

Working Tax Credit paid with wages

From 6 April 2003

An employer's guide to
Working Tax Credit
including advance funding

Help

If you need help with anything in this booklet

Call

Employer's Helpline 0845 7 143 143

Monday to Friday 8am until 8pm

Saturday and Sunday 8am until 5pm

Hearing or speech impaired employers

Textphone 0845 602 1380

Business Support Teams

We have a UK-wide network of Inland Revenue Business Advisers who can help you get started on Working Tax Credit. Workshops run in the morning or afternoon and will tell you about the payroll records to keep and the how and why of filling in forms and returns. A Working Tax Credit workshop would last 2 to 3 hours.

Call 0845 60 70 143 or log on at www.inlandrevenue.gov.uk/bst/index/htm for details of

- a variety of payroll workshops, designed with busy employers in mind
- how to arrange a one-to-one visit at a place and time to suit you.

Yr Iaith Gymraeg/Welsh Language

Ffoniwch 0845 302 1489 I dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

Forms and guidance in Braille, large print or audio

We have a range of services for people with disabilities, including leaflets in Braille, audio and large print. For details, please ask at your local Inland Revenue office or Enquiry Centre.

Payroll - advice and guidance

For help on other subjects

- call the Employer's Helpline
- go to www.inlandrevenue.gov.uk/employers
- use Employer's CD-ROM

e-business

To keep up to date with the Inland Revenue on-line services available look out for articles in the Employer's Bulletin.

Or you can go to www.inlandrevenue.gov.uk/employers Then click on the 'Doing e-business' link at the bottom of the right hand page, links include

- Internet service for PAYE
- Electronic Data Interchange - PAYE.

Tax credits - help for employees

Employees can find out if they're entitled to tax credits, get a detailed calculation and claim online at www.inlandrevenue.gov.uk/taxcredits

Or they can get help and advice by ringing the Helpline

- call 0845 300 3900
- textphone 0845 300 3909

Monday to Friday 8.00am - 8.00pm.

In Northern Ireland

- call 0845 603 2000
- textphone 0845 607 6078

Monday to Friday 8.00am - 8.00pm.

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What's new, what's different?

Background

Working Tax Credit replaces, among other things, the adult elements of Working Families' Tax Credit (WFTC) and the Disabled Person's Tax Credit (DPTC) from 6 April 2003. It is for working people, whether or not they have a child.

Child Tax Credit replaces the child-related elements of WFTC and DPTC, plus the Children's Tax Credit from 6 April 2003. The Child Tax Credit will not be paid with wages. Along with the childcare element of Working Tax Credit, it will be paid directly to the person in the family who is mainly responsible for looking after the children.

| Old rules to 5 April 2003 | New rules from 6 April 2003 |
|---|---|
| <p>Notice to start paying</p> <p>14 days for weekly paid employees 42 days for all other employees</p> | <p>Notice to start paying</p> <p>42 days for all employees</p> |
| <p>Period of payment</p> <p>Paid for the period for which salary or wages are being paid</p> <p>Always started on a Tuesday</p> <p>'End date' shown on 'Start notice'</p> <p>Stops and starts every 6 months</p> <p>Payments could be made for the whole of the pay period that included the date an employee left</p> | <p>Period of payment</p> <p>No change</p> <p>Can start any day of the week</p> <p>No end date. You should pay until we ask you to stop or until your employee leaves</p> <p>We may ask you to amend the daily rate if your employee's circumstances change</p> <p>Working Tax Credit can be paid only up to (and including) the date an employee leaves</p> |
| <p>Earnings enquiries</p> <p>Awards based on recent earnings meant supplying</p> <ul style="list-style-type: none"> • Details for employees with missing payslips • Estimates of earnings for new employees | <p>Earnings enquiries</p> <p>Should be far fewer. We will not be making earnings enquiries routinely</p> <p>Awards based on income for the previous tax year</p> <p>We will ask the employee for the details from</p> <ul style="list-style-type: none"> • P60 • payslips • form P9D - details of expenses • form P11D - details of expenses and benefits. |

| Old rules to 5 April 2003 | New rules from 6 April 2003 |
|--|---|
| <p>Application for money to cover payments</p> <p>Advance funding supplied any time</p> | <p>Application for money to cover payments</p> <p>Advance funding available on 6th of each month or anytime if a late application received</p> |
| <p>Old forms</p> <p><i>Start notice, form TC01</i></p> <p><i>Certificate of Payments, form TC02</i> (Employee leaves)</p> <p><i>Stop notice, form TC03</i></p> <p><i>Explanation of funding, form TC10</i></p> <p><i>Tax credit funding application, form TC11</i></p> <p><i>Funding statement, form TC12</i></p> | <p>New forms</p> <p><i>Start notice, form TC700</i> Notification of Working Tax Credit payments</p> <p>Not required for Working Tax Credit. You simply stop paying Working Tax Credit when employee leaves. We ask claimants to tell us about any change in their circumstances</p> <p><i>Amendment notice, form TC701</i> Notification of revised daily rate</p> <p><i>Stop notice, form TC702</i></p> <p><i>Emergency stop notice, form TC703</i> Where payments are to cease as soon as possible we will agree a date with you before sending the notice</p> <p><i>Restart notice, form TC704</i> Where payments are to restart as soon as possible we will agree a date with you before sending the notice</p> <p>Not required for Working Tax Credit Information about funding is on form <i>TC711</i></p> <p><i>Tax credit funding application, form TC711</i></p> <p><i>Monthly funding, form TC712</i> Notice of amount to be paid into your business account by us</p> <p><i>Employer funding - change of circumstances, form TC717</i> For you to tell us about changes in funding needs</p> |

Working Tax Credit paid with wages - the bigger picture

This booklet does not cover all the law and details of Working Tax Credit payments by employers. The booklet contains only what most employers will need to know to be able to run an efficient payroll operation.

Special cases and situations are shown throughout the booklet with pointers on where to go for more information or help. But the guiding rule is - if in doubt call the Employer's Helpline as soon as possible on **0845 7 143 143**.

Background

Working Tax Credit is a government funded earnings top up. The amount paid depends initially on the claimant's current personal and family circumstances and income in the previous tax year. The amount can change if the claimant's income or circumstances change.

Who gets Working Tax Credit?

Anyone who is awarded Working Tax Credit by the Tax Credit Office.

Who pays?

All employers must be ready to pay Working Tax Credit with wages through payroll.

The Inland Revenue pays the first 42 days' money direct to your employee. After that you will pay Working Tax Credit, with wages, until you are told to stop or your employee leaves.

We will give you 42 days' notice of when payments are due to start and how much to pay. This should give you time to get your payroll organised and look at whether you will have enough money to cover the payments.

Special cases

Go to page 15 for an insolvent business.

First things to do

Check the details on the Start notice - page 8.

Check that you will have enough money to cover the payments - page 9.

Where does the money come from?

You must pay Working Tax Credit out of the deductions you make for

- PAYE tax
- Student Loan deductions
- National Insurance contributions (employer and employee)
- Subcontractor deductions in the Construction Industry Scheme (CIS).

So check that what you have to pay out in Working Tax Credit will be covered by what you expect to collect in the same period.

If your deductions will not cover the Working Tax Credit payments you can ask us to fund the difference.

Balancing the books

Working Tax Credit must be shown as a separate entry on your employee's payslip and *End of Year Certificate*, form P60.

Your *Employer's Annual Return*, form P35 will have entries for

- the total Working Tax Credit you have paid out and
- any money received in advance from us to fund Working Tax Credit.

Keeping records

You must keep records of payments and hang on to them for three years after the end of the tax year to which they relate.

Documents vital for claims

Tell your employees to keep their

- payslips
- P60
- form P9D - details of expenses
- form P11D - details of expenses and benefits.

If they claim Working Tax Credit, they will have to put how much they earned in the last tax year on the claim form.

Information

Employment rights

Employees can appeal to an Employment Tribunal if their employer dismisses or discriminates against them on the grounds that they are entitled to receive Working Tax Credit.

The Start notice

This will arrive at least 42 days before the date when you must start payment.

Check that it's right

Employer

- No longer running PAYE? - Tick the box in the 'Declaration' on the back of the form and send it back to the Tax Credit Office. (The TCO will pay your employee direct.)
- Not making any payroll deductions? Tick the box in the 'Declaration' on the back of the form and send it back to the Tax Credit Office.

Extract of form TC700, page 1

HM Revenue

Tax credit

Employer reference 131/V30

Date 08 APRIL 2003
Issued by

PCDIDX 00001113 001 001

VFM LTD
36 SOHO GARDENS
LONDON

INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

MR2 8QT

W1V 4LD

Start notice

Please start paying tax credit to the employee named below with his or her pay. Check that this person works for you, and that you expect to employ them for at least three pay periods that follow one after the other from the start date shown below.

If you do not, or if you no longer operate PAYE, please complete the declaration overleaf and return this form to us at the above address.

Check that the employer reference shown above is correct. If it is not, please phone the number at the bottom of this letter and tell us the correct reference. You should still start to pay tax credit even if the employer reference shown is incorrect.

| | |
|---------------------------------|---|
| Employee's surname | DOE |
| First name | JANE |
| National Insurance number | AB 12 34 56 C |
| Payroll/Works number | W/1272 |
| Issue number | 0001 |
| Start paying tax credit from | 20/05/2003 |
| The daily rate of tax credit is | £5.50 each calendar day (including Saturdays and Sundays) |

Continue paying tax credit until we tell you to stop, or the employee leaves. The daily rate is per **calendar day**, so for weekly paid staff multiply the daily rate by 7. Monthly paid staff should receive the daily rate multiplied by the number of days in the month (including weekends and public holidays).

The table overleaf will help you work out how much tax credit to pay each pay day. Enter the amount of tax credit for each pay period on the employee's P11 Deduction Working Sheet or equivalent record. Show tax credit as a separate item on the employee's payslip.

Tax credit is not subject to PAYE or NICs. Further guidance can be found in Employer Help Book *Day-to-day payroll, E13*.

If you need help please call the tax credit Employer's Helpline on 08457 143 143.

TC700 B59/02

Employer reference

Wrong? - Call the Employer's Helpline on **0845 7 143 143**.

Employee name

Not on your payroll? - Tick the box in the 'Declaration' on back of the form and send it back to the Tax Credit Office.

Start paying

- Employee left? - Tick the box in the 'Declaration' on the back of the form, note the date of leaving, and send the form back to the Tax Credit Office.
- Due to leave? If your employee won't have at least 3 consecutive pay packets from you after the 'start date', tick the box in the 'Declaration' on the back of the form, note the date of leaving, and send it back to the Tax Credit Office.

Where does the money come from? ► page 9
Paying Working Tax Credit with wages ► page 11

Where does the money come from?

We will give you 42 days' notice that we want you to pay Working Tax Credit.

You must pay the Working Tax Credit out of the payroll deductions you make for

- PAYE tax
- Student Loan deductions
- National Insurance contributions (employer and employee)
- Subcontractor deductions in the Construction Industry Scheme (CIS).

Use the 'quick check' on the next page to see if you will have enough funds to cover. If not ask us for help with advance funding for payments immediately.

Advance funding

Applying for money to help pay Working Tax Credit is easy.

The money will be paid into your business bank or building society account by the 6th of each month. The initial amount will cover any payments made in the first two months. We will then automatically adjust the amount if we ask you to pay

- more Working Tax Credit - an increase, or new Working Tax Credit employees
- less Working Tax Credit - a decrease or fewer Working Tax Credit employees.

Please give us at least 9 working days before the 6th of the month so we have time to organise the funds. But don't worry. If time is short we will do our best to get funding to you as soon as possible.

Use the form called *Tax credit funding application*, form *TC711*.

This arrived with your first Start notice. But if you can't find it

- call the Employer's Orderline on **0845 7 646 646**
- go to www.inlandrevenue.gov.uk/employers/emp-form.htm
- fax an order on **0870 2 406 406**.

Section 2 of the form asks for the Start Date for funding.

Form TC711, page 2

Section 2 About the funding you need

We will calculate the funding you need, based on

- the information you give us below, and
- information we hold about the amount of tax credit payments we have asked you to make.

Please try to be as accurate as possible to avoid being paid too much or too little funding.

2.1 Enter the Start Date for funding
This is the date you would like funding to be calculated from, not the date you require payment by. Applications can only be backdated to the start of the current tax year.

1 8 / 0 5 / 2 0 0 3

2.2 Estimated pay-over
Please enter the amount you normally expect to collect and pay over to your Accounts Office each month, before paying any tax credit. This cannot be a negative amount. Include the following

- Pay As You Earn (PAYE) deductions
- Student Loan (SL) deductions
- National Insurance contributions (NICs)
- Construction Industry Scheme (CIS) deductions.

If you estimate that the amount you collect and pay over may change throughout the year and you wish to inform us of these changes now, please complete section 5.

2

Show the start of the Working Tax Credit pay period where you don't expect to have enough payroll deductions to cover the Working Tax Credit payment.

Information

After you have asked for funding

- watch for the statement of Monthly funding, *Funding notice*, form *TC712*. This lets you know how much to expect
- tell us straight away if there are changes to the details of your original application
 - use *Employer funding - change of circumstances*, form *TC717*, or
 - call your Accounts Office.
- at the end of the tax year 5 April - if you have funding left over call your Accounts Office.

If you have any questions about funding call your Accounts Office

Cumbernauld
ShIPLEY

0845 602 3518
0845 602 3516

Special cases

Go to page 15 for disagreements on the amount of funding.

Where does the money come from? *continued*

Quick check - will you have enough money to cover payments?

Working Tax Credit is paid for every calendar day, not working days.

Daily rate of tax credit from front of Start notice

First tax credit payment

Number of calendar days
start date to end of pay
period (inclusive)

x (box A) =

Subsequent payments

Number of calendar days
in pay period

x (box A) =

Total of first two pay day's tax credits (boxes B + C) =

Money you expect to collect for the same period from all your employees

PAYE tax

Student Loan deductions

National Insurance contributions (employer
and employee)

Subcontractor deductions in the Construction
Industry Scheme

Total money available (boxes E + F + G + H)

Less what you expect to pay out in
Statutory Sick/Maternity/Paternity/Adoption Pay

Net amount available for paying Working Tax Credit (box I minus box J) =

If K is less than D you won't have enough to cover the tax credit payments. Fill in your *Tax credit funding application*, form TC711.

Paying Working Tax Credit with wages

The *Start notice*, form *TC700*, will tell you when to start and how much to pay.

Starting payments

Do

- Pay the Working Tax Credit every pay day.
- Pay the number of calendar days in the pay period multiplied by the daily rate of tax credit shown on the *Start notice*.

The start and finish periods probably won't be a full week or month but otherwise you will pay 7 days to weekly paid employees; for monthly paid employees it will be 28 (29) for February, 30 or 31 for other months.

- Pay Working Tax Credit in advance if you pay your employee in advance.
- Pay the full amount even if your employee hasn't worked for you every day of the pay period.
- Pay the full amount even if you are only paying
 - Statutory Sick Pay
 - Statutory Maternity Pay
 - Statutory Paternity Pay
 - Statutory Adoption Pay
 - sickness, maternity, paternity or adoption payments under your own scheme.
- Show the Working Tax Credit as a separate entry on the employee's wage slip
- Keep a record of the Working Tax Credit paid on the *Deductions Working Sheet* - form *P11*, column 9.

Do not

- Add Working Tax Credit to wages before you work out tax and National Insurance contributions. It's not liable to PAYE tax and National Insurance contributions.
- Add Working Tax Credit to wages when working out pension contributions. It's not treated as earnings.

Changes to amounts

We will send you an *Amendment notice*, form *TC701* if we want you to change the daily rate and we will give you 42 days' notice. But we won't ask you to deal with more than two amendments in the employee's pay period (weekly/monthly/other). If you do get a third call the Employer's Helpline on **0845 7 143 143**.

No wages/salary due

You can make up a pay packet for the employee in order just to pay the Working Tax Credit. But you don't have to. See 'Stopping payment.'

Stopping payment

You can only stop payment if

- we tell you to on either
 - *Stop notice*, form *TC702* (you will have 42 days' notice), or
 - *Emergency stop notice*, form *TC703* (we will have agreed a date with you)
- you have no wages, sick pay or maternity/paternity/adoption pay to pay on pay day. If this is the case, please call the Employer's Helpline for advice
- your employee
 - leaves
 - dies.

If you have paid Working Tax Credit beyond the date of leaving or beyond the date of death please ask the Employer's Helpline for advice without delay. Call on **0845 7 143 143**.

Special cases

Go to page 15 for

- Mistakes in payment
- Employee loans
- Earnings Orders
- Holiday Pay in advance
- Trade disputes
- Employees with more than one employer

Paying Working Tax Credit with wages *continued*

Examples

Work out how many days there are

- from the date you have been told to start paying Working Tax Credit, to
- the last day of the pay period in which the Working Tax Credit start date falls.

Include the start date and the last day.

Weekly paid

Daily rate of Working Tax Credit £10.36

Employer pays every Wednesday, one week in arrears, for work done in previous week.

Pay period is Monday to Sunday.

Start date is Friday 14 June 2003.

On Wednesday 19 June 2003 the employer will pay

- 3 days Working Tax Credit £31.08 (Friday 14 June, Saturday 15 June, Sunday 16 June) plus
- wages for the period 10 - 16 June.

The following Wednesday the employer will pay Working Tax Credit $£10.36 \times 7 = £72.52$

Monthly paid

Daily rate of Working Tax Credit £10.36

Employer pays on last working day of the month, in this example 29 June 2003.

The last day of the pay period is 30 June 2003.

Start date is 9 June 2003.

On 29 June 2003 the employer will pay

- 22 days Working Tax Credit £227.92 (9 - 30 June), plus
- the month's salary.

The following month the employer will pay Working Tax Credit

$£10.36 \times 31$ (days in July) = £321.16

Revenue Tax credit

Employer reference 131/V30
 Date 08 APRIL 2003
 Issued by

PCDIDX 00001113 001 001
 VPM LTD
 36 SOHO GARDENS
 LONDON
 W1V 4LD

INLAND REVENUE MINISTER
 GOVERNMENT BUILDINGS
 HIGH STREET
 MINISTER
 MR2 8QT

Start notice
 Please start paying tax credit to the employee named below with his or her pay. Check that this person works for you, and that you expect to employ them for at least three pay periods that follow one after the other from the start date shown below. If you do not, or if you no longer operate PAYE, please complete the declaration overleaf and return this form to us at the above address.

Check that the employer reference shown above is correct. If it is not, please phone the number at the bottom of this letter and tell us the correct reference. You should still start to pay tax credit even if the employer reference shown is incorrect.

Employee's surname DOE
 First name JANE
 National Insurance number AB 12 34 56 C
 Payroll/Works number W/1272
 Issue number 0001

Start paying tax credit from 14/06/2003
The daily rate of tax credit is £10.36 each **calendar day** (including Saturdays and Sundays)

Continue paying tax credit until we tell you to stop, or the employee leaves. The daily rate is per **calendar day**, so for weekly paid staff multiply the daily rate by 7. Monthly paid staff should receive the daily rate multiplied by the number of days in the month (including weekends and public holidays).

The table overleaf will help you work out how much tax credit to pay each pay day. Enter the amount of tax credit for each pay period on the employee's P11 Deduction Working Sheet or equivalent record. Show tax credit as a separate item on the employee's payslip.

Tax credit is not subject to PAYE or NICs. Further guidance can be found in Employer Help Book *Day-to-day payroll*, E13.

If you need help please call the tax credit Employer's Helpline on 08457 143 143.

TC700 859/02

Information

Working Tax Credit is paid for every calendar day, not working days.

Employees will have different daily rates, depending on their circumstances.

Start paying tax credit from 14/06/2003

The daily rate of tax credit is £10.36 each **calendar day** (including Saturdays and Sundays)

Record keeping and balancing the books

You must keep all payroll records and Working Tax Credit forms for three years after the end of the tax year to which they relate.

Information

From time to time Inland Revenue officers visit employers to see if their payroll is running smoothly. If they call on you they will ask to see your tax credits records and documents.

Under tax credits legislation, penalties can be imposed where employers fail to pay Working Tax Credit correctly or to provide correct information. However, penalties are used as a last resort, and they cannot be imposed where an employer has made an innocent error.

You must keep a record of tax credit paid on the employee's *Deductions Working Sheet*, form P11, or something similar.

Extract from form P11

| Total taxable pay to date i.e. column 3 <i>minus</i> column 4a or column 3 <i>plus</i> column 4b * | | | K codes only | | | | K codes only | | | Tax Credits | | | | | | | |
|--|---|---|---|---|---|---|--------------|---|--|-------------|---|--|---|---|---|---|---|
| Total 'tax due' to date as shown by <i>Tables SR + B to D</i> | | | Tax due at end of current period <i>Mark refunds 'R'</i> | | | Regulatory limit i.e. 50% of column 2 entry | | | Tax deducted or refunded in the week or month <i>Mark refunds 'R'</i> | | | Tax not deducted owing to the Regulatory limit | | | | | |
| 5 | £ | p | 6a | £ | p | 6b | £ | p | 7 | £ | p | 8 | £ | p | 9 | £ | p |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |

Enter Working Tax Credit paid on your Accounts Office payslip, form P30BC.

Extract from form P30BC

| Calculation of net Income Tax – monthly payments | | | | | | | | | |
|--|---|-------------------------|-------------------------------|------------------------------|-----------|------------------------------------|----------|---|---|
| Date | Income Tax including subcontractor deductions | Student Loan Deductions | Tax Credits paid to employees | Net Income Tax (1+2 minus 3) | Gross NIC | Statutory Sick Pay (SSP) recovered | Sta (SN) | | |
| 1 | £ | 2 | £ | 4 | £ | 5 | 6 | £ | 7 |
| 5 May | | | | | | | | | |
| 5 Jun | | | | | | | | | |
| 5 July | | | | | | | | | |
| 5 Aug | | | | | | | | | |
| 5 Sep | | | | | | | | | |
| 5 Oct | | | | | | | | | |
| 5 Nov | | | | | | | | | |
| 5 Dec | | | | | | | | | |
| 5 Jan | | | | | | | | | |
| 5 Feb | | | | | | | | | |

Record keeping and balancing the books *continued*

Enter Working Tax Credit as a separate entry on your employee's year-end form, the *P14* and the *P60*.

Extract from form P14 (2003-04)

The image shows a portion of form P14 (Manual) (2003-04). It includes fields for Statutory Paternity Pay (SPP) and Statutory Adoption Pay (SAP), both in £ and p. There are sections for Tax deducted (£ and p) and a note to enter 'R' if net refund. A box for Student Loan Deductions (whole £s only) is shown, along with Tax Credits (£ and p). A section for Payment in Week 53 is also present. The footer includes 'Inland Revenue National Insurance copy' and 'P14(Manual)(2003-04)'. A purple arrow points from the text above to the Student Loan Deductions field.

Enter on your *Employer's Annual Return*, form *P35*

- the total Working Tax Credit paid
- the advance funding received from the Inland Revenue and used in the year of the form *P35*.

Extract from form P35 (2003)

The image shows a portion of form P35 (2003). It includes fields for Funding received from Inland Revenue to pay SSP/SMP/SPP/SAP (£), Total Tax Credits paid to employees (£), and Funding received from Inland Revenue to pay Tax Credits (£). There are calculation boxes for 23 (£), 24 (£), 25 (£), 26 (£), 27 (£), 28 (£), 29 (£), and 30 (£). A section for NOW PAYABLE is highlighted in blue. A note at the bottom states: 'Do not send your payment if a payment is due, see your P30BC Paysheet'. A purple arrow points from the text above to the Funding received from Inland Revenue to pay Tax Credits field.

Special cases

From Page 6

Insolvent business

If you are no longer able to pay your employees Working Tax Credit please call the Employer's Helpline on **0845 7 143 143**.

From Page 9

Disagreements on the amount of funding

If you think the amount on the monthly *Funding notice*, form *TC712*, is wrong call your Accounts Office. The phone number and reference you will need are at the top of the form.

In the unlikely event that you cannot sort out the problem over the phone you can make a more formal appeal. But you must do this, in writing, within 30 days of the issue date on the top of the form *TC712*.

Ask your local Inland Revenue office for leaflet IR37, Appeals against tax, National Insurance contributions, Statutory Sick Pay and Statutory Maternity Pay. This will give you more detail on how the appeal system works.

From Page 11

Mistakes in payment

You must make your own arrangements to get the money back if you have paid

- too much, that is more than we have told you to, or
- you have paid the wrong person.

If you have paid too much Working Tax Credit in one pay period you can put it right by paying a smaller amount in a subsequent period.

From Page 11 *continued*

Employee loans

Always pay the full amount of Working Tax Credit we have told you to pay. You cannot take Working Tax Credit money to cover repayments due on loans made to your employees.

Earnings Orders

You cannot take Working Tax Credit money to cover

- Attachment of Earnings Orders
- Arrestment of Earnings (Scotland)
- Child Support Agency Deductions from Earnings Orders.

For further advice about

- Attachment orders contact the court or local authority
- CSA orders call **0845 7 133 133**
Monday to Friday - 8.00am until 8.00pm
Saturday 8.30am to 5.00pm.

Holiday Pay in advance

If you pay holiday pay in advance you should also pay the Working Tax Credit in advance.

Trade disputes

Lasting less than the pay period, pay the Working Tax Credit due, even if wages are reduced because of the dispute.

Lasting longer than the pay period, call the Employer's Helpline on **0845 7 143 143**.

Employees with more than one employer

Claimants are asked to provide details of their main employer on their claim form. This will be the employer for whom they normally work the most hours each week.

What the main forms look like

Revenue *Tax credit*

Employer reference 131/V30

Date 08 APRIL 2003
Issued by

PCDIDX 00001113 001 001

VFM LTD
36 SOHO GARDENS
LONDON

INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

NR2 8QT

WIV 4LD

Start notice

Please start paying tax credit to the employee named below with his or her pay. Check that this person works for you, and that you expect to employ them for at least three pay periods that follow one after the other from the start date shown below. If you do not, or if you no longer operate PAYE, please complete the declaration overleaf and return this form to us at the above address.

Check that the employer reference shown above is correct. If it is not, please phone the number at the bottom of this letter and tell us the correct reference. You should still start to pay tax credit even if the employer reference shown is incorrect.

Employee's surname DOE
First name JANE
National Insurance number AB 12 34 56 C
Payroll/Works number W/1272
Issue number 0001
Start paying tax credit from 20/05/2003
The daily rate of tax credit is £5.50 each calendar day (including Saturdays and Sundays)

Continue paying tax credit until we tell you to stop, or the employee leaves. The daily rate is per calendar day, so for weekly paid staff multiply the daily rate by 7. Monthly paid staff should receive the daily rate multiplied by the number of days in the month (including weekends and public holidays).

The table overleaf will help you work out how much tax credit to pay each pay day. Enter the amount of tax credit for each pay period on the employee's P11 Deduction Working Sheet or equivalent record. Show tax credit as a separate item on the employee's payslip. Tax credit is not subject to PAYE or NICs. Further guidance can be found in Employer Help Book *Day-to-day payroll*, E13.

If you need help please call the tax credit Employer's Helpline on 08457 143 143.

TC700 85/02

- Start notice, form TC700

We will use this form to tell you to start paying Working Tax Credit. We will give you 42 days' notice.

Security - this form is on watermarked paper with a blue and pink background print.

Revenue *Tax credit*

Employer reference 131/V30

Date 01 JUNE 2003
Issued by

PCDIDX 00001113 001 001

VFM LTD
36 SOHO GARDENS
LONDON

INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

NR2 8QT

WIV 4LD

Amendment notice

The daily rate of tax credit due to the employee named below has changed. If this person no longer works for you, or is due to leave before the start date for the new daily rate below, please complete the declaration overleaf and return this form to us at the above address.

Check that the employer reference shown above is correct. If it is not, please phone the number at the bottom of this letter and tell us the correct reference. You should still pay tax credit at the new rate, even if the employer reference shown is incorrect.

Employee's surname DOE
First name JANE
National Insurance number AB 12 34 56 C
Payroll/Works number W/1272
Issue number 0001
Start paying the new rate from 14/07/2003
The new daily rate of tax credit is £6.40 each calendar day (including Saturdays and Sundays)

Continue paying tax credit until we tell you to stop, or the employee leaves. The daily rate is per calendar day, so for weekly paid staff multiply the daily rate by 7. Monthly paid staff should receive the daily rate multiplied by the number of days in the month (including weekends and public holidays).

The table overleaf will help you work out how much tax credit to pay each pay day. Enter the amount of tax credit for each pay period on the employee's P11 Deduction Working Sheet or equivalent record. Show tax credit as a separate item on the employee's payslip. Tax credit is not subject to PAYE or NICs. Further guidance can be found in Employer Help Book *Day-to-day payroll*, E13.

If you need help please call the tax credit Employer's Helpline on 08457 143 143.

TC701 85/02

- Amendment notice, form TC701

We will use this form to tell you about a change in the amount of Working Tax Credit for an employee. We will give you 42 days' notice to amend the daily rate you pay.

Security - this form is on watermarked paper with a blue and pink background print.

What the main forms look like *continued*

Revenue *Tax credit*

Employer reference 131/V30

Date 01 JUNE 2003
Issued by

PCDIEK 00001113 001 001

VFM LTD
36 SOHO GARDENS
LONDON

INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

MR2 8QT

MIV 4LD

Stop notice

Please **stop** paying tax credit to the employee named below on 14/07/2003.
Continue paying tax credit up to and including this date. This is the **last day** for which tax credit is payable.

Employee's surname DOE
First name JANE
National Insurance number AB 12 34 56 C
Payroll/Works number W/1272
Issue number 0001
Date of TC700 start notice 08/04/2003

If you need help, please call the tax credit Employer's Helpline on 08457 143 143.

TC702 85 9/02

- *Stop notice, form TC702*

Use this form as your authority to stop paying tax credit. We will give you 42 days' notice.

Revenue *Tax credit*

Employer reference 131/V30

Date 10 JULY 2003
Issued by

PCDIEK 00001113 001 001

VFM LTD
36 SOHO GARDENS
LONDON

INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

MR2 8QT

MIV 4LD

Emergency stop notice

You have agreed to stop paying tax credit to the employee named below on 18/05/2003.
Please continue paying tax credit up to this date and including this date. This is the **last day** for which tax credit is payable.

Employee's surname DOE
First name JANE
National Insurance number AB 12 34 56 C
Payroll/Works number W/1272
Issue number 0001
Date of TC700 start notice 08/04/2003

If you need help, please call the tax credit Employer's Helpline on 08457 143 143.

TC703 85 9/02

- *Emergency stop notice, form TC703*

We will agree a date with you before sending the notice.

What the main forms look like *continued*

Restart notice

As agreed, please restart paying tax credit to the employee named below with his or her pay.

Check that this person works for you, and that you expect to employ them for at least three pay periods that follow one after the other from the restart date below. If you do not, or if you no longer operate PAYE, please complete the declaration overleaf and return this form to us at the above address.

Check that the employer reference shown above is correct. If it is not, please phone the number at the bottom of this letter and tell us the correct reference. You should still restart paying tax credit even if the employer reference shown is incorrect.

Employee's surname: DOE
 First name: JANE
 National Insurance number: AB 12 34 56 C
 Payroll/Works number: W/1272
 Issue number: 0001

Restart paying tax credit from 01/08/2003

The daily rate of tax credit is £5.50 each calendar day (including Saturdays and Sundays)

Continue paying tax credit until we tell you to stop, or the employee leaves. The daily rate is per calendar day, so for weekly paid staff multiply the daily rate by 7. Monthly paid staff should receive the daily rate multiplied by the number of days in the month (including weekends and public holidays).

The table overleaf will help you work out how much tax credit to pay each pay day. Enter the amount of tax credit for each pay period on the employee's P11 Deduction Working Sheet or equivalent record. Show tax credit as a separate item on the employee's payslip.

Tax credit is not subject to PAYE or NICs. Further guidance can be found in Employer Help Book *Day-to-day payroll*, E13.

If you need help please call the tax credit Employer's Helpline on 08457 143 143.

TC704 B5 9/02

- Restart notice, form TC704

We will use this form if we want you to start paying Working Tax Credit again after we sent you an *Emergency stop notice*, form TC703. We will agree a date with you before sending the notice.

Security - this form is on watermarked paper with a blue and pink background print.

TAX CREDIT FUNDING APPLICATION

As an employer, you must use Pay As You Earn (PAYE) deductions, Student Loan (SL) deductions, National Insurance contributions (NICs), and Construction Industry Scheme (CIS) deductions which you are due to pay over to us to fund payments of tax credit.

If you estimate that the total amount of tax credit we have asked you to pay to your employees in any pay period will be more than the amount of PAYE/SL/NICs/CIS deductions you expect to pay over to us for the same pay period, use this form to apply for funding to cover the difference.

When making supplementary payments to employees, deductions must always be used to cover tax credit payments before any others (Statutory Maternity, Paternity or Adoption Pay). If you need funding for Statutory Maternity, Paternity or Adoption Pay you should contact the Employer's Helpline on 0845 7 143143. Do not use this form.

How to apply

- Complete sections 1 to 3 of this form, and section 5 if necessary.
- Sign and date the declaration in section 4.
- Send it to your Accounts Office.

There are notes included in this form to help you complete it and you can get more help from the Employer's Helpline on 0845 7 143143.

You can get extra copies of this form from

- our website at www.inlandrevenue.gov.uk/employers/emp-form.htm, or
- the Employer's Orderline number on 0845 7 646646.

If any of the information you have given in this application changes, please tell us by phoning your Accounts Office on,

- Shipley 0845 602 3516, or
- Cumbernauld 0845 602 3518 or
- by using Employer Funding - Change of Circumstances, form TC717.

TC711 B5 10/02

- Tax credit funding application, form TC711

Use this form if you need to ask us for money in advance to cover payments of Working Tax Credit. The form arrives with the first *Start notice*, form TC700. If you need more forms

- call 0845 7 646 646

- fax 0870 2 406 406

- go to www.inlandrevenue.gov.uk/employers/emp-form.htm

Inland Revenue **Tax credit**

Employer's PAYE reference 131/V30
 Accounts Office reference 131 PU 53321
 0302
 Date 01 JUNE 2003

PCDIIX 00001113 001 001
 VFM LTD
 36 SOHO GARDENS
 LONDON
 W1V 4LD

Issued by
 INLAND REVENUE MINISTER
 GOVERNMENT BUILDINGS
 HIGH STREET
 MINISTER
 MK2 9QF

Phone 01234 567890
 Fax 01234 567800

Funding notice
 Thank you for your application for tax credit funding dated 17/04/2003

Monthly funding
 We have worked out your funding based on the amount of tax credit you have been told to pay, less the amount of PAYE tax, National Insurance contributions (NICs), Construction Industry Scheme (CIS) deductions and Student Loan deductions you are due to pay over to your Accounts Office for the same month.

The amount of funding for the period
 18/05/2003 to 05/07/2003 is £100.26.
 This will be paid into the account shown below within the next 5 working days. If the amount shown is 0.00, then no payment will be made.
 Please tell us immediately if the account details are wrong or they change.

Account name VFM LTD
 Account number 12345678
 Sort code 33-11-22
 Name of bank/building society Anybank
 Building society reference (if any) 00
Total funding in tax year 2003 2004
 Your funding paid to date is £100.26

TC712 BS10/02

- **Funding notice, form TC712**

We will use this form to give you details of

- the amount of money we are crediting to your business bank or building society account
- when it will be paid in
- confirmation of the account.

Revenue **Tax Credit**

PCDIIX 00001113 001 001
 VFM LTD
 36 SOHO GARDENS
 LONDON
 W1V 4LD

EMPLOYER FUNDING - CHANGE OF CIRCUMSTANCES

Please use this form to tell us of a change to information contained on your existing Employer Funding application (TC711). Do not use this form to make your first application for funding. For your first application you use form TC711, available from the sources listed below.

Please tell us about any changes to your original application. It is particularly important that you tell us about

- changes to your bank or building society account
- an increase or decrease in your pay over amount.

You must complete questions 1.1, 1.2, 1.3 and section 4. If any of these parts are missed it will take longer to process these changes. Apart from these sections, you only need to provide information where it differs from that previously given.

If you need further help completing this form phone the Employer's Helpline on 0845 7 143143.

You can get copies of this form, or TC711 from

- our website at www.inlandrevenue.gov.uk/employers/emp-form.htm, or
- the Employer's Orderline on 0845 7 646646.

Alternatively you can tell us of a change of circumstances by phoning your Accounts Office on,

- Shipley 0845 602 3516, or
- Cumbernauld 0845 602 3518

TC717 BS10/02

- **Employer funding - change of circumstances, form TC717**

Use this form to tell us if there are changes to the details of your original application. The form arrives with the first *Funding notice*, form TC712. If you need more forms

- call **0845 7 646 646**
- fax **0870 2 406 406**
- go to www.inlandrevenue.gov.uk/employers/emp-form.htm

