

# Finishing the tax year up to 5 April 2006

E10(2006)  
Employer Helpbook

## *Includes*

- Important dates for finishing the tax year 2005-06
- What you'll need
- Finishing off form P11, *Deductions Working Sheet*
- Filling in the form P14, *End of Year Summary*
- Filling in the form P35, *Employer's Annual Return*
- What to do next
- Form P60
- Tax-free payments for online filing
- Forms P11D, P11D(b) and P9D

## Help and further guidance

Help and further guidance about tax and National Insurance contributions (NICs) is available from the following sources:

### The Internet

Log on to the HM Revenue & Customs (HMRC) website at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)

### Your Employer CD-ROM

Your Employer CD-ROM contains forms you can complete on screen. There is

- a **P11 Calculator** that you can save on screen. It works out the amount of tax and NICs due
- a P11D to help you report benefits in kind.

It has built-in calculators to help you work out:

- PAYE tax and NICs
- Car benefit and Car Fuel benefit
- Statutory Payments.

There is a Learning Zone to help you understand topics such as Statutory Maternity Pay, Statutory Paternity Pay and Student Loan deductions.

You will find a section designed to help new and less experienced employers understand what to do when employing someone for the first time.

### By telephone

(We may record calls for quality and training purposes.)

New and inexperienced employers **0845 60 70 143**  
Monday to Friday 08.00 - 20.00  
Saturday and Sunday 08.00 - 17.00

More experienced employers **0845 7 143 143**  
Monday to Friday 08.00 - 20.00  
Saturday and Sunday 08.00 - 17.00

For enquiries about our Online services **0845 60 55 999**  
Monday to Friday 08.00 - 22.00  
Saturday and Sunday 10.00 - 18.00

Employers with hearing difficulties  
Textphone **0845 602 1380**

You must have specialised equipment such as Minicom to use this service.

A full list of Helplines and opening hours is in your *Employer Bulletin* and on our website at [www.hmrc.gov.uk/contactus/helplines.htm](http://www.hmrc.gov.uk/contactus/helplines.htm)

### In person

We have Business Support Teams countrywide who will help you understand

- what records to keep
- what returns to make
- when to send us information
- online filing and electronic payments.

We offer a range of **free** workshops on many topics relevant to employers.

For more information on the workshops and other ways that the Business Support Teams may help

- log on to our website at [www.hmrc.gov.uk/bst](http://www.hmrc.gov.uk/bst) or
- call the New Employer Helpline on **0845 60 70 143** and ask for details of your local Business Support Team.

### Your HM Revenue & Customs office

Your own HM Revenue & Customs office can also help you. All our office contact details are on our website at [www.hmrc.gov.uk/local/employers/index.htm](http://www.hmrc.gov.uk/local/employers/index.htm)

Please tell us your Employer reference which is on correspondence from your HM Revenue & Customs office.

If your enquiry is about one of your employees, you must tell us their National Insurance number.

### 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(2006), *Employer Further Guide to PAYE and NICs*
- CWG5(2006), *Class1A NICs on benefits in kind*
- 480(2006), *Expenses and Benefits - a tax guide.*

You can view, download and print the full range of Helpbooks, booklets and other forms and guidance from

- the Internet - log on at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)
- your Employer CD-ROM.

Or you can get copies from the Employer Orderline in one of three ways:

- log on to our website at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)
- fax **0870 2 406 406**
- phone **0845 7 646 646**

### 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 **0845 7 646 646** and ask to speak to the Customer Service Team.

### Yr Iaith Gymraeg

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

# Finishing the tax year up to 5 April 2006

This Helpbook tells you

- about important changes to the way you must file your Employer's Annual Return (P14s and P35) for 2005-06
- the latest dates for making any outstanding payments of Pay As You Earn (PAYE) and National Insurance contributions (NICs) including Class 1A
- the dates by which you need to file your 2005-06 Employer's Annual Return
- what to do if you want to file your Employer's Annual Return online and where you can find more information
- how to get a £250 tax-free payment if you file your 2005-06 Employer's Annual Return online
- how to complete your Employer's Annual Return and other forms to finish the tax year 2005-06.

## Do it online in April 2006

If you have 50 or more employees you must file your 2005-06 Employer's Annual Return online. But you can get £250 tax-free if you have fewer than 50 employees and file online.

You can file your return online using:

- Internet - you can choose either
  - the HM Revenue & Customs' free product, 'Online Return and Forms - PAYE' (recommended for up to 50 P14s)
  - 3<sup>rd</sup> party payroll software
- Electronic Data Interchange (EDI) - more suitable for large employers
- the online services of an agent or payroll bureau

See [www.hmrc.gov.uk/payonline](http://www.hmrc.gov.uk/payonline) for more information.

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## Part 1 Important dates for finishing the tax year 2005-06

### 31 March 2006

Last date for payment of any Working Tax Credit to your employees.

If you have made any payment of Working Tax Credit to any of your employees after that date you should contact the Employer Helpline on **0845 7 143 143** without delay.

### 19 April 2006

Last date for any outstanding 2005-06 PAYE and Class 1 NICs payments to reach your Accounts Office if you are not subject to the mandatory electronic payment rules and you post your payment.

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

### \*22 April 2006

Last date for any outstanding 2005-06 PAYE and Class 1 NICs payments to be cleared in our bank account if you pay by an approved electronic payment method.

*Interest will be charged on any payments received after this date (and surcharge in the case of employers who are subject to the mandatory electronic payment rules).*

### 19 May 2006

Last date for your 2005-06 forms P14 or substitutes, and P35 to reach your HM Revenue & Customs office. You have until midnight on the 19th to file your return.

*Penalties are chargeable on any returns received after this date.*

### 31 May 2006

Last date for giving a 2005-06 form P60 to each employee who was working for you at 5 April 2006.

### 6 July 2006

Last date for

- your 2005-06 forms P9D and forms P11D or substitutes to reach your HM Revenue & Customs office
- any return of Class 1A NICs on form P11D(b) for 2005-06 to reach your HM Revenue & Customs office - *penalties will be charged automatically on any returns not received by 19 July 2006*
- giving a copy of the 2005-06 form P9D, P11D or equivalent information to each relevant employee.

### 19 July 2006

Last date for payment of 2005-06 Class 1A NICs to reach your Accounts Office if you are not subject to the mandatory electronic payment rules and you post your payment.

### \*22 July 2006

Last date for payment of any 2005-06 Class 1A NICs to be cleared in our bank account if you pay by an approved electronic payment method.

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

*\*Where the 22nd falls on a weekend or is a bank holiday, your cleared payment must reach us on the **previous** working day.*

## Quality checks

If you are filing your Employer's Annual Return (P14s and P35) online you should find that these quality checks are built into your payroll software or carried out by your payroll bureau or agent. If you are unsure we recommend that you confirm this with your software provider, payroll bureau or agent before filing your Return.

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

- the stationery used has not been approved by HM Revenue & Customs
- 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 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.

All returns must pass our quality checks. If you file your return online you will get a message telling you if your return has failed and why. You must put right any errors and resubmit your return by 19 May 2006 to avoid the late filing penalty.

Returns sent on paper or magnetic media will be returned to you for correction if they fail these initial quality checks. You must put right any errors and resubmit your return by 19 May 2006 to avoid the late filing penalty.

Paper and magnetic media returns will be checked in more detail after 19 May 2006. We will contact you then if your return does not meet these detailed checks.

## Part 2 What you'll need

### 5 April 2006

At 5 April 2006, the end of the 2005-06 tax year, you must file an Employer's Annual Return (P14s and P35), if you have had to keep a P11 *Deductions Working Sheet* or equivalent record for at least one employee during 2005-06, even if you did not deduct National Insurance or tax.

To complete your return you will need

- all the forms **P11(2005-06), *Deductions Working Sheets*** or equivalent record, which you filled in for your employees for the year ended 5 April 2006, including those who left during the year
  - a form **P14, *End of Year Summary*** or substitute, for each employee to report the totals from the form P11(2005-06) or equivalent record
- Note** - **Please make sure that you only use the 2005-06 version of form P14** (there is an illustration of the P14 for 2005-06 on page 13)
- contact the Employer Orderline on **0845 7 646 646** as soon as possible to order a supply of the new forms
- a form **P38(S), *Student's declaration***
    - advising the amount of pay a student has earned whilst employed by you during the holidays
    - order these from the Employer Orderline
  - a form **P38A, *Employer's Supplementary Return***
    - this form asks for details about payments made to people who worked for you during the year to 5 April 2006 but for whom you did not complete form P14 or form P38(S)
    - paper forms P38A are issued with your form P35 by the end of March 2006
    - if you previously filed online over the Internet, and are currently registered to do so, then you will not receive a paper form P38A. You can file a P38A online, print off copies from your Employer CD-ROM or order some from the Employer Orderline
  - a form **P35, *Employer's Annual Return***
    - if you previously filed online over the Internet, and are currently registered to do so, then you will not receive a paper form. Instead a P35N (Notification to File) will be sent to your Secure Mailbox
    - decide if you are going to use 3<sup>rd</sup> party software or use the HM Revenue & Customs' free product Online Return and Forms - PAYE to file online. See [www.hmrc.gov.uk/efiling/payepayesoftware\\_forms.htm](http://www.hmrc.gov.uk/efiling/payepayesoftware_forms.htm) for a list of software that you can use to send your return over the Internet.

- paper P35s are issued by your Accounts Office. Contact your HM Revenue & Customs office if you do not get yours by the end of March 2006 and you are not going to file online, or you need another. You will get a paper P35 for 2005-06 if you have not filed online before, even if you have to file online for 2005-06
- you must only send one P35 for a single PAYE reference. We will not consolidate the details sent on more than one P35 for a single PAYE reference
- **do not** send a paper P35 as well as an online return
- a form **P60, *Employee's Certificate of Pay, Income Tax and NICs***
  - form P60 is the third part of paper P14 set, or you can use an approved substitute
- a form **P9D, *Expenses payments and income from which tax cannot be deducted 2005-06 and/or a form P11D, *Expenses and Benefits 2005-06****
  - (one for each relevant employee) if you have paid expenses payments to any employees or you have provided them with benefits
  - print these off from your Employer CD-ROM or order them from the Employer Orderline
- a form **P11D(b), *Return of Class 1A National Insurance contributions, Return of expenses and benefits: Employer's declaration***
  - you should complete and sign this form if you are liable to return any expenses payments or benefits on form P11D. We will send the form to you in April if you made a return on form P11D last year. But if you are reporting expenses payments and benefits for the first time, ask your HM Revenue & Customs office for this form.

### PAYE Online for Employers

If you have 50 or more employees you must file online for 2005-06.

If you want to file all or part of your Employer's Annual Return online, or you want to use other functions within our PAYE Online service, you must register for PAYE Online for Employers. You can register at [www.hmrc.gov.uk](http://www.hmrc.gov.uk). Select 'PAYE for Employers' under the heading 'do it online' and follow the step by step guidance.

To register you will need your 'Employer PAYE reference' and 'Accounts Office reference' which you can find on the front of your P35. You will create your own Password and within seven days you will get a User Identity (User ID) confirmation letter with a card showing your User ID, along with a letter showing your Activation PIN (one for each service you select). Keep your User ID and Password safe, you will need them every time you use our online services.

**Remember:** to use PAYE Online for Employers - Internet service you must activate the service within 28 days of registering. To activate, go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk), select 'PAYE for Employers' under the heading 'do it online'. Enter your User ID and Password. You will be asked to enter your Activation PIN on screen the first time you login. You will then be able to use our PAYE Online for Employers - Internet service. Do not leave registration until the last minute (for example, just before your online filing deadline). You need to make sure that you have registered and activated your service in time to file your return by 19 May 2006. You should receive your Activation PIN within 7 days of registering for the service.

You can also choose to send online

- P38A, *Employer's Supplementary Return*
- P11D, *Return of expenses payments and benefits*
- P11D(b), *Return of Class 1A National Insurance contributions, Return of expenses and benefits: Employer's declaration.*
- P9D, *Return of expenses payments and income from which tax cannot be deducted (Internet only).*

## Using Online Return & Forms - PAYE

You can use our free product Online Return & Forms - PAYE to file your Employer's Annual Return (P14s and P35) online.

You can also file:

- your return in 'parts' (see 'Part 5 Employer's certificate and declaration' on page 19)
- amended P14 and P35 information
- your return 'in-year' if you cease as an employer.

To use Online Return and Forms - PAYE

- go to [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and select 'PAYE for Employers' under the heading 'do it online'
- enter your User ID and Password
- click on Online Return and Forms - PAYE

To file your return,

- first create an online list of your employees, then
- complete your P14s, then
- complete your online form P35, and
- send your return online to HMRC.

**You must not send paper forms P35 and P14 if you have filed your return online.**

If we do receive a paper return before we receive your online one, we will treat the paper return as the first one we received. That means you will miss out on the £250 tax-free payment if you have fewer than 50 employees, or you will be charged a penalty for not filing online if you have more than 50 employees.

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

- visit our website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and select 'employers', or
- contact the Online Services Helpdesk
  - Email [helpdesk@ir-efile.gov.uk](mailto:helpdesk@ir-efile.gov.uk)
  - Phone **0845 60 55 999**  
08.00 - 22.00 Monday to Friday  
10.00 - 20.00 weekends and Bank Holidays
  - Minicom **01274 841278**
  - Fax **01274 841288**





- (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 1d 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 (COMPSHP) 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 1f to 1j (Statutory Payments and Student Loan Deductions)

Add up each of the entries in columns 1f, 1g, 1h, 1i and 1j 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 2006, and
- started employment with you during the 2005-06 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 employment' boxes any previous employment pay and tax figures shown on the P11. Then - if PAYE has been operated on a

Turn over page for Weeks

Day	Month	Year	Box K Tax code †	† If amended cross out previous code	Box M Tax Credits
09	05	2005	489L		If authorised to make payments to employees, y rate' and 'stop' details here. Record amounts p
Box L Amended code †	Wk/Mth in which applied	Day	Start Date	Year	Daily Rate
			Day	Month	£

Tax and Tax Credits															
Total 'free pay' to date as shown by Tables A *		K codes only		Total taxable pay to date: column 3 minus column 4a or column 3 plus column 4b *		Total 'tax due' to date as shown by Calculator Tables SR + B to D		K codes only		Tax deducted or refunded in the week or month					
£	p	4a	£ p	4b	£ p	5	£ p	6	£ p	6a	£ p	6b	£ p	7	£ p
10250	00	2857	75			7392	25	1484	83						
11750	00	3266	00			8484	00	1704	87					220	04
13250	00	3674	25			9575	75	1924	70					219	83
14750	00	4082	50			10667	50	2144	73					220	03
16250	00	4490	75			11759	25	2364	77					220	04
17750	00	4899	00			12851	00	2584	82					220	05

## 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.
- Subtract any 'In previous employment' figures from the 'Total for year' figures and put 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 employment' and 'In this employment' for each column and put 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 employment' figure to the 'In this employment' figure and put the total in the 'Total for year' box.

## Column 9 (Tax Credits)

Add up the entries in column 9 and enter the total in the box at the bottom of that column.

Now you need to fill in your P14s. Pages 8 to 13 will help you.

Pay	Pay and Tax totals		Tax deducted
£	£	£ p	£ p
1250	1250	00	164
16500	16500	00	2420
17750	17750	00	2584

Employee's Widows & C Life Assurance contribution in this empl

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

## Part 4 Filling in the form P14, *End of Year Summary, for tax year 2005-06*

### 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, e.g. TN220157M for a male born on 22<sup>nd</sup> 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. 3<sup>rd</sup> party software may do this automatically for you.
- If you are unable to obtain the correct National Insurance number you must
  - leave the National Insurance box on the P14 empty and enter the date of birth and gender in the appropriate boxes. If you are unable to obtain the date of birth, you must enter the default date of 01/01/1901 in the date of birth box.

Use our National Insurance Number Trace form (CA6855), available from

[www.hmrc.gov.uk/forms/ca6855.pdf](http://www.hmrc.gov.uk/forms/ca6855.pdf),

your Employer CD-ROM or the Employer Orderline, to get the correct National Insurance number for your payroll records.

- You can test your online return by sending it with a test 'flag'. You can test part or complete Online Return and Forms - PAYE submissions, but you must file the final return in the same way. 3<sup>rd</sup> party software users can test any part of the return when it is ready, regardless of whether you want to file in parts or not. You must remember to remove the test 'flag' before filing your actual return. If you fail to remove the 'flag', your return will be rejected and you may incur a late filing penalty if you fail to submit a complete return by 19<sup>th</sup> May.
- The HM Revenue & Customs National Insurance Contributions Office records the National Insurance contribution information that you send on each individual's National Insurance account. This is so that individuals can get the social security benefits that they are entitled to. Any tax credit or student loan information is also passed to the relevant records.

For more information see Employer Helpbook E13, *Day-to-day payroll*.

**An example of a completed form P14(Manual) (2005-06) is on page 13.**

### Some dos and don'ts

#### Do

***If your agent is filing any part of your return online we do not need authorisation but you should***

- agree with your payroll bureau or agent what information they are filing online
- make sure that you give your payroll bureau or agent your payroll records when they need them to file your return.

***If you use a computer or machine to print your P14s***

- use the appropriate impact or laser printer version of form P14. See E3(2006), *Employer Orderline Order Form*
- show dates as DD MM YYYY (for example, 04 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)(2005-06)*. 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
- show dates as DD MM YYYY, with no punctuation. For example, 04 02 1959 is right. Entries such as 04 02 59, or 04-02-59, or 04/02/1959 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 'E' signs
- cross through boxes, or mark them 'N/A'. If no entry is required, leave the box(es) blank
- use continental 7s (ie. 7 ).

## Filling in form P14

Make sure you have filled in your P1 1s 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.

If you file your P14s using PAYE Online for Employers check what your software does or use the on-screen help.

Section on form P14	Advice
Employer's name and address	<ul style="list-style-type: none"> <li>Show your full address, including the postcode.</li> <li>Don't use sticky labels or a rubber stamp in this box.</li> </ul>
Inland Revenue office name and Employer's PAYE reference	<ul style="list-style-type: none"> <li>Enter your Inland Revenue office name and Employer's PAYE reference from the front of form P35. You will also find this on the front of your P30BC, <i>Payslip Booklet</i>.</li> </ul>
Tax Year to 5 April 2006	<p>If you are using a form P14 that does not have the year pre-printed</p> <ul style="list-style-type: none"> <li>make sure the forms are for the right year (<b>there is an illustration of the form P14 for 2005-06 on page 13</b>)</li> <li>enter all four numbers of the year, for example 2006.</li> </ul>
<p><b>Employee's details</b></p> <p>National Insurance number</p>	<p>Copy this from the front of form P11.</p> <ul style="list-style-type: none"> <li>It must be two letters, six numbers, followed by one letter (for example, AB123456C).</li> <li>Ensure that the full and correct number is quoted and can be read clearly.</li> </ul> <p>(See page 8 <b>Important notes</b>)</p>
Date of birth	<ul style="list-style-type: none"> <li>Enter the day and month as well as all four numbers of the year your employee was born.</li> </ul>
Surname and first two forenames	<ul style="list-style-type: none"> <li>If you don't know the employee's full forename(s), put their initial - or initials - at the start of each forename box.</li> <li>Don't put titles (like Mr, Mrs or Ms), or nicknames, or familiar names (e.g. Jack instead of John, Peggy instead of Margaret).</li> </ul>

*continued on page 10*

Section on form P14	Advice				
<p><b>National Insurance contributions in this employment</b></p> <p>NIC Table letter</p>	<ul style="list-style-type: none"> <li>Copy this/these from the End of Year Summary section on the back of form P11(2005-06).</li> </ul>				
<p>Columns 1a to 1c</p>	<ul style="list-style-type: none"> <li>Copy these amounts from the End of Year Summary section of form P11(2005-06).</li> <li>Make entries in whole pounds only. For example, in column 1a 3773 - not 3773.00.</li> <li>The entries in these boxes must be 'right justified'. For example, in column 1b, '£572' is shown as           <table border="1" data-bbox="810 750 1098 813" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: right;">5</td> <td style="width: 20px; height: 20px; text-align: right;">7</td> <td style="width: 20px; height: 20px; text-align: right;">2</td> </tr> </table> </li> <li>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           <p>1a - a multiple of 82 (LEL) if weekly paid; a multiple of 356 (LEL) if monthly paid.</p> <p>1b - a multiple of 12 (ET-LEL) if weekly paid; a multiple of 52 (ET-LEL) if monthly paid.</p> </li> <li>If there is an entry in column 1a, you must still send in form P14 - even though no NICs may be payable.</li> </ul> <p><b>Note. If you are sending your P14s online you must complete columns 1a to 1c. Where there are no earnings or no NICs to report, complete form P14 to show contribution category letter X and zero fill columns 1a to 1c.</b></p>		5	7	2
	5	7	2		
<p>Columns 1d and 1e</p>	<ul style="list-style-type: none"> <li>Copy these amounts from the End of Year Summary section on form P11(2005-06).</li> <li>The amounts in these columns must be in pounds and pence.</li> <li>Where you operate a contracted-out occupational pension scheme, and the column 1d total to be carried forward from the P11(2005-06) is a minus figure, enter 'R' in the corresponding box immediately to the right of the column 1d total boxes on the P14.</li> </ul> <p><b>Note. If you are sending your P14s online, you must complete columns 1d and 1e. Where there are no earnings or no NICs to report, complete form P14 to show contribution category letter X and zero fill columns 1d and 1e.</b></p>				
<p><b>Statutory payments in this employment</b></p> <p>Box 1f</p>	<ul style="list-style-type: none"> <li>Insert here 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.</li> </ul>				
<p>Boxes 1g to 1i</p>	<ul style="list-style-type: none"> <li>Copy these amounts from the corresponding columns on form P11(2005-06).</li> </ul>				

Section on form P14	Advice
Scheme Contracted-out Number	<ul style="list-style-type: none"> <li>• Only fill in this box if the employee is a member of a Contracted-out Money Purchase (COMP) scheme, COMP Stakeholder Pension (COMPSHP) scheme or the COMP part of the Contracted-out Mixed Benefit (COMB) scheme that you operate.</li> <li>• You can find this number on your Contracting-out Certificate. If you cannot find your Certificate, telephone the Elections Helpline on <b>0115 974 1444</b>.</li> <li>• Please leave blank if the employee is part of a Contracted-Out Salary Related (COSR) scheme or the COSR part of a COMB scheme.</li> </ul> <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>
Student Loan Deductions	<ul style="list-style-type: none"> <li>• Copy this amount from the totals box at the bottom of column 1j on form P11(2005-06).</li> <li>• Enter whole pounds only on form P14.</li> </ul>
Tax Credits	<ul style="list-style-type: none"> <li>• Copy this amount from the totals box below the bottom of column 9 on form P11(2005-06).</li> <li>• If there is an entry in this box you must send in form P14, even if the employee paid no tax or NICs in the tax year.</li> </ul> <p><b>Note. See page 10, Columns 1a to 1c and Columns 1d and 1e.</b></p>
Date of starting and Date of leaving	<ul style="list-style-type: none"> <li>• Only make an entry in these boxes if the employee starts and/or leaves your employment during the 2005-06 tax year.</li> <li>• Please use figures only, for example <i>09 05 2005</i>.</li> </ul>

*continued on page 12*

Section on form P14	Advice
<b>Pay and Income Tax details</b> In previous employment(s)	<ul style="list-style-type: none"> <li>Copy this amount from the End of Year Summary section on form P11(2005-06).</li> <li>Enter here details you have of pay and tax deducted for employments earlier in the year.</li> </ul>
In this employment	<ul style="list-style-type: none"> <li>Copy this amount from the End of Year Summary section on form P11(2005-06).</li> <li>Always fill in these boxes. The amount must be in pounds and pence.</li> </ul>
Total for year	<ul style="list-style-type: none"> <li>Copy this amount from the End of Year Summary section on form P11(2005-06).</li> <li>Only fill in these boxes if the employee was working for you at 5 April 2006 <b>and</b> you know the pay and tax figures for the year, including those for any previous employments.</li> </ul>
Employee's Widows and Orphans/ Life Assurance contributions in this employment	<ul style="list-style-type: none"> <li>Where an employee is legally obliged to pay contributions to a Widows/Widowers and 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, <i>Employer Further Guide to PAYE and NICs</i>, under 'Pensions contributions paid by employee'.</li> </ul>
Final tax code	<ul style="list-style-type: none"> <li>Fill these boxes from the left-hand side.</li> <li>Always show here the tax code you were using at 5 April 2006, or when you last paid your employee.</li> <li>Only enter the tax code. Do not include any other characters like asterisks or leading zeros.</li> <li>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.</li> <li>Where form P11(2005-06) shows 'NI' in the tax code box, leave the tax code box on form P14 blank.</li> <li>Change any suffix A or H code to a T code to avoid rejection of your return.</li> <li>For online returns always use '0' (zero) not the letter 'O' when recording codes OT or D0.</li> </ul>
Payment in week 53	<ul style="list-style-type: none"> <li>If payment in Week 53 is included in the Pay and Tax totals, 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.</li> </ul>

It would help if you put the forms into alphabetical order of surname, or in the order you list your employees on the 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 14 to 20 will help you.

# Example of a completed form P14

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

**For help to fill in this form, see Employer's Help Book, E10**

**P14 End of Year Summary 2005-06**

**005**

**005**

**Employer's PAYE reference**  
1 3 1 / V 3 0

**Tax Year to 5 April**  
2 0 0 6

**Your name and address as employer**

VFM LTD  
36 SOHO GARDENS  
LONDON

**Inland Revenue office name**  
MINSTER

**For employer's use**  
005

**Employee's details**

**National insurance number**  
A B 1 2 3 4 5 6 C

**Sex**  
F (M - male, F - female)

**Surname**  
D O E

**First two forenames**  
J A N E

**Works/payroll no. etc**

**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 Employer's Further Guide to PAYE and NICs, CWG2, for more details.

**National insurance contributions in this employment** (Note: LEL = Lower Earnings Limit, ET = Earnings Threshold, UEL = Upper Earnings Limit)

NIC table letter	Earnings above the LEL, up to and including the ET (whole £s only)		Earnings above the ET, up to and including the UEL (whole £s only)		Total of employee's and employer's contributions	
	From col. 1a on P11	From col. 1b on P11	From col. 1c on P11	From col. 1d on P11	From col. 1e on P11	From col. 1f on P11
A	3 9 1 6	5 7 2	1 2 0 1 2	2 8 6 4	0 7	1 3 2 3 7 4

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

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

**Pay and Income Tax details**

	£	p	£	p
In previous employment(s)	1 2 5 0	0 0	1 6 4	8 1
In this employment	1 6 5 0 0	0 0	2 4 2 0	0 1
Total for year	1 7 7 5 0	0 0	2 5 8 4	8 2
Employee's Widows & Orphans/Life Assurance contributions in this employment				
<b>Final tax code</b>			<b>4 8 9 L</b>	

**Student Loan Deductions** in this employment (whole £s only)  
From col. 1j on P11

**Tax Credits** in this employment  
From col. 9 on P11

**Payment in Week 53:** if included in Pay and Tax totals, enter '53', '54' or '56' here (See Employer's Help Book, E10)

**BS11/04** **To Inland Revenue** **National Insurance copy** **P14(Manual)(2005-06)**

Please detach sheets and make separate bundles of National Insurance and Tax copies before despatch

For official use

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## Part 5 Filling in the form P35, *Employer's Annual Return for tax year 2005-06*

### Introduction

This section will help you fill in your form P35, *Employer's Annual Return* for 2005-06.

If you previously filed online over the Internet, and are currently registered to do so, then you will not receive a paper form. Instead a P35N (Notification to File) will be sent to your Secure Mailbox.

Paper forms P35 are issued by your Accounts Office towards the end of each tax year. If you haven't received yours by the end of March and you are not going to file online, contact your HM Revenue & Customs office.

The paper P35 is a 4-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 have completed a form P11, *Deductions Working Sheet* or equivalent record.

Note: If some or all of your forms P14 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 the return.

If there are more than 10 entries you will have to use forms P35(CS), Continuation Sheets (or equivalents). If you didn't receive any with your form P35, or require some more, they are available

- on your Employer CD-ROM
- by logging on to the website at [www.hmrc.gov.uk/employers](http://www.hmrc.gov.uk/employers)
- by calling the Employer Orderline on **0845 7 646 646** or
- by using 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 1d 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 detail alongside.

### Part 2 Summary of payments for the year

Please complete boxes 1 to 32 as applicable and check that your payments to the Accounts Office are correct. Note: If you were not required to complete boxes 1, 2, 4 and 5 in Part 1 (see notes above) you must begin by entering the respective NICs and Income Tax totals for **all** your employees for whom you have completed a form P11 (or equivalent record) regardless of how your forms P14 have been submitted.

<b>Box 1</b>	Add up the entries from the NICs column above (on form P35). Enter the total in Box 1. Mark minus amounts 'R'.
<b>Box 2</b>	You will only use this box if you prepare more than 10 forms P14. Enter the total amount(s) of NICs brought forward from any form P35(CS), Continuation Sheets (or equivalents) used. Mark minus amounts 'R'.
<b>Box 3</b>	Add Box 1 and Box 2 together, and enter the total in Box 3. This gives you the total amount of NICs deducted. Mark minus amounts 'R'.
<b>Box 4</b>	Add up the entries from the Income Tax column above (on form P35). Enter the total in Box 4. Mark minus amounts 'R'.
<b>Box 5</b>	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), Continuation Sheets (or equivalents) used. Mark minus amounts 'R'.
<b>Box 6</b>	Add Box 4 and Box 5 together, and enter the total in Box 6. This gives you the total amount of tax deducted. Mark minus amounts 'R'.
<b>Box 7</b>	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> .
<b>Box 8</b>	You will only use this box if you deducted tax from subcontractors during the year. Refer to your CIS36, Contractor's Annual Return. Copy the amount from Box F of the CIS36 to Box 8 of the P35.
<b>Box 9</b>	Add Boxes 6 + 7 + 8 and enter the total in Box 9.
<b>Box 10</b>	Add Box 3 to Box 9, and enter the total in Box 10.
<b>Box 11</b>	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 1j on each of the forms P11. Add those totals together and enter the new total in Box 11 (whole pounds only).

<b>Box 12</b>	Add Box 10 to Box 11, and enter the total in Box 12. This gives you the total deductions made, including NICs, Income Tax and Student Loan Deductions.
<b>Box 13</b>	If you have paid SSP to your employees during the year, enter in Box 13 the amount you are entitled to recover under the Percentage Threshold Scheme (PTS). Include any payments received directly from your Accounts Office to cover the recovery of SSP, which you have also shown at Box 21. For further details see the Employer Helpbook E14, <i>What to do if your employee is sick</i> .
<b>Box 14</b>	If you have paid SMP to your employees during the year, enter in Box 14 the amount you are entitled to recover. Include any payments received directly from your Accounts Office to cover the recovery of SMP, which you have also shown at Box 21. For further details see the Employer Helpbook E15, <i>Pay and time off work for parents</i> .
<b>Box 15</b>	Enter in Box 15 any compensation you are entitled to claim in addition to the SMP recovered. For further details see the Employer Helpbook E15, <i>Pay and time off work for parents</i> .
<b>Box 16</b>	If you have paid SPP to your employees during the year, enter in Box 16 the amount you are entitled to recover. Include any payments received directly from your Accounts Office to cover the recovery of SPP, which you have also shown at Box 21. For further details see the Employer Helpbook E15, <i>Pay and time off work for parents</i> .
<b>Box 17</b>	Enter in Box 17 any compensation you are entitled to claim in addition to the SPP recovered. For further details see the Employer Helpbook, E15, <i>Pay and time off work for parents</i> .
<b>Box 18</b>	If you have paid SAP to your employees during the year, enter in Box 18 the amount you are entitled to recover. Include any payments received directly from your Accounts Office to cover the recovery of SAP, which you have also shown at Box 21. For further details see the Employer Helpbook, E16, <i>Pay and time off work for adoptive parents</i> .
<b>Box 19</b>	Enter in Box 19 any compensation you are entitled to claim in addition to the SAP recovered. For further details see the Employer Helpbook E16, <i>Pay and time off work for adoptive parents</i> .
<b>Box 20</b>	Add all Boxes from 13 to 19 together, and enter the total in Box 20.
<b>Box 21</b>	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 21. 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> .
<b>Box 22</b>	Calculate Box 20 minus Box 21, to get the net amount of statutory payments recovered. Enter the total in Box 22.
<b>Box 23</b>	You will only use this box if you have received form TC700, <i>Employer notification to start paying tax credits</i> and have paid tax credits to your employees. Add together the total amounts shown in column 9 on all the forms P11, and enter this new total in Box 23.
<b>Box 24</b>	You will only use this box if you received funding from your Accounts Office to pay tax credits. Enter the total funding received in Box 24. Refer to your final form TC712, <i>Tax credits - Funding Notice</i> , for this year.
<b>Box 25</b>	Calculate Box 23 minus Box 24 to get the net amount of tax credits. Enter the total in Box 25.
<b>Box 26</b>	Add Box 22 to Box 25 and enter the total in Box 26. This is the total amount of statutory payments recovered and net tax credits.
<b>Box 27</b>	To check the total amount payable by you for the year, <ul style="list-style-type: none"> <li>• calculate Box 12 <i>minus</i> Box 26, but</li> <li>• if Box 26 is a <i>minus</i> figure - add Box 26 to Box 12.</li> </ul>
<b>Box 28</b>	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 HM Revenue & Customs. You may have recorded your payments on form P32, <i>Employer Payment Record</i> (or equivalent), or your P30BC, <i>Payslip Booklet</i> .
<b>Box 29</b>	If a tax-free incentive payment was credited to your PAYE payment record for this year, for having sent last year's return electronically, enter the amount. If the Incentive was repaid directly to you by cheque, leave this box blank.
<b>Box 30</b>	Enter in Box 30 the amount in Box 27 <i>minus</i> the amounts in Boxes 28 and 29. If the total of Boxes 28 and 29 is less than the figure in Box 27, the figure you enter in Box 30 is the amount still to be paid to HM Revenue & Customs. Send the balance to the Accounts Office immediately - do not send it with your form P35. See your P30BC, <i>Payslip Booklet</i> for instructions on how to make payment. Interest will be charged if the balance is paid after 19 April 2006. If the total of Boxes 28 and 29 is more than the figure in Box 27, you may have overpaid and should enter the amount in Box 30 with the letter 'M' (for minus) in front. Your HM Revenue & Customs office will be in touch in due course about any overpayment shown in Box 30.

Only fill in Boxes 31 and 32 if you are a limited company and CIS deductions have been taken from payments

<b>Box 31</b>	CIS deductions are recorded on forms CIS25. Refer to form CIS132, column E, for the total deductions suffered and copy this amount to Box 31.
<b>Box 32</b>	<p>Enter in Box 32 the amount in Box 30 <i>minus</i> the amount in Box 31.</p> <p>If the figure in Box 31 is less than the figure in Box 30, the figure you enter in Box 32 is the amount still to be paid to HM Revenue &amp; Customs.</p> <p>Send the balance to the Accounts Office immediately - do not send it with your form P35. See your P30BC, <i>Payslip Booklet</i> for instructions on how to make payment.</p> <p>Interest will be charged if the balance is paid after 19 April 2006.</p> <p>If the figure in Box 31 is more than the figure in Box 30, you may have overpaid and should enter the amount in Box 32 with the letter 'M' (for minus) in front.</p> <p>Your HM Revenue &amp; Customs office will be in touch in due course about any overpayment shown in Box 32.</p>

# 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's 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 1d on form P11. Write 'R' beside any minus amounts.

£	3298	88
£	2713	36
£	2864	07
£	2612	48
£	2814	24
£	1207	96
£		
£		
£		
£		

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

£	3537	75
£	2787	75
£	2420	01
£	2662	75
£	2912	75
£	1037	75
£		
£		
£		
£		

### NICs

Total NICs shown above after deducting amounts marked 'R'

1	£	15510	99
---	---	-------	----

Totals from P35(CS) Continuation Sheets

2	£		
---	---	--	--

### Income Tax

Total Tax shown above after deducting amounts marked 'R'

4	£	15358	76
---	---	-------	----

Totals from P35(CS) Continuation Sheets

5	£		
---	---	--	--

## Part 2 Summary of payments for the year

Total NICs 1 + 2

3	£	15510	99
---	---	-------	----

see Note 2

Total Tax 4 + 5

6	£	15358	76
---	---	-------	----

see Note 2

Advance received from Inland Revenue to refund tax

7	£		
---	---	--	--

Deductions made from subcontractors

8	£		
---	---	--	--

see Note 3

Total Tax 6 + 7 + 8

9	£	15358	76
---	---	-------	----

### Combined amounts

Total NICs and Tax 3 + 9

10	£	30869	75
----	---	-------	----

Total Student Loan deductions

11	£		
----	---	--	--

see Note 4

Total 10 + 11

12	£	30869	75
----	---	-------	----

### Statutory payments recovered

see Note 5

Statutory Sick Pay (SSP) recovered

13	£	225	31
----	---	-----	----

Statutory Maternity Pay (SMP) recovered

14	£		
----	---	--	--

NIC compensation on SMP

15	£		
----	---	--	--

Statutory Paternity Pay (SPP) recovered

16	£		
----	---	--	--

NIC compensation on SPP

17	£		
----	---	--	--

Statutory Adoption Pay (SAP) recovered

18	£		
----	---	--	--

NIC compensation on SAP

19	£		
----	---	--	--

Total of boxes 13 to 19

20	£		
----	---	--	--

Funding received from Inland Revenue to pay SSP/SMP/SPP/SAP

21	£	225	31
----	---	-----	----

20 minus 21

22	£	225	31
----	---	-----	----

### Tax Credits

Total Tax Credits paid to employees

23	£		
----	---	--	--

Funding received from Inland Revenue to pay Tax Credits

24	£		
----	---	--	--

23 minus 24

25	£		
----	---	--	--

22 + 25

26	£	225	31
----	---	-----	----

Amount payable for the year

12	minus	26	
27	£	30644	44

NICs and Tax paid already

28	£	30644	44
----	---	-------	----

Tax-free Incentive payment received during the year

29	£		
----	---	--	--

NOW PAYABLE 27 minus 28 and 29

30	£	NIL	
----	---	-----	--

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

Fill in boxes 31 and 32 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 col E on form CIS132 Revised amount now payable 30 minus 31

31	£		
----	---	--	--

32	£		
----	---	--	--

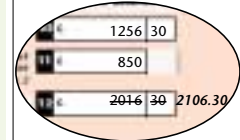
## Guidance notes -

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.



### 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 8 See your Contractor's Annual Return, form CIS36, box F.

### Note 4

Box 11 Whole pounds only. Do not enter pence in shaded area.

### Note 5

Boxes 13 to 19 Do not enter the totals paid.

Only enter the amounts you are entitled to recover. You will find this in your P30BC *Payslip Booklet* or your own equivalent payment record.

### Note 6

Box 24 See your final form TC712 *Tax credits - Funding notice* for the year.

### Note 7

Box 27 If box 26 is a minus figure then add box 26 to box 12.

### Note 8

Box 29 If a Tax-free Incentive payment was credited to your PAYE payment record for this year, for having sent last year's return electronically, enter the amount. If the Incentive was repaid directly to you by cheque, leave this box blank.

Please now fill in page 4

## 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

If you have employees for whom you have not completed a form P14, or P38(S), tick 'No'.

These employees are likely to be part-time or casual staff. If you tick 'No' you must complete a P38A, *Employer's Supplementary Return* which you can get from the Employer Orderline on **0845 7 646 646** or from your Employer CD-ROM.

#### 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 direct to anyone else, for example, paying school fees direct 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 or payments to the Child Support Agency.

#### Question 6

The rules referred to, also known as IR35 rules, may apply to anyone supplying their services to a client through an intermediary, such as a service company or partnership.

For further guidance about the IR35 rules

- visit the HM Revenue & Customs website at [www.hmrc.gov.uk/ir35](http://www.hmrc.gov.uk/ir35)
- call the IR35 Helpline on **0845 303 3535**

The only engagements affected by the IR35 rules are those in which the worker would be classed as an employee of the client if it were not for the service company or partnership involvement.

Where the rules apply the intermediary may have to account for an additional amount of PAYE and NICs, based upon the income from the engagements, after an allowance for certain expenses and pension contributions.

If you had anyone who worked through an intermediary such as a service company or partnership in the year to 5 April 2006, tick the first 'Yes' box under this question.

If you included any PAYE and NICs deducted from the deemed remuneration on this form P35, *Employer's Annual Return*, tick the second 'Yes' box under this question.

If you tick the second 'Yes' box but the amount of the deemed payment is provisional, confirm on a separate sheet and send it with the form P35, *Employer's Annual Return*.

Under the current arrangements if you cannot finalise the amounts by 19 May 2006, you will not have to pay a penalty so long as you send in your form P35, *Employer's Annual Return* by that date, and you pay all of the PAYE and NICs due in respect of the deemed payment by 31 January 2007. If these arrangements are withdrawn, or changed, notification will be given in a Press Release.

You will still be charged interest from 19 April 2006 until the date when the PAYE and NICs are paid.

### 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's 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).

The appropriate boxes need to be ticked 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.

#### Filing your return in parts

If you want to file your return in parts, see MP2 Do it online: Online filing and electronic payment handbook at [www.hmrc.gov.uk/payeonline](http://www.hmrc.gov.uk/payeonline) or your Employer CD-ROM.

You can file your return in parts from different places and in various ways. A part can be made up of P14s or a P35. For example, your agent could file all your P14s in one part online whilst you file the P35 on paper. All the parts making up an Employer's Annual Return must be sent in an acceptable format by 19 May 2006 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 irrespective of the number of P14 parts you wish to file
- not send a paper P35 if you have or intend to file your return online.

Note. If you intend to file your Employer's Annual Return (P14s and P35) solely on paper you must continue to file your form P35 and all your forms P14 together in full to your HM Revenue & Customs office.

Online Return and Forms - PAYE, or 3<sup>rd</sup> party software, which lets you file your Employer's Annual Return in parts will ask you for a unique identifier, which you must provide prior to the submission of each P14 part. The unique identifier can be anything that you find easy to remember, up to 12 characters.

Whoever files the P35 must know exactly how many P14 parts are being sent in total.

We will only tell you that a return sent in parts has been accepted when all the parts have been checked to make sure that they meet our quality standards.

**Part 3 Checklist**

You must answer each question by ticking the correct box

**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's 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** So far as you know, did anyone else pay expenses, or in any way provide vouchers or benefits to any of your employees whilst 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** Do the rules relating to services provided through an intermediary (sometimes known as IR35) apply to any work carried out by any worker listed on this return?

No  Yes

If 'Yes', have you included a **deemed payment**, or any part of one on their form P14?

No  Yes

For more detailed information, see CWG2 *Employer's Further Guide to PAYE and NICs*, or ring the IR35 Helpline on **0845 303 3535**,

**Part 4 Contracted-out pension schemes if applicable**

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

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**Part 5 Employer's 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 state the number of parts sent. For more detailed information, see the *Do it online - Online filing and electronic payment handbook*.

- completed form P38A *Employer's Supplementary Return* is enclosed  is not due
- completed forms P11D and P11D(b) *Returns of expenses payments, benefits and Class 1A contributions* are enclosed  will be sent later  are not due

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

Employer's signature

C P Elliot

Please print your name

CPELLIOT

Capacity in which signed

Director

Date 01 / 05 / 2006

Please give a daytime telephone number. It will help speed things up if we need to talk to you about your return.

01234 567890

By law this return must reach us by 19 May.

## Part 6 What to do next

After you have filled in your P14s, P35 and where appropriate P38(S) 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 2006, send your P35, the top two copies of forms P14 and any forms P38A, to your HM Revenue & Customs office, **even if your payments of PAYE and NICs are not up to date.**

Do not send in photocopies or forms P38(S).

Penalties are chargeable if forms P14 or P35 arrive late, see page 2 for details.

### Paying any balance

Pay any outstanding amounts of monthly or quarterly PAYE and NICs for 2005-06 directly to your Accounts Office.

Do not send payments with forms P14 and P35.

### 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 and/or tax credits.
- Forms P38(S) including those relating to students for whom a form P14 has been prepared.

### Penalties

You may be liable to

- a late filing penalty if any part of your Employer's Annual Return (P14s and P35) is received after 19 May 2006. 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 P14s and P35 online and any part is sent on paper or by magnetic media. For 2005-06, notice of this penalty will be sent from mid-June 2006
- a surcharge for not paying on time, if you have to make your monthly payments of tax, National Insurance contributions, Student Loan deductions and Tax Credits deductions electronically. These surcharges will be issued from mid-May
- a separate penalty when your Employer's Annual Return is checked in detail, if it is found to be incomplete due to either negligence or fraud. You will get separate notices for each penalty.

## Part 7 Form P60

By 31 May 2006 give a form P60 to each employee who was working for you at 5 April 2006 and for whom you have completed a form P11 (2005-06) or equivalent record.

- Scrap forms P60 for those employees no longer working for you at 5 April 2006.
- Give only one form P60 to an employee, even if that employee has had more than one period of employment with you in the tax year - this P60 should only be for the period that covers 5 April 2006.
- **If an employee asks for another copy, you may issue a duplicate. Any duplicate must be clearly marked with the word 'DUPLICATE'.**

## Part 8 Tax-free payments for online filing

If you have fewer than 50 employees and file your 2005-06 Employer's Annual Return online you will receive a tax-free payment of £250. We will write to tell you if you are due £250 for filing online. If you are registered for 'PAYE Online for Employers - Internet' you will receive your 'letter' online, otherwise you will receive your letter through the post. The 'letter' is entitled 'Online Filing tax-free payment' and confirms that the tax-free payment has been credited to your PAYE account.

When you have received the 'Online Filing tax-free payment letter', the majority of you can get your tax-free payment by simply reducing your future payments of tax and National insurance contributions by £250. If there is no payment due you must send in a 'NIL' payslip to your Accounts Office to avoid unnecessary reminders being issued. Do not deduct the £250 tax-free payment from any 2005-06 payment due.

If you cannot claim your tax-free payment by reducing your payments to us, you can claim it back as a cheque. But again, you must wait until you have received the 'letter' entitled 'Online Filing tax-free payment'. The letter will tell you who you should contact to claim the tax-free payment back as a cheque.

If you have fewer than 50 employees and ceased trading during 2005-06 you can get the tax-free payment if you file your cessation return online. But you must

- tell your HM Revenue & Customs office straight away that you have ceased
- send us all outstanding tax and National Insurance contributions immediately.

We will credit the tax-free payment to your 2005-06 PAYE account if your records show a date of cessation during 2005-06.

You will only qualify for a tax-free payment if you are required to file an Employer's Annual Return (P14s and P35). A tax free-payment will not be due where you were not required to complete a P11, *Deductions Working Sheet* or equivalent record for any of your employees.

## Part 9 Forms P11D, P11D(b) and P9D

Fill in forms P11D, P11D(b) and P9D to give information about employees' expenses and benefits in the tax year.

Fill in **forms P11D and P11D(b)** 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, children and their spouses, parents, dependants, servants and guests.

Fill in forms P9D if you have paid or provided taxable benefits to employees, but have not completed form P11D because they earned at a rate of less than £8,500 a year.

You can find copies of forms P11D, P11D(b) and P9D, and help on how to fill them in, on the Employer CD-ROM. Using the CD-ROM you can also fill in the forms on screen.

Completed forms should reach your HM Revenue & Customs office by 6 July 2006. Penalties are chargeable if forms arrive late, see page 2 for details.

Where you have completed a P11D for the taxable benefits or expenses paid or provided to an employee, give the employee a copy.

For more detailed information about benefits and expenses and Class 1A NICs see

- booklet **CWG5(2005), Class 1A National Insurance contributions on benefits in kind - A guide for employers**, a reference guide covering all aspects of Class 1A NICs
- booklet **CA33, Class 1A National Insurance contributions on Car and Fuel Benefits - a guide for employers**, a guide if you provide employees with a company car and/or fuel which is available for their private use
- booklet **480(2005), Expenses and benefits - A tax guide**, a comprehensive guide to the tax law relating to expenses payments and benefits
- booklet **490, Employee travel - a tax and NICs guide** for employers, a guide setting out the approach which the HM Revenue & Customs will normally take in applying legislation on employee travel
- **P11D Guide**, a guide to the completion of forms **P11D Return of expenses and benefits**
- **P11D Working Sheets**, optional working sheets for calculating the cash equivalent of certain benefits.

You can get any of these forms or booklets from the Employer Orderline on **0845 7 646 646** or they are available from your Employer CD-ROM.

Further information can also be found in the **Expenses and benefits in kind**, a guide to tax and NICs, available on our website at [www.hmrc.gov.uk/employers/ebik](http://www.hmrc.gov.uk/employers/ebik)

