



Fact Sheet Employer's Guide to Tax and National Insurance



This Fact Sheet has no standing in Law; it is for information purposes only. We urge you to contact the Inland Revenue for the most current information.

This Fact Sheet aims to give you a better understanding of your legal responsibilities as an employer with regard to Tax and National Insurance (NI) matters. It is crucial that, as an employer of staff, you are fully aware of these responsibilities, and the need to make your new Personal Assistants (PAs) aware of the situation before they start their employment with you.

When you first take on your PA

As an employer, you are responsible for paying your PAs, providing them with a pay slip, and making the correct deductions from their wages for Tax and NI.

You need to explain to your PA that by law, Tax and NI will be deducted from their pay. You are legally obliged to make sure that any Tax and NI due are deducted from your PA's wages. You can do this yourself by contacting the **Inland Revenue** and asking for a starter pack on **08453 021 455**.

Payroll

Payroll schemes ensure that your PA's Tax and NI contribution are deducted and therefore you and your PA are safeguarded against demands from the Inland Revenue.

Many people find deducting Tax and NI confusing, and have opted to use a Payroll Service. Dash will be able to introduce you to a Payroll service, so you don't have to worry about deducting the PA's Tax and NI. Please call DASH on 0208 848 8319 for help in setting up a payroll service.

How do I know if any Tax or National Insurance should be paid ?

The PA can earn up to £125 (£540 monthly) a week for 2010/2011 before their pay becomes taxable. If you pay your PA between £97 and £110 a week (for 2010/2011) you will still need to register for Payroll Services, so that it can contribute towards your employee's state pension and benefits

As an employer, you will need to pay Employer's National Insurance contribution and deduct Employee's National Insurance contribution for any employee who earns at or above this level.

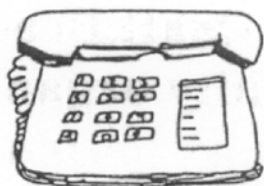
It is important when you are deciding how much to pay your PA, that you take into account the Employer's NI contribution.

What if my new employee is a student?

If your PA is at college or university and only works for you during term breaks at Christmas, Easter, or the summer, then you will need to ask him or her to complete a Student Declaration Form, P38 (s) (available from the Tax Office), and you will not have to deduct any Tax from their earnings.

If they are working in term time, they will need to fill in a P46.

Further Information



If you need anymore information about employers Tax and National Insurance contribution call the Direct Payment Team at Dash on 020 8848 8319.

The New Employers Helpline can help you with a range of queries about being an employer. Tel: 0845 60 70 143.