



**RIFT**

Safety in numbers

# LIMITED COMPANY: A GUIDE TO PAYING STAFF

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# A GUIDE TO PAYING STAFF

If a Limited Company is paying permanent and part-time workers (including yourself), you will need to operate a PAYE (Pay As You Earn) scheme through a payroll system. 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 will still have to keep payroll records.

# EMPLOYER'S PAYE RESPONSIBILITIES

Becoming an employer comes with many obligations, and it's essential to keep up with them. Here's what you need to know.

- 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 for most of your employees, 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.
- 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 22nd of the month. 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

With expertise in all areas of employment law, we're in the perfect position to help you get it right. Here's a quick taste of what we can do for you:

- We can register you as an employer with HMRC.
- We can set up a payroll system for you that will:
- 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.**

# LIGHTEN YOUR LOAD WITH RIFT ACCOUNTING

If you're just setting up, we can get you registered as an employer and organise a payroll system for you. If you're already established, we can still take the weight off your shoulders as your agent with HMRC. Our partner, Clear Books, provides simple and friendly software with an in-built payroll module so you'll never be in the dark.

If you're a Director of the company, it's best to register for Self Assessment and fill in a personal tax return every year, even if you're on PAYE and don't take any other company benefits. We'll make sure that the Income Tax, National Insurance and other payments of each of your PAYE employees are calculated correctly and on time, and get everything submitted to HMRC for you. All your expenses and benefits reports will be taken care of, and we'll calculate the P60s of all your employees each year.

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