's Widows and 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(2009) <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 2010, or when you last paid your employee. • 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(2009-10) 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. Note: Do not change the final tax code to week 1 if the only reason you have used the WK1/MTH1 table is to calculate a payment on week 53.

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 15 to 21 will help you.

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

P14 End of Year Summary 2009-10 007

Please use black ink and write firmly to ensure your entries are clear on all three sheets. £ spaces should be filled from the right-hand side.

Your name and address as employer
 VFM LTD
 36 SOHO GARDENS
 LONDON
 Postcode: W1 1 6 PD

HM Revenue & Customs office name
 MINSTER
 For employer's use: 007

Employer PAYE reference
 1 3 1 / V 3 0

Tax Year to 5 April 2 0 1 0

Employee's details *Copy from P11*

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

Surname
 D O E

First two forenames
 J A N E

Works/payroll number

Date of birth in figures
 DD MM YYYY: 1 0 0 2 1 9 6 3

Gender
 F (M - male, F - female)

Employee's private address (if known)
 64 ST GEORGE'S ROAD
 LONDON
 Postcode: S W 3 4 L D

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

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

NIC table letter	Earnings at the LEL (Where earnings are equal to or exceed the LEL) (whole £) From col. 1a on P11	Earnings above the LEL, up to and including the UEL (whole £) From col. 1b on P11	Earnings above the UEL, up to and including the UAP (whole £) From col. 1c on P11	Earnings above the UAP, up to and including the UEL (whole £) From col. 1d on P11	Total of employee's and employer's contributions From col. 1e on P11	Employee's contributions due on all earnings above the ET enter 'R' here From col. 1f on P11	Scheme Contracted-out Number (For Contracted-out Money Purchase schemes OR Contracted-out Money Purchase Stakeholder Pension schemes only)
A	4 5 3 2	7 0 4	1 3 4 6 4	0	3 2 0 9	6 9	S
							S
							S
							S

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

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

Student Loan deductions
 In this employment (whole £) From col. 1k on P11

Pay and Income Tax details

	Pay	Tax deducted	Enter 'R' in this box if net refund
In previous employment(s)	1 5 0 0	0 0	0 0
In this employment	1 8 7 0 0	0 0	0 0
Total for year	2 0 2 0 0	0 0	0 0
Employee's Widows & Orphans/Life Assurance contributions in this employment			
Final tax code	6 1 0 L		

Date of starting if during tax year to 5 April 2010
 DD MM YYYY: 0 8 0 5 2 0 0 9

Date of leaving if during tax year to 5 April 2010
 DD MM YYYY:

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

© HMRC 07/08 To: HM Revenue & Customs National Insurance copy P14 (Manual) (2009-10)

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 2009-10.

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 your HMRC office.

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

There is an example of pages 2 and 3 of a completed form P35 on page 18.

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 with your form P35, or need some more, you can:

- download or order copies online. Go to www.hmrc.gov.uk/employers/emp-form.htm
- download copies from your Employer CD-ROM, or
- contact the Employer Orderline by:
 - phone on **08457 646 646**, or
 - fax on **08702 406 406**.

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 26 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). Enter the total in box 1. Mark minus amounts 'R'.
Box 2	You will only use this box if you prepare more than ten forms P14. Enter the total amount(s) of NICs brought forward from any P35(CS) <i>Continuation Sheets</i> (or equivalents) used. Mark minus amounts 'R'.
Box 3	Add boxes 1 and 2 together, and enter the total in box 3. This gives you the total amount of NICs deducted. Mark minus amounts 'R'.
Box 4	Add up the entries from the Income Tax column above (on form P35). Enter the total in box 4. Mark minus amounts 'R'.
Box 5	You will only use this box if you prepare more than ten forms P14. Enter the total amount(s) of Income Tax brought forward from any form P35(CS) <i>Continuation Sheets</i> (or equivalents) used. Mark minus amounts 'R'.
Box 6	Add boxes 4 and 5 together, and enter the total in box 6. This gives you the total amount of tax deducted. Mark minus amounts 'R'.
Box 7	You will only use this box if you asked your accounts office for an advance. Enter the amount you received in box 7. You would have asked for an advance if you had to make tax refunds to employees but didn't have enough deductions in hand from which to pay them. You need to pay back these amounts because you received credit for paying them in boxes 4 and/or 5, or 6. You may have recorded these payments on form P32 <i>Employer Payment Record</i> (or equivalent), or your P30BC <i>Payslip Booklet</i> .
Box 8	Add boxes 6 and 7 together and enter the total in box 8.
Box 9	Add boxes 3 and 8 together and enter the total in box 9.
Box 10	You will only use this box if you made any Student Loan deductions this year. Refer to the total box at the bottom of Col 1k 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, enter in box 12, the amount you are entitled to recover under the Percentage Threshold Scheme (PTS) not the amount paid. Include any payments received directly from your accounts office to cover the recovery of SSP that you have shown at box 20. For further information refer to E14(2009) <i>Employer Helpbook for Statutory Sick Pay</i> .
Box 13	If you have paid Statutory Maternity Pay (SMP) to your employees during the year, enter in box 13 the amount you are entitled to recover. Include any payments received directly from your accounts office to cover the recovery of SMP that you have shown at box 20. For further information refer to E15(2009) <i>Employer Helpbook for Statutory Maternity Pay</i> .
Box 14	Enter in box 14 any compensation you are entitled to claim in addition to the SMP recovered. For further information refer to E15(2009) <i>Employer Helpbook for Statutory Maternity Pay</i> .
Box 15	If you have paid Statutory Paternity Pay (SPP) to your employees during the year, enter in box 15 the amount you are entitled to recover. Include any payments received directly from your accounts office to cover the recovery of SPP that you have also shown at box 20. For further information refer to E19(2009) <i>Employer Helpbook for Statutory Paternity Pay</i> .
Box 16	Enter in box 16 any compensation you are entitled to claim in addition to the SPP recovered. For further information refer to E19(2009) <i>Employer Helpbook for Statutory Paternity Pay</i> .
Box 17	If you have paid Statutory Adoption Pay (SAP) to your employees during the year, enter in box 17 the amount you are entitled to recover. Include any payments received directly from your accounts office to recover the amount of SAP that you have shown at box 20. For further information refer to E16(2009) <i>Employer Helpbook for Statutory Adoption Pay</i> .
Box 18	Enter in box 18 any compensation you are entitled to claim in addition to the SAP recovered. For further information refer to E16(2009) <i>Employer Helpbook for Statutory Adoption Pay</i> .
Box 19	Add all boxes from 12 to 18 together, and enter the total in box 19.
Box 20	You will only use this box if you received funding from your accounts office to pay SSP/SMP/SPP/SAP or to recover the amounts of SSP/SMP/SPP/SAP you have paid. Enter the total amount of funding received in box 20. You may have recorded this information on your form P32 <i>Employer's Payment Record</i> (or equivalent), or your P30BC <i>Payslip Booklet</i> .
Box 21	Calculate box 19 <i>minus</i> box 20, to get the net amount of statutory payments recovered. Enter the total in box 21.
Box 22	To check the total NICs, Income Tax and Student Loan deductions <i>minus</i> the amount of statutory payments recovered: <ul style="list-style-type: none"> • calculate box 11 <i>minus</i> box 21, but • if box 21 is a minus amount - add box 21 to box 11.
Box 23	You will only use this box if you made deductions during the year from subcontractors in the construction industry. Add up boxes 4.6 on all your CIS300 monthly returns and enter the total amount in box 23 of the P35.
Box 24	Add boxes 22 and 23 together. This is the amount payable by you for the year.
Box 25	Enter the total of NICs and tax that you have paid to your accounts office during the year. Remember to include any overpayment from the previous year transferred to this account by HMRC. You may have recorded your payments on form P32 <i>Employer Payment Record</i> (or equivalent), or your P30BC <i>Payslip Booklet</i> .
Box 26	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 2009-10 PAYE payment record, enter the amount repaid in Box 26.
Box 27	To check whether there is a balance to pay HMRC, calculate box 24 <i>minus</i> boxes 25 and 26. Enter the total in box 27. If it is a minus figure, put 'M' in front.

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

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

Example of pages 2 and 3 of a completed form P35

Part 1 Summary of employees and directors

- If you are sending your form P35 and all of your forms P14 on paper you must:
 - list **each employee or director** for whom you have completed a form P11 *Deductions Working Sheet* (or equivalent record). If you have more than ten entries, please prepare P35(CS) *Continuation Sheets*
 - ensure that all forms P14 are enclosed with this return.
- If some or all of your forms P14 are not enclosed with this return because they are being sent by Internet, Electronic Data Interchange (EDI) or magnetic media, there is no need to complete the 'Part 1 Summary of employees and directors' section of this return. Instead you must begin by completing boxes 3 and 6 of the 'Part 2 Summary of payments for the year' section below.

Employee name

Put an asterisk (*) by the name if the person is a director.

ELLIOT	CP *
BARKER	AL
DOE	JM
FRASER	FM
MILLS	V
WILLIAMS	IP

National Insurance contributions (NICs)

Enter the total NICs from column 1e on form P11. Write 'R' beside any minus amounts.

£	3298	88
£	2713	36
£	3209	69
£	2612	48
£	2814	24
£	1255	15
£		
£		
£		
£		

Income Tax deducted or refunded in this employment. Write 'R' beside an amount to show a net refund.

£	3537	75
£	2787	75
£	2620	00
£	2662	75
£	2912	75
£	1091	67
£		
£		
£		
£		

Total NICs shown above after deducting amounts marked 'R'	
1	£ 15903 80
Totals from P35(CS) Continuation Sheets	
2	£

Total tax shown above after deducting amounts marked 'R'	
4	£ 15612 67
Totals from P35(CS) Continuation Sheets	
5	£

Part 2 Summary of payments for the year

Total NICs 1 + 2	3	£ 15903 80
------------------	---	------------

see Note 2

Total tax 4 + 5	6	£ 15612 67
-----------------	---	------------

see Note 2

Advance received from HM Revenue & Customs to refund tax	7	£
--	---	---

Total tax 6 + 7	8	£ 15612 67
-----------------	---	------------

Combined amounts

Total NICs and tax 3 + 8	9	£ 31516 47
--------------------------	---	------------

Total Student Loan deductions see Note 3	10	£
--	----	---

9 + 10	11	£ 31516 47
--------	----	------------

Statutory payments recovered

see Note 4

Statutory Sick Pay (SSP) recovered	12	£ 225 31
Statutory Maternity Pay (SMP) recovered	13	£
NIC compensation on SMP	14	£
Statutory Paternity Pay (SPP) recovered	15	£
NIC compensation on SPP	16	£
Statutory Adoption Pay (SAP) recovered	17	£
NIC compensation on SAP	18	£

Total of boxes 12 to 18	19	£ 225 31
-------------------------	----	----------

Funding received from HM Revenue & Customs to pay SSP/SMP/SPP/SAP	20	£
---	----	---

19 minus 20	21	£ 225 31
-------------	----	----------

11 minus 21	22	£ 31291 16
-------------	----	------------

see Note 5

Deductions made from subcontractors see Note 6	23	£
--	----	---

Amount payable for the year 22 + 23	24	£ 31291 16
-------------------------------------	----	------------

NICs and tax paid already	25	£ 31291 16
---------------------------	----	------------

Tax-free Incentive payment received during the year see Note 7	26	£
--	----	---

NOW PAYABLE 24 minus 25 and 26	27	£ NIL
---------------------------------------	----	-------

Do not include a payment with this return. If a payment is due, please make it immediately. See page 1 for notes on how to pay.

Fill in boxes 28 and 29 only if you are a **limited company** that has had CIS deductions made from payments received for work in the construction industry.

CIS deductions suffered Total of column E on form CIS132	28	£
--	----	---

Revised amount now payable 27 minus 28	29	£
--	----	---

Guidance notes -

Some useful hints are given below. For step-by-step guidance refer to the 'Help' section on page 1.

If any of the boxes do not apply to you, please leave them blank.

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 figure alongside.

£	1256	30
10	£	850
11	£	2046 30
		2106.30

Note 1

Boxes 1 to 6 Enter 'R' beside any minus amounts.

Note 2

Boxes 3 and 6 If you are not required to complete the 'Part 1 Summary of employees and directors' section you should begin by entering the respective NICs and Income Tax totals for all employees for whom you have completed a form P11 (or equivalent record).

Note 3

Box 10 Whole pounds only. Do not enter pence in shaded area.

Note 4

Boxes 12 to 18 Do not enter the totals paid.

Only enter the amounts you are entitled to recover. You will find this in your P308C *Payslip Booklet* or your own equivalent payment record.

Note 5

Box 22 If box 21 is a minus figure then add

box 21 to box 11

Note 6

Box 23 Add up boxes 4.6 on all your CIS300 monthly returns and enter the total amount in box 23 of the P35.

Note 7

Box 26 If a tax-free payment was credited to your PAYE payment record for this year, for having sent any previous year's return online, enter the amount. If the tax-free payment was repaid directly to you or your adviser by cheque, leave this box blank.

Please now fill in page 4

Page 2

Page 3

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. Copies can be downloaded from our website. Go to www.hmrc.gov.uk/employers/emp-form.htm or from the Employer CD-ROM. Alternatively you can order copies from the Employer Orderline by :

- phone on **08457 646 646**, or
- fax on **08702 406 406**.

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 in two parts. 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.

If you are a service company (as explained above) in the year to 5 April 2010, tick the first 'Yes' box under this question.

If you answer 'No' you do not need to consider the second part. If you answer 'Yes', the second part then asks 'If 'Yes', have you operated the Intermediaries legislation (sometimes known as IR35) or the Managed Service Companies legislation?'

Question 6 is deliberately in two parts. The first question identifies those employers who need to

consider whether the second question applies.

If the answer to the first question is 'No', the second answer to the second question will similarly be 'No' and it is not necessary to tick the box in the second part.

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 or clients, 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 tax year, derived wholly or mainly (that is, more than half of it) from the services performed by the shareholders or partners personally.

The second 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 Company or Intermediaries legislation (IR35), or
- an engagement is within the IR35 rules but the deemed payment is nil because sufficient amounts of employment income has 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 pensions 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 2009-10 by 19 April 2010, a payment on account of the estimated tax and NICs due should be made by 19 April 2010 supported with a P35 showing provisional figures.

We will write to all employers later in the year reminding them that 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 2011.

Where HMRC does not receive an amended P35 and balancing payment by 31 January 2011, 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 2010, 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 2011. You will still be charged interest from 19 April 2010 until the PAYE and NICs are paid.

For further guidance see CWG2(2009) *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, Monday to Friday 9.00am to 5.00pm.

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 employer's contracted-out number 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 'is not due'.

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

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

Filing your P35 and P14 separately

If you are filing your Employer Annual Return entirely on paper, then your P35 and all your P14s must be submitted to your HMRC office at the same time.

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 2010 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. If you use magnetic media the figure in this box must be the number of unique identifiers used to send your P14s. There is no longer a requirement to provide details of the permit number(s) on the P35
- only file one P35 for each Employer PAYE reference reflecting all your P14 parts, irrespective of the number you are sending. **Do not** send a P35 for each P14 part.

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

C P Elliot

Date

01 / 05 / 2010

Please print your name

C P ELLIOT

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 567890

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

By 19 May 2010, send your P35, the top two copies of forms P14 and any forms P38A, to your HMRC office, **even if your payments of PAYE and NICs are not up to date.**

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

Receipts will not be issued for an Employer Annual Return (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 2009-10 directly to your accounts office. **Do not send payments with forms P35 and P14.** For more information about paying HMRC go to www.hmrc.gov.uk/payinghmrc

Overpayments

An overpayment may arise if an entry in either Box 27 or Box 29 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 your HMRC office.

How long to keep records

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

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

Your records for the 2009-10 tax year must be kept until 5 April 2013.

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 2010. 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 surcharge for not paying on time, if you have to make your monthly payments of tax, NICs and Student Loan deductions electronically. These surcharges will be issued from mid-May 2010
- 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.

If you are liable to more than one penalty, you will receive separate notices for each penalty.

Part 7 Form P60

By 31 May 2010 you must give a paper form P60 to each employee who was working for you at 5 April 2010 and for whom you have completed a form P11(2009-10) or equivalent record.

- If you have used the HMRC paper form P14-60 set, destroy forms P60 for those employees who are no longer working for you at 5 April 2010.
- If an employee has had more than one period of employment with you during the tax year, only give one paper form P60 to the employee - this P60 should be for the period that covers 5 April 2010.
- If an employee asks for another copy, you may issue a duplicate. **Any duplicate must be clearly marked with the word 'DUPLICATE'.**

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 your HMRC office 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 2010, submit forms P11D and P9D to tell us about the expenses and benefits you've provided to your employees in the 2009-10 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 arrive late to your HMRC office.

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.

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.

You can download blank copies of forms P11D, P11D(b) and P9D from our website, go to www.hmrc.gov.uk/employers/emp-form.htm

Or you can order a copy from the Employer Orderline by:

- phone on **08457 646 646**, or
- fax on **08702 406 406**.

Please note that the Employer Orderline does not supply form P11D(b). You will need to contact your HMRC office to ask them to send you a 2009-10 version of form P11D(b). You can also find printable versions of forms P9D, P11D and P11D(b) on your Employer CD-ROM.

- If you use 'Fill in Form On-Screen (without save option)' you must enter the figures directly onto the forms.
- If you use 'Fill in Forms On-Screen (with save option)' the CD-ROM will help you calculate the figures and then insert them onto the forms for you.

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 A to Z that explains how to report a wide range of benefits on forms P11D and P9D, go to www.hmrc.gov.uk/payex

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

- Our **P11D Guide a guide to the completion of forms** 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*
 - Working Sheet 2 *Cars and car fuel*
 - Working Sheet 3 *Vans and van fuel*
 - Working Sheet 4 *Interest-free and low interest loans*
 - Working Sheet 5 *Relocation expenses*
 - Working Sheet 6 *Mileage allowance payments and passenger payments.*

The P11D Guide and P11D Working Sheets are available from:

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

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 laith Gymraeg

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

Business Link

As an employer you will have wider issues to consider such as health and safety, working time and time off and so on. Business Link, managed by the Small Business Service, provides a wide range of information and various tools to help you.

For more information:

- go to www.businesslink.gov.uk
- phone **0845 600 9006**, 8.30am to 5.30pm Monday to Friday.

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

Issued by

Customer Information Delivery

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Printed in the UK by Belmont Press. HMRC 11/09