



HM Revenue  
& Customs

# Starting the tax year from 6 April 2006

E11(2006)

Employer Helpbook

## *Includes*

- Records you need to keep
- Form P11
- Preparing form P11
- Tax and NI Tables
- How long to keep records
- Computer users

## 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), *Class 1A 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.

## Starting the tax year from 6 April 2006 for 2006-07

This Helpbook tells you what you need to do to prepare for the start of the new tax year 2006-07.

It explains

- what records you need to keep from the start of the new tax year 2006-07
- 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 2006-07
- how long to keep the records.

### Reminder

If you have in the past paid Working Tax Credit through the payroll, remember that payment through employers ended on 31 March 2006 and the form P11 for 2006-07, therefore, does not include a box for recording tax credits paid. If you have made payment of Working Tax Credit after 31 March 2006, please call the Employer Helpline on **08457 143 143** without delay, so that we can reimburse you.

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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 Employer Helpbook E14, *What to do if your employee is sick*, for more information.
- your employee's pregnancy, including any Statutory Maternity Pay (SMP) paid. See the Employer Helpbook E15, *Pay and time off work for parents*, for more information.
- your employee's paternity absence, including any Statutory Paternity Pay (SPP) paid. See Employer Helpbook E15, *Pay and time off work for parents* for more information if your employee was absent because a baby was born. See Employer Helpbook E16, *Pay and time off work for adoptive parents* for more information if your employee was absent because a child was being adopted.
- your employee's absence on adoption leave, including any Statutory Adoption Pay (SAP) paid. See Employer Helpbook E16, *Pay and time off work for adoptive parents* for more information.

If your employee does not pay tax and/or NICs, but their earnings are

- equal to, or greater than, the Lower Earnings Limit of £84 per week or £364 per month, but
- less than the Earnings Threshold of £97 per week or £420 per month

you will need to fill in a form P11 or equivalent record.

## Example of the top of form P11

Check you are using the right form P11.

**Deductions Working Sheet P11 Year to 5 April 2007**

**Employee's details in CAPITALS**

**Box A** Employer's name  
**Box B** HM Revenue & Customs office name  
**Box C** Employer PAYE reference  
**Box D** First two forenames  
**Box E** National Insurance number  
**Box F** Date of birth in figures (Day, Month, Year)  
**Box G** Works/payroll number etc

**Note 1** For guidance on preparing the P11 see Employer Helpbook E11 'Starting the tax year', on working out and recovering tax and NICs on the P11, see Employer Helpbook E13 'Day-to-day payroll, and on finishing off the P11 see Employer Helpbook E10 'Finishing the tax year'.  
 For guidance on Statutory Sick Pay, see Employer Helpbook E14 'What to do if your employee is sick'; for Statutory Maternity Pay and Statutory Paternity Pay, see Employer Helpbook E15 'Pay and time off work for parents'; and for Statutory Adoption Pay see Employer Helpbook E16 'Pay and time off work for adoptive parents'.  
 Please contact the Employer Helpline on 0845 7 646 646 for more information.

**Note 2** In the NI Tables, a letter is shown at the top for example A, B, C, D, etc. Copy the Table to the Table letter box in the 'End of Year Summary' over. If the employee's circumstances change part way through a year, the Table letter may change as well. Record all Table letters used.

**Box H** Date of starting in figures (Day, Month, Year)  
**Box I** Date of leaving in figures (Day, Month, Year)  
**Box J** Student Loan Deductions case (✓/)  
**Box K** Tax code †  
 † If amended cross out previous code  
**Box L** Amended code † Wk/Mth in which applied

**PAYE Income Tax**

Number	Pay in the week	K codes only	Total taxable pay to date:	K codes only	K codes only

top of each section, the letter you use to leaf. year, the 3rd and enter

For help on completing boxes A to M of the form P11 at the start of the tax year 2006-07, see page 3.

## Form P11

If you do not use payroll software HM Revenue & Customs provides

- a **P11 Calculator** on your CD-ROM. It works out how much tax and NICs to deduct from your employees' pay and you can save the results on-screen and update them each time you pay your employees.
- a form **P11, Deductions Working Sheet**. You can print copies of the form P11 for the 2006-07 tax year from your Employer CD-ROM or get them from the Employer Orderline by
  - Internet: log on at [www.hmrc.gov.uk/employers/emp-form.htm](http://www.hmrc.gov.uk/employers/emp-form.htm)
  - phone on **0845 7 646 646**
  - fax on **0870 2 406 406**.

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

- the left hand section has columns 1a to 1e for recording NICs, 1f to 1i for recording Statutory Payments (SSP, SMP, SPP and SAP), and 1j 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.

Alternatively you can use equivalent documents which must contain all the details you would record on the form P11.

## Preparing form P11

At the start of the new tax year prepare a form P11 and fill in boxes A to K using the details from form P11 or your payroll software that you have been using for 2005-06. 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 - you'll find this on the P11 or your payroll software that you have been using for 2005-06. Alternatively, you can find this number on the front of your P30BC, Payslip Booklet.

### Employee's details in CAPITALS

- Box C Employee's surname.
- Box D Employee's forename(s) - up to two forenames only. If you don't know the employee's full forename(s) put their initial - or initials - in this box but make efforts to find out their full forename(s) before the end of the tax year.
- Box E Employee's National Insurance number - this must be two letters, six numbers followed by one letter (for example, AB123456C). This is an example only and should not be used where an employee does not provide their NI number. For more information about tracing National Insurance numbers, see Part 4 of the Employer Helpbook E13, *Day-to-day payroll*.
- Box F Employee's date of birth - this must be entered in figures using the format DD MM YYYY, for example, 04 02 1959.
- Box G Works/payroll no. etc - if you use a works or payroll number system to identify your employees enter the reference in this box.

### Starting and leaving dates

- Box H You do not need to fill in this box unless the employee starts work with you on or after 6 April 2006.
- Box I This box should only be filled in if your employee stops working for you in the 2006-07 tax year.

### Student Loan Deductions

- Box J Enter a '✓' in this box, if you were required to make Student Loan Deductions for the employee at the end of the previous tax year. If you received a Stop notification, you should still enter a '✓' if it did not come into effect until after 5 April 2006.

## New tax codes from 6 April 2006

- Box K You may get new tax codes for the 2006-07 tax year on
- form P9(T), see the example below, or
  - an online version of the P9(T) (the type will depend on your individual arrangements with us), or
  - a paper list.

You will not get a new tax code for every employee.

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

### Example of a form P9(T)

The image shows a sample of form P9(T) from HM Revenue & Customs. The form is titled 'PAYE - Notice to employer of employee's tax code'. It contains the following information:

- Employer details:** VFM Ltd, 36 Soho Gardens, London, W1V 4LD.
- HM Revenue & Customs office:** Issued by HM Inspector of Taxes, HM Revenue & Customs, Minster, Government Buildings, High Street Minster, MR2 8QT.
- Employee details:** Employee's name: SMITH MR A; National Insurance number: AB 12 34 56 C; Works or payroll number: 1615; Tax code: 552L; Please use for the tax year to 5 April: 2007.
- 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 Inland Revenue office. 3. If the employee has left your employment, please destroy this form. Do not send it back to your Inland Revenue office. Send Part 1 of form P45 to your Inland Revenue office if you have not already done so.

### Employees with a new tax code from your HM Revenue & Customs office

- keep and use the form P9(T) with the most recent date for each employee (if you have more than one, use the most recent one).
- scrap any form P9(T), for the same employee, with an earlier date.
- copy the tax code from the form P9(T) to the form P11.
- update any tax codes where you get a later form P9(T) which is received after you have set up your forms P11 for 2006-07.
- where you receive the P9(T) significantly later than the date from which it is to be applied. In these exceptional circumstances contact your HMRC office for confirmation of the code to be used.

## Employees without a new tax code from your HM Revenue & Customs office

Carry forward the authorised tax code on the P11 for 2005-06 to the P11 for 2006-07, but

- add 14 to any tax code ending in L, e.g. 489L becomes 503L. Do not add 14 to a tax code where you have a form P9(T)
- do not copy or carry over any 'week 1' or 'month 1' markings - the code must be operated on a cumulative basis
- change any tax codes where you received a form P6 too late to use in 2005-06.

## Employee leaving

Do not change the tax code for an employee whose employment with you will finish before the start of the new tax year on 6 April, even if because of 'lying time', you are going to pay them after that date. Use the old tax code.

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, see Parts 1 and 2 of Employer Helpbook E13, *Day-to-day payroll*.

## Tax and NI Tables

The tax and NI calculators on your Employer CD-ROM should meet your needs if you do not use payroll software. They will work out the tax due in the same way as the Pay Adjustment and Taxable Pay Tables and calculate NICs for not contracted-out and contracted-out employees. Alternatively, continue to use the *Calculator Tables (May 2005)* or *Taxable Pay Tables SR + B to D (May 2005)* but remember, these may change following the Budget.

Keep and use *Tax Tables A (1993)* - also known as *Pay Adjustment Tables*.

If you deduct NICs from your employees you will find all the appropriate new tables to use on your Employer CD-ROM, or you can order new tables from the Employer Orderline. These must be used from 6 April 2006. If you are unsure which NI Table to use see the flowchart at the beginning of the booklet CA38, *National Insurance Contributions Table A*. If you operate a contracted-out occupational pension scheme, contracted-out NI Tables will be sent to you automatically.

## 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

- Forms P11 and pay records. This applies even if an employee does not pay any PAYE or NICs in the tax year, but you have completed a form P11 to keep records of earnings.
- Forms P38(S) 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.

## Computer users

If you do your own reprogramming, there are special notes to help you.

The Notes for Payroll Software Developers are published on a regular basis throughout the year and contain information to help you keep computerised payroll systems up to date with changing legislation.

The Notes are available on our website at [www.hmrc.gov.uk/comp](http://www.hmrc.gov.uk/comp)

If you would like to receive advance notification about future releases of the notes to our website, or a paper copy, please send your request, including your name and address, by email to

[hmrcnotes@replyservice.co.uk](mailto:hmrcnotes@replyservice.co.uk)

or you can write to

**Notes for Payroll Software Developers**  
**PO Box 17289**  
**Edinburgh**  
**EH 12 1WY.**

If you buy in payroll software for 2006-07 make sure that

- all the detail in this Helpbook is included and
- the program covers the changes from 6 April 2006 to PAYE and NICs rates and limits, as given in Helpbook E12, *PAYE and NICs rates and limits for 2006-07*.

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

## Payroll Standard

If a payroll software product displays the HM Revenue & Customs Payroll Standard logo it means that the product has been tested and meets the requirements listed in the Payroll Standard document.

The logo helps employers to identify payroll software products which have the essential features necessary to calculate PAYE, NICs, Statutory Payments and perform a range of other payroll functions.

You can view a list of accredited software suppliers and their products at [www.hmrc.gov.uk/ebu/acclist.htm](http://www.hmrc.gov.uk/ebu/acclist.htm) or call our Payroll Standard Helpline on **0845 915 9146** (09.00 to 17.00 Monday to Friday).



