



Employing staff in the UK

This factsheet summarises the key tax compliance points you need to be aware of when employing staff in the UK. Please seek professional advice before you take on employees in the UK.

Register for PAYE with HMRC

When you take on an employee for the first time you will need to register as an employer with HMRC and obtain a Pay As You Earn (PAYE) scheme number. This can be done up to 4 weeks before first pay date.

All your payroll submissions and payments will be made under your PAYE reference number and Account Office reference.

New Starter

When you take on new employees you have certain responsibilities as an employer. Here is our standard checklist:

1. Ensure the employee has legal right to work in the UK.
2. Issue job offer and a UK employment contract to employee (make sure minimum wage requirement is met). The contract must be issued to the employee at the very latest 2 weeks after starting date.
3. Obtain job references.
4. Carry out a Disclosure of Barring (DBS) check (formerly Criminal Records Bureau (CRB) check) for certain jobs or voluntary work, e.g. working with children, in healthcare or in security.
5. Employers' liability insurance. NOTE as an employer you MUST have a UK compliant Employer's liability insurance in place.
6. Set up the employee in payroll software.
7. Obtain a P45 or P46 from employee before first pay date. P45 is issued by previous employer and P46 can be used when there is no P45 available.
8. Set up auto-enrolment/workplace pension

Workplace Pension

All UK employers must enrol new eligible employees in a workplace pension (also called auto-enrolment pension). The auto-enrolment can be postponed for up to 3 months from the date an employee starts employment.

As an employer you must register with the pension regulator and make a declaration of compliance. Once you register for PAYE with HMRC you will also receive a letter from the Pension Regulator with



further details. If this letter has not been received within 4 weeks of registering for PAYE, you should follow up with the pension regulator.

For more information see our Pensions Auto-Enrolment Fact Sheet which can be downloaded on our website. www.accountum.com/factsheets.

Monthly payroll

For each payroll period (6th of one month to 5th next month e.g. 6 April to 5th May) you must make an online Real Time Information (RTI) submission to HMRC containing details of salaries, PAYE/income tax and National insurance. The submission is due on the pay date of salaries. The PAYE and NIC must be paid and cleared HMRC's bank account by 22nd following the payroll period end e.g. for salaries paid between 6 April and 5 May, any PAYE and NIC must be paid by 22nd May.

The standard process is:

1. Gross salaries, overtime, bonus, leave and expenses are approved and recorded in the payroll system.
2. PAYE and NIC is calculated and payslips are generated
3. Payslips sent to employees
4. Pay net salaries (and expenses if included)
5. RTI submission to HMRC
6. Pay HMRC

Benefits and Expenses

Employees often receive taxable benefits from their employer e.g.:

- Company car
- Fuel benefit
- Private medical insurance
- Accommodation

Taxable benefits are normally reported once per year on a form P11D. The P11D and any NIC due must be filed and paid by 6 July following the tax year. The UK tax year runs from 6 April to 5 April so the P11D for the 2020/21 tax year must be filed and NIC paid by 6 July 2021.

When the P11D has been filed it is common that the employee's PAYE coding is changed which may impact the employee's net pay as HMRC may try to collect unpaid income tax through payroll.

To avoid changes in PAYE codings taxable benefits can be put through payroll and taxed in each pay period instead of once per year. To payroll benefits the employer must write and inform HMRC before the new Tax Year commences.



How we can help

Accountum offer a full payroll service. We can help you with all aspects from registration, RTI submissions and monthly payroll, P11D and pension administration.

We can also assist with internationally mobile employees and tax advice including post BREXIT regulations.

Please contact us for further information.