PAYE for Nannies Ltd

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Important Payroll Information

Please take some time to digest this document and don't hesitate to contact us if you have any queries. The information is updated periodically so please do read this, even if you have received it previously.

The Three Golden Rules of PAYE

Whilst there are many regulations to follow as an employer, the majority of issues can be avoided by observing the following:

1. Check every payslip when it arrives and only ever pay the net amount shown
2. If you haven't received a payslip in time to pay, contact us immediately
3. If you need to pay something other than the amount shown, contact us immediately

HMRC **will** be enforcing penalties for late / inaccurate submissions so it is imperative that you stick to the rules above or you are likely to face penalties starting at £100.

Payments, gifts & benefits

If you plan on making any payment to your employee that would not be routinely covered under the payslip, or if you give them any kind of gift (e.g. a Christmas gift) or benefit, we must be informed **before** it happens as it may be considered taxable and need to be declared through the payroll. HMRC do not usually want you to declare 'trivial' gifts, and gifts with a value of less than £50 would typically not be considered taxable. However, **cash gifts or gift vouchers / cards of *any* value are taxable**, and benefits such as tickets for travel, health insurance, the private use of a car and Ofsted registration fees are also taxable.

Sick Pay (including SSP)

If your employee is absent from work for fewer than four consecutive working days we would only need to be informed if you planned on making a deduction from their pay. If a deduction is necessary or if the absence exceeds three consecutive working days, you should email us immediately so we can calculate the deductions and statutory sick pay (SSP) which may apply from the fourth consecutive working day. For SSP to be payable we would need to know the dates of the absence. SSP is mandatory (if appropriate sick notes have been provided) and *cannot* be recovered from HMRC so you will bear the cost of the payments.

Statutory Maternity Pay (SMP)

If your employee falls pregnant in your employment and is paid above the lower earnings limit (LEL, £120/wk from April '21) then she will most likely qualify for SMP in your employment. This is payable by the employer but it is funded *in full* by HMRC, normally before you are due to make the first payment to her. For us to be able to assist with this we would need you to post us the original MATB1 certificate and email us with the date she plans to start her maternity leave. The MATB1 is given to the employee by the midwife after she attends her 20 week scan.

Termination & Redundancy

Within the first two years of employment, you can usually give your employee notice of termination without having to give a reason and could re-employ someone on the same terms. After the first two years you are no longer able to do this and can only end the employment through a redundancy process, a disciplinary process or, in extreme cases, an incident of gross misconduct. In the event of redundancy, no statutory payment is payable until the employee has completed two years service. We can provide advice on these various processes and calculate redundancy payments.

Typical working hours

We are obliged to submit your employee's typical working hours to HMRC with each payroll that is processed. If your employee's hours change – even if their pay does not – you must notify us as HMRC rely on this number to calculate entitlement to various benefits.

Payroll processes

Under RTI it is essential that we report to HMRC what you are going to pay your employee **before** you make the payment. This submission is made to HMRC as part of running the payroll. You cannot choose to pay weekly while receiving a monthly payslip (or vice versa). For a monthly payroll the earliest you can pay your employee is upon receipt of the payslip and the latest is the 5th of the following month. If you routinely email the pay figures, they must be sent before the 1st of the following month to ensure we have enough time to turn the payroll around.

If any amendments (e.g. for unpaid leave, SSP etc.) are required you should try to let us know as soon as possible. For employers with a fixed averaged payroll, the cut-off dates are the 15th (monthly payslips) and the 1st (weekly payslips). If you pay something other than the figure shown on the payslip this may result in an automatic penalty with HMRC. These penalties *start* at £100 per late submission.

For employers with gross pay agreement (roughly 96% of our clients) you still pay your employee the *net* figure shown on the payslip and will be required to pay the tax and NI directly to HMRC each quarter based on the details we provide. **The net figure may vary from payslip to payslip so you should *not* pay by setting up a standing order.**

Mileage

You can currently pay up to 45p per mile to employees as a mileage allowance for "business" travel (**not** travel from home to work) for up to 10,000 miles per annum. This allowance is non-taxable and need not be reported. If you pay more than 45p/mile this becomes taxable and must be declared. You must keep records of the amounts and the journeys claimed. Payments do not go through the payroll ; you can simply pay them directly to the employee. You should *not* pay a fixed petrol allowance (e.g. a fixed £20/mth) as this would be considered a taxable benefit and *would* have to go through the payroll.

Holidays

All employees have a statutory entitlement to paid leave. For an employee that works all year round, the entitlement is 5.6 weeks. This includes normal paid leave as well as bank holidays falling on normal working days that are taken as paid leave. The entitlement is not reduced pro-rata for part-time workers as the 'week' is defined as the employee's working week, e.g. an employee working 3 days/wk is entitled to 5.6, 3 day weeks, a total of 16.8 days.

Paying tax and NI

For most employers the tax and NI will be payable on a quarterly basis. The tax-year runs from the 6th April and the payments will typically be due by the 19th July, October, January and April. We will provide explicit instructions with the payroll documents that explain when a payment is due and how to go about making the payment.

Ending Employment

If your employee is due to leave, please let us know as soon as possible even if you do not have all of the details. Payrolls are produced in advance and this can cause issues if we do not find about that an employee has left until after the fact.

Business Payrolls

Finally, in addition to nanny payrolls we also offer business payrolls through our sister company 'PFN Payroll'. Our services include payroll processing, pension processing and a dedicated Automatic Enrolment service for businesses who already have a payroll service but require additional pension support.