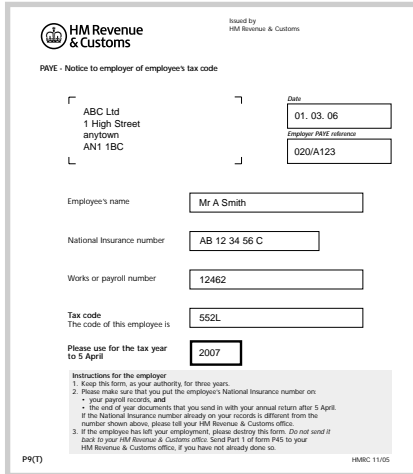


What happens now

You will not get a new tax code for every employee. Keep this note with any new tax codes – for the year starting on 6 April 2006 – until you are ready to set up your 2006–07 payroll. You will get new tax codes on

- form P9(T), or



- online versions of the P9(T). (The type will depend on your individual arrangements with us), or
- a paper list.

What to do before the new tax year starts

From 6 April

- The new threshold (starting point) for PAYE is £97 per week (£420 per month).
- The new emergency code is 503L.

A step-by-step guide to setting up your 2006–07 payroll.

Manual

Prepare a form P11 *Deductions Working Sheet*, or equivalent record, for each employee who will be working for you on 6th April 2006. You must use the P11 (2006–07) (or equivalent record). These are available from the Employer Orderline on **0845 7 646 646**.

Computer

Follow the same steps through your payroll software.

You are now ready to enter the tax codes for the new tax year starting 6 April 2006 on each form P11.

Employees with a new tax code on form P9(T) from your HM Revenue & Customs office

- keep and use the form P9(T) with the most recent date for each employee
- 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.

The P11s for these employees are now ready for the new tax year.

Employees without a new tax code on form P9(T) from your HM Revenue & Customs office

Carry forward the authorised tax code from last year's form P11 to the 2006–07 form P11 **but**

- **add 14** to any tax code ending in L, for example old tax code 489L becomes 503L
- do not copy/carry over any 'week 1' or 'month 1' markings
- change any tax codes where you received a form P6 too late to use in 2005–06.

If a tax code ending in **A** or **H** is being carried forward contact your HM Revenue & Customs office immediately.

Do not add 14 to a tax code where you have a form P9(T). The P11s for these employees are now ready for the new tax year.

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 you actually pay them after that date. Use the old tax code.

New employees

If someone starts between 6 April and 24 May, see Page 2 of Helpbook E12 *PAYE and NICs rates and limits for 2006–07*, 'Deciding what tax code to use'.

The Helpbook E12 *PAYE and NICs rates and limits for 2006–07*, included in your employer pack, also shows rates and limits for 2006–07.

What to do on 6 April

- Continue to use
 - Calculator Tables (May 2005)
 - Taxable Pay Tables SR + B to D (May 2005), or
 - the calculators on the Employer CD-ROM 2006.
- Keep and use Tax Tables A (1993).

Please turn over

Helplines

If you have any problems with setting up your payroll please call one of the Employers helplines below

New and inexperienced employers	0845 60 70 143
More experienced employers	0845 7 143 143
Employers with hearing difficulties please use textphone on	0845 60 21 380

Computer users

If you do your own reprogramming, the technical details for 2006-07 are in the December issue of our Notes for Payroll Software Developers.

These notes are available on our website at 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 e-mail to hmrcnotes@replyservice.co.uk or you can write to

Notes for Payroll Software Developers
PO Box 17289
Edinburgh
EH12 1WY

If you buy in software, make sure that you have an updated 2006-07 program.

Please check that

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

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