



RIFT

Safety in numbers

A SOLE TRADER'S GUIDE TO PAYING STAFF

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As a Sole Trader, you don't have to pay yourself through PAYE, but if you have employees you'll need to pay them through the scheme. This is HMRC's way of collecting Income Tax and National Insurance payments from your staff and getting you to do all the work. Some staff are exempt from PAYE payments if they are on a low salary, but you'll still have to keep payroll records.

EMPLOYER'S PAYE RESPONSIBILITIES

- You will need to register as an employer with HMRC.
- You will need to pay your staff through a payroll system, deduct tax and National Insurance if applicable and handle student loan repayments, pension contributions, sick pay, holiday pay, maternity leave, etc.
- You have to let HMRC know when a new employee joins or their circumstances change, and file the monthly payroll information (RTI - Real Time Information), even if no payments are made.
- You must make sure you pay your staff the National Minimum Wage Rates or more.
- Usually, you will have to pay Employers' National Insurance contributions to HMRC as well.
- Employers running payroll must pay their PAYE bill to HMRC by the 19th of the month, or the 22nd if paying online. You will probably have to pay interest and penalties if you don't pay on time.
- You have to send your final payroll report (Full Payment Submission) at the end of the tax year, including telling HMRC about any expenses or benefits.
- You will need to update employee payroll records at the beginning of each year, identifying the correct tax code for each person.
- By the 31st of May each year, you have to give a P60 to all employees (who were working on the last day of the tax year). This summarises their total pay and deductions across the whole year.
- By the 6th of July, you have to submit a report to HMRC on all expenses and benefits (includes Form P11D for each applicable member of staff).

WHAT RIFT ACCOUNTING CAN DO

Employment law can be complicated, and mistakes are costly and dangerous. Here are just a few of the things we can do to help:

- We can register you as an employer with HMRC.
- We set up a payroll system for you.
- Calculate the Income Tax, National Insurance contributions and other payments of each member of PAYE staff, so you can pay HMRC the correct amounts each month.
- Calculate the Employers' National Insurance contributions so you can pay HMRC the correct amounts each month.
- Compile and send the final payroll report and expenses and benefits report to HMRC each year.
- Calculate the P60s of all your employees each year.

NOTE

From April 2017 you will need to contribute towards your staff's Workplace Pension.

MAKING EMPLOYMENT LAW WORK FOR YOU

If you're a new Sole Trader and need to take on a few extra hands to manage your workload, we can help you get registered as an employer and organise a payroll system for you. Even if you're already established, we can still take the weight off your shoulders as your agent with HMRC. Either way, we'll make sure that the Income Tax, National Insurance and other payments and deductions of each of your PAYE employees are calculated correctly and on time. All your expenses and benefits reports will be taken care of, and we'll calculate the P60s of all your employees each year.

The software we use is award-winning and comes from our partner, Clear Books. It's simple and friendly, with an in-built payroll module so you'll never be in the dark. You and your Account Manager can securely log in together to make sure you're always up-to-date.

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