

# Starting the tax year from 6 April 2012

Includes:

- Records you need to keep
- Form P11
- Preparing form P11
- New tax codes from 6 April 2012
- Calculating tax, National Insurance contributions (NICs), and Student Loan deductions
- How long to keep records
- Payroll Software

## 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](http://www.hmrc.gov.uk/payee)

For wider interactive business help go to [www.businesslink.gov.uk/mynewbusiness](http://www.businesslink.gov.uk/mynewbusiness)

### Online Services

For information and help using our Online Services go to [www.hmrc.gov.uk/online](http://www.hmrc.gov.uk/online)

For more help contact the Online Services Helpdesk by:

- email [helpdesk@ir-efile.gov.uk](mailto: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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.hmrc.gov.uk/charter)

# Starting the tax year from 6 April 2012 for 2012–13

This helpbook tells you how to prepare for the start of the new tax year 2012–13.

It explains:

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

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## Records you need to keep

For each employee you must keep a record of:

- gross pay (the main things that count are wages or salary and overtime payments)
- any tax deducted or refunded
- any NICs deducted or refunded
- Student Loan deductions
- your employee's sick absence, including any Statutory Sick Pay (SSP) paid. See the E14(2012) *Employer Helpbook for Statutory Sick Pay* for more information
- your employee's pregnancy, including any Statutory Maternity Pay (SMP) paid. See the E15(2012) *Employer Helpbook for Statutory Maternity Pay* for more information
- your employee's paternity absence, including any Ordinary Statutory Paternity Pay (OSPP) and Additional Statutory Paternity Pay (ASPP) paid. See the E19(2012) *Employer Helpbook for Ordinary and Additional Statutory Paternity Pay* for more information if your employee was absent because a baby was born or because a child was being adopted
- your employee's absence due to adoption, including any Statutory Adoption Pay (SAP) paid. See the E16(2012) *Employer Helpbook for Statutory Adoption Pay* for more information.

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

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

- you pay your employee
  - £107 or more in any week (National Insurance contributions weekly Lower Earnings Limit), or
  - £464 or more in any month (National Insurance contributions monthly Lower Earnings Limit).

If your pay period is other than weekly or monthly please see the CWG2(2012) *Employer Further Guide to PAYE and NICs*

- we have issued you with a tax code for your employee, or
- you are required to operate a tax code taken from your employee's P45, or
- you have paid your employee and you are required to operate tax code BR or OT in accordance with the P46 procedures, go to [www.hmrc.gov.uk/payee/employees/start-leave/new-employee.htm](http://www.hmrc.gov.uk/payee/employees/start-leave/new-employee.htm) or see the Employer Helpbook E13(2012) *Day-to-day payroll*.

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

## Form P11

If you don't use payroll software you can use:

- HMRC's P11 Calculator in the Basic PAYE Tools which you can download from our website, go to [www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm](http://www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm) or
- a paper form P11 *Deductions Working Sheet*

### P11 Calculator

The online P11 Calculator will work out and record your employees' PAYE tax, National Insurance contributions (NICs) and any Student Loan deductions every payday. It also has a linked P32 *Employer Payment Record* that works out how much you need to pay us. If you used the P11 Calculator on the Basic PAYE Tools for your 2011–12 payroll, and you want to continue using the P11 Calculator for your 2012–13 payroll, you should:

- download the February 2012 edition of the Basic PAYE Tools, then
- transfer your data across to the latest version by selecting the 'Data Transfer Utility' button from the home page of the Employer Database (follow the on-screen instructions).
- complete your 2011–12 Employer Annual Return. Select the 'Employer Tab' and 'Complete Year End 2011–12'.

Once you have submitted your 2011–12 Employer Annual Return, go back to the Employer Database and start your 2012–13 payroll.

When opening the 2012–13 P11 Calculator use any new tax code that we have issued (if you have received more than one, use the one with the most recent date). Or, if you have not received a new tax code, continue to use the tax code you used in 2011–12.

Go to page 4 for more information about which tax codes you should use from 6 April.

### Paper form P11 Deductions Working Sheet

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

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

You can also use alternative records but they must contain all the details that you would record on the form P11.

# Example of the top of form P11

Check that you are using the right form P11.

Deductions Working Sheet P11		Year to 5 April 2013		Employee's details use capitals			
<b>Box A</b> Employer name		<b>Box C</b> Surname		<b>Box E</b> National Insurance number		<b>Box G</b> Works/payroll number	
<b>Box B</b> HM Revenue & Customs office name	Employer PAYE reference	<b>Box D</b> First two forenames		<b>Box F</b> Date of birth DD MM YYYY		<b>Box H</b> Gender 'M' 'F'	
<b>Note 1</b> Download the P11 Calculator from the internet, go to <a href="http://www.businesslink.gov.uk/basicpaytools">www.businesslink.gov.uk/basicpaytools</a> . It is easier and quicker to use than completing the manual P11 – it does the calculations for you. You can find all the employer helpbooks on the internet, E13 <i>Day-to-day payroll</i> , E14, E15, E16, E19 covering statutory payments and the E17 <i>Collection of Student Loans</i> . If you need help with your payroll go to <a href="http://www.businesslink.gov.uk/payee">www.businesslink.gov.uk/payee</a> or phone the Employer Helpline on 08457 143 143.		<b>Note 2</b> In the NI Tables, a letter is shown at the top of each section, for example A, B, C, D. Copy the Table letter you use to the Table letter box in the 'End of Year Summary' overleaf. If the employee's circumstances change part way through a year, the Table letter may change as well. Record all Table letters used and enter separate totals for each one.					
National Insurance contributions		Statutory payments					

Turn over page for Weeks 31–52 (Months 8–12) and End of Year Summary boxes			
<b>Box I</b> Date of starting DD MM YYYY		<b>Box L</b> Tax code †	† If amended cross out previous code
<b>Box J</b> Date of leaving DD MM YYYY		<b>Box M</b> Amended code †	Wk/Mth in which applied
<b>Box K</b> 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.			
PAYE Income Tax			
Ident	Pay in the week or month	K codes only	K codes only

For help on completing boxes A to M of the form P11 at the start of the tax year 2012–13, see pages 3 and 4.

## Preparing form P11

At the start of the new tax year prepare a form P11 and fill in boxes A to M using the details from last year's form or update the payroll software that you have been using for 2011–12. The following guidance will help you.

### Employer's details

**Box A** Employer's name.

**Box B** HM Revenue & Customs office name and Employer PAYE reference – Enter 'Pay As You Earn' underneath the HM Revenue & Customs office name. You will find your Employer PAYE reference on the form P11 or on your payroll software that you have been using for 2011–12. Or, you can find this number on the front of your P30BC *Employer Payment Booklet* or your P30B *Paying Electronically* letter.

For more information about tracing NI numbers go to [www.hmrc.gov.uk/payee/employees/start-leave/new-employee.htm](http://www.hmrc.gov.uk/payee/employees/start-leave/new-employee.htm) or, see Part 5 of the Employer Helpbook E13(2012) *Day-to-day payroll*.

**Box F** Employee's date of birth – you must enter this in figures using the format DD MM YYYY, for example, 04 02 1959. Do not enter a default date or make a date up. Wherever possible, verify the date of birth from an official source such as a birth certificate or passport. You must show date of birth and gender on all forms P45 and P46.

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

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

### Starting and leaving dates

**Box I** You don't need to fill in this box unless the employee starts work with you on or after 6 April 2012.

**Box J** You should only fill in this box if your employee stops working for you in the 2012–13 tax year.

### Student Loan deductions

**Box K** Tick this box if you were required to make Student Loan deductions for the employee at the end of the previous tax year. If you receive a Stop Notification you should still tick this box if it did not come into effect until after 5 April 2012.

### Employee's details in CAPITALS

**Box C** Employee's surname. Make sure that you have spelt the name correctly. Wherever possible, verify your employee's details from an official source such as a birth certificate or passport.

**Box D** Employee's forename(s) – Make sure that you have spelt the names correctly and they are in the right order. Wherever possible, verify the information from an official source such as a birth certificate or passport. Avoid entering initials as this may make it difficult for us to match the records correctly and lead to enquiries from your employee and HMRC.

**Box E** Employee's National Insurance (NI) number – this must be two letters, six numbers followed by one letter (for example, QQ123456A). This is an example only and you should not use it where an employee does not provide their NI number. Wherever possible, verify the National Insurance number from an official source such as a document or letter from HMRC or the Department for Work and Pensions (DWP).


## New tax codes from 6 April 2012

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

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

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

### Example of a form P9(T)

		Issued by HM Revenue & Customs HM Revenue & Customs Minister Government Buildings High Street Minster MR2 8QT	
PAYE - Notice to employer of employee's tax code			
VFM Ltd 36 Soho Gardens London W1V 4LD		Date <input type="text"/>	
L		Employer PAYE reference <input type="text"/>	
Employee's name SMITH MR A			
National Insurance number QQ 12 34 56 A			
Works or payroll number 1615			
Tax code The code of this employee is 510L			
Please use for the tax year to 5 April 2013			
Instructions for the employer 1. Keep this form, as your authority, for three years. 2. Please make sure that you put the employee's National Insurance number on: • your payroll records, and • the end of year documents that you send in with your annual return after 5 April. If the National Insurance number already on your records is different from the number shown above, please tell your HM Revenue & Customs office. 3. If the employee has left your employment, please destroy this form. Do not send it back to your HM Revenue & Customs office. Send Part 1 of form P45 to your HM Revenue & Customs office, if you have not already done so.			
P9(T)		HMRC 11/05	

### Employees without a new tax code

Carry forward the authorised tax code from last year's form P11 to the 2012–13 form P11, **but** if you have received a 2011–12 tax code on a form P6 too late to use in 2011–12 carry forward this code instead.

Do not copy or carry over any 'week 1' or 'month 1' markings. Any D prefix codes, (for example D0 or D1) or NT codes carried forward should be operated on a cumulative basis for 2012–13.

### Employees with a new tax code:

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

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

If we haven't sent you tax codes for the new tax year and you were expecting them, please phone the Employer Helpline.

## Employee leaving

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

This does not apply to payments made after leaving when you have already given an employee a P45. In these circumstances tax must be deducted using tax code OT on a non-cumulative basis.

When you have completed these boxes you are ready to start making your first deductions of PAYE and NICs for the new tax year. For more information on working out PAYE and NICs:

- go to [www.hmrc.gov.uk/payee/employees/start-leave/new-employee.htm](http://www.hmrc.gov.uk/payee/employees/start-leave/new-employee.htm) or
- see the Employer Helpbook E13(2012) *Day-to-day payroll*.

## Calculating tax, National Insurance contributions (NICs), and Student Loan deductions

If you are not using payroll software the easiest and quickest way to maintain your payroll is to use the P11 Calculator in the Basic PAYE Tools. It will calculate and record your employee's tax, NICs and Student Loan deductions every payday. To download the Basic PAYE Tools go to [www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm](http://www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm)

If you are not using payroll software or the P11 Calculator and operate a manual payroll there is an alternative to using manual tables. The following easy to use calculators will help you to complete your form P11 *Deduction Working Sheet(s)*. Each calculator has useful help buttons if you need help when first using them.

- The PAYE tax calculator at [www.hmrc.gov.uk/calcs/payee.htm](http://www.hmrc.gov.uk/calcs/payee.htm) works out your employee's tax in the same way as Pay Adjustment Tables and Taxable Pay Tables. It works for all tax codes, including codes with the prefix 'K' (for example K702), as well as codes BR, OT, D0, D1 and NT and saves you the job of using the tables and doing the calculations.
- The National Insurance calculator at [www.hmrc.gov.uk/calcs/nice.htm](http://www.hmrc.gov.uk/calcs/nice.htm) works out National Insurance contributions (NICs) for both not contracted-out and contracted-out employees, using the exact percentage method.
- There is a Student Loan deductions calculator in the Basic PAYE Tools. You will need to download the Basic PAYE Tools from [www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm](http://www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm) to use this calculator.

If you are using the manual tables please make sure that you:

- keep and use Tax Tables A – also known as Pay Adjustment Tables
- use the new *Calculator Tables* (April 2012), or
- use the new *Taxable Pay Tables* (April 2012). But remember these may change following the Budget.
- use the April 2012 version of the National Insurance (NI) Tables. If you are unsure which NI Table to use see the flowchart at the beginning of booklet CA38 *National Insurance Contributions Tables A and J*
- use the April 2012 version of the SL3 *Student Loan Deduction Tables*.

## How long to keep records

You must keep the following forms for at least three years after the end of the tax year to which they relate. Records for 2012–13 should be kept until 5 April 2016:

- forms P11 and pay records. This applies even if you paid an employee below the NICs Lower Earnings Limit and did not deduct any PAYE in the tax year, but you used a form P11 to keep records of earnings
- forms P38(S) or equivalent records, including those relating to students for whom a form P14 has been prepared
- forms SL1 and SL2 *Start and Stop notices* in respect of Student Loan deductions.

## Regional Employer National Insurance contributions (NICs) holiday for New Businesses

If you set up your new business on or after 22 June 2010 you may be entitled to claim a Regional Employer NICs holiday. For more information go to [www.hmrc.gov.uk/nicsholiday](http://www.hmrc.gov.uk/nicsholiday)

## If you use payroll software

If you use payroll software for 2012–13 make sure that:

- all the detail in this helpbook is included and
- the program covers the changes from 6 April 2012 to the PAYE and NICs rates and limits, as given in Employer Helpbook E12(2012) *PAYE and NICs rates and limits for 2012–13*.

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

**If you reprogram your own in-house software**, we provide regularly updated information to help you keep computerised payroll systems up to date with changing legislation. These updates are available on our website, go to [www.hmrc.gov.uk/softwaredevelopers/payee/updates.htm](http://www.hmrc.gov.uk/softwaredevelopers/payee/updates.htm)

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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