

Working Tax Credit paid with wages

From 6 April 2005

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

Help

We can help you

By telephone

(Calls may be recorded for quality and training purposes.)

- New employers (*less than 3 years*) **0845 60 70 143**
open Mon – Fri, 8am-8pm and Sat – Sun,
8am-5pm.
- More experienced employers **0845 7 143 143**
open Mon – Fri, 8am-8pm and Sat – Sun,
8am-5pm.
- Deaf or hard of
hearing employers *Textphone* **0845 602 1380**

For a list of helplines and opening hours, see your *Employer's Bulletin*.

In person

We have specially trained Business Support Teams covering all parts of the country to help you understand

- what records to keep
- what returns to make
- when to send us information.

The Business Support Team offers a range of workshops on many of the topics relevant to employers. These workshops are available at locations nationwide.

For more information on these workshops and other ways in which the Business Support Team can help either

- log on to our website at www.inlandrevenue.gov.uk/bst or
- call the New Employer's Helpline on **0845 60 70 143** and ask for details of your local Business Support Team.

At your local Inland Revenue office

Your local Inland Revenue office can also help you. To contact them, look under 'Inland Revenue' in your telephone book. Write the telephone number below for future use.

Please tell us your reference, which you can find on all correspondence from your Inland Revenue office.

If your enquiry is about one of your employees, please also tell us their National Insurance number.

By Internet

Log on to the employer's website at www.inlandrevenue.gov.uk/employers

Further guidance

Employer's Help Books

There are a number of Employer's Help Books designed to help you operate straight forward PAYE, NICs and other payroll related matters. The Help Books are for guidance only. They are not comprehensive and have no legal force.

We also have a number of other booklets that give further guidance, for example

- CWG2(2005) *Employer's Further Guide to PAYE and NICs*
- CWG5(2005) *Class 1A NICs on benefits in kind*
- 480(2005) *Expenses and Benefits – A tax guide*

You can view the full range of these booklets, and other forms and guidance on

- the Internet at www.inlandrevenue.gov.uk/employers
- the Employer's CD-ROM*.

or you can

- download them from the Internet www.inlandrevenue.gov.uk/employers
- print them from the CD-ROM*.
- get copies from the Employer's Orderline www.inlandrevenue.gov.uk/employers

Phone **0845 7 646 646**
Fax **0870 2 406 406**

Check the Order Form in your *Employer's Pack* for a full list of what is available and how to order.

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.

Yr Iaith Gymraeg

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

**The CD-ROM contains interactive features designed to help the newcomer to payroll. These simple on-line guides take the reader through the calculation of tax and National Insurance, Statutory Sick Pay, Working Tax Credit and Student Loan Deductions.*

Calculators have been built in to help speed up your calculations of

- *Pay Adjustment and PAYE*
- *NICs contracted-out and not contracted-out*
- *Car benefit and Car Fuel benefit*
- *Student Loans*
- *Statutory Sick Pay*
- *Statutory Maternity Pay*

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Action to take as the tax year changes

Background

Working Tax Credit replaced, 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. Working Tax Credit, apart from the childcare element, is paid with wages.

Child Tax Credit replaced the child-related elements of WFTC and DPTC, plus the Children's Tax Credit from 6 April 2003. From April 2004 it replaced the child elements of Income Support and income based Jobseekers Allowance. The Child Tax Credit is not paid with wages. Along with the childcare element of Working Tax Credit, it is paid directly to the person in the family who is mainly responsible for looking after the children.

Action to take at the end of the tax year 2004-05

If you have paid Working Tax Credit at any time in the tax year 2004-05

- show the tax credit paid to each employee on form P14 *End of Year Summary* and their form P60 *End of Year Certificate*
 - form P60 must be provided to all employees still employed by you at 5 April 2005 who have been in receipt of Working Tax Credit regardless of whether tax or National Insurance contributions have been deducted.
- complete the form P35 *Employer's Annual Return* to show
 - the total tax credit you paid to your employees in the tax year, and
 - the amount of funding you received from us to pay tax credits.

Action to take at the start of the tax year 2005-06

If you are still paying Working Tax Credit at 5 April 2005

- do not stop paying tax credit unless we tell you to or your employee leaves or dies
- continue paying tax credit at the most recent daily rate that we have told you to - if we want you to stop or to amend the daily rate, we will tell you.

If you have been receiving advance funding from us during the tax year 2004-05

If you need this funding to continue in 2005-06, you will need to renew your funding application, using form TC716.

You should receive this form around the end of March and you must return it to us by 20 May 2005 to ensure that funding continues without a break. If you have not received form TC716 by 19 April you should contact your Accounts Office.

For your information

Claimants are currently being paid tax credit based on their 2003-04 income and an estimate of their 2004-05 income. From April 2005 we will be reviewing their actual income and circumstances for 2004-05:

- to finalise their 2004-05 tax credit award, and
- to set their provisional award for 2005-06.

This review process does not directly affect employers. But you can help yourself and your employees by encouraging them to retain payslips, forms P60 (issued May 2005) and forms P11D (issued July 2005) as this will help them to complete their renewal claims and will reduce requests for duplicates from your employees.

If, as a result of the review, we need to ask you to stop paying tax credit or amend the daily rate, we will issue stop or amendment notices in the usual way. We expect to issue a stop or amendment notice for each employee to whom you are paying tax credit. In cases where we receive a change of circumstances from the claimant at the same time as we are reviewing their award, we will issue two amendment notices. These should be dealt with in the same way you would normally deal with two amendments for the same employee.

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 the 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 or dies.

We will issue a *start notice*, form TC700, giving 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.

The Government is proposing phasing out the payment of Working Tax Credit through employers and replacing it with direct payment to the claimant.

Payment through employers will continue in the 2005-06 tax year whilst we discuss with employer and payroll representatives the best approach to ensure that the transition to direct payments goes smoothly for both claimants and employers. We will give both employers and claimants ample notice about the switch to direct payment.

You should continue paying Working Tax Credit to your employees in accordance with the instructions we have sent you until you are told to stop or your employee leaves or dies.

Special cases

Go to page 15 for an insolvent business.

First things to do

Check the details on the Start notice - page 7.

Check that you will have enough money to cover the payments - page 8.

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 the total of what you have to pay out in Working Tax Credit will be covered by what you expect to collect from all your employees in the same period.

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

At the end of the tax year

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

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

- the total Working Tax Credit you have paid out and
- the amount of funding you received from us to pay tax credits.

Keeping records

You must keep records of payment and Working Tax Credit forms received from us and retain them for three years after the end of the tax year to which they relate.

Documents important 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 details of earnings and taxable benefits in kind received 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 (TCO). (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 TCO.
- Address wrong? - call the Employer's Helpline on **0845 7 143 143**

Extract of form TC700, page 1

Inland Revenue **Tax credit**

Employer reference 131/V30
Date 07 APRIL 2005
Issued by
INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

PCDDIX 00001113 001 001
VFM LTD
36 SOHO GARDENS
LONDON
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 12/05/2005
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 BS9/02

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?

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 the Working Tax Credit payments you are required to make. 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 to be 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 in the total tax credit amounts or new Working Tax Credit employees
- less Working Tax Credit - a decrease in the total tax credit amounts 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 TC711 *Tax credit funding application*.

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

- print one off from the Forms and Guidance section of the Employer's CD-ROM
- 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 6 / 0 5 / 2 0 0 5

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, form TC712 *Funding notice*. This lets you know how much to expect
- tell us straight away if there are changes to the details of your original application
 - use form TC717 *Employer funding - change of circumstances*, or
 - call the Cumbernauld Accounts Office on **0845 602 3518**.
- at the end of the tax year 5 April - if you have funding left over call the Cumbernauld Accounts Office.

If you have any questions about funding call the Cumbernauld Accounts Office on **0845 602 3518**.

Special cases

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

Renewal of funding

If you have been receiving advance funding from us during the year 2004-05 and want this to continue in the tax year 2005-06 see page 4 for further information.

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 just 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 period'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 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 form TC711 *Tax credit funding application*.

Paying Working Tax Credit with wages

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

Starting payments

- Pay the Working Tax Credit every pay day unless you have no wages to pay. If you have no wages to pay, see section '*No wages/Salary due*' on this page.
- Pay the daily rate shown on the Start Notice multiplied by the number of calendar days in the pay period.
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) days for February, 30 or 31 days 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 (SSP)
 - Statutory Maternity Pay (SMP)
 - Statutory Paternity Pay (SPP)
 - Statutory Adoption Pay (SAP)
 - sickness, maternity, paternity or adoption payments under your own scheme.
- Show the Working Tax Credit as a separate entry on the employee's pay slip as an addition to net pay.
- Keep a record of the Working Tax Credit paid on the form P11 *Deductions Working Sheet*, or equivalent.

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.
- Deduct Working Tax Credit from your employee's individual PAYE tax.

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 amendment call the Employer's Helpline on **0845 7 143 143**.

Do not stop paying the tax credit to an employee just because you suspect that they are not entitled to it or should be getting a smaller amount. Employees (claimants), not you (the employer) are responsible for telling us about changes in their circumstances which could affect their tax credit entitlement. However, if you are particularly concerned, please telephone the Employer's Helpline. The matter will then be reported to the Tax Credit Office who will, if necessary, contact the employee to see if there has been a change in their circumstances.

No wages/salary due

As a general rule you can make up a pay packet for an employee just to pay the Working Tax Credit. But you don't have to. If you prefer not to, please call the Employer's Helpline for advice. This is especially relevant in cases where

- an employee to whom you pay Working Tax Credit is not due to receive any wages, SSP, SMP, SPP or SAP in a pay period *and*
- you do not know when, if at all, that employee will start work again, even though they remain on your payroll (for example, casual workers who may have long gaps between periods of working).

You may in such cases wish to remind your employees that they should report changes of circumstances (eg reduced working hours, unpaid leave lasting for more than 4 weeks etc) that may affect their entitlement.

Provided you have paid tax credit in accordance with our instructions to you, you will not be responsible for any overpayment resulting from your employees' failure to give us information that affects their tax credit award.

Stopping payment

You can only stop payment if

- we tell you to on either
 - a form TC702 *Stop notice*, (you will have 42 days' notice), *or*
 - a form TC703 *Emergency stop notice*, (we will have agreed a date with you)
- you have no wages, SSP, SMP, SPP or SAP to pay on pay day. If this is the case, please call the Employer's Helpline for advice (see section 'No wages/salary due' on page 10)
- your employee
 - leaves, or
 - dies.

Special cases

Go to page 15 for

- Mistakes in payment
- Paying tax credit beyond the employee's leaving or date of death
- Employee loans
- Earnings Orders
- Holiday Pay in advance
- Trade disputes
- Employees with more than one employer

Paying Working Tax Credit with wages is continued on page 12

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 of Working Tax Credit is 12 May 2005.

On Wednesday 18 May 2005 the employer will pay

- 4 days Working Tax Credit $£10.36 \times 4 = £41.44$ (Thursday 12 - Sunday 15 May)

plus

- wages for the period 9 - 15 May.

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 31 May 2005.

The last day of the pay period is 31 May 2005.

Start date of Working Tax Credit is 12 May 2005.


On Tuesday 31 May 2005 the employer will pay

- 20 days Working Tax Credit $£10.36 \times 20 = £207.20$ (12 - 31 May)

plus

- the month's salary.

The following month the employer will pay Working Tax Credit $£10.36 \times 30$ (days in June) = £310.80



Tax credit

Employer reference 131/V30

Date 07 APRIL 2005
Issued by

INLAND REVENUE MINISTER
GOVERNMENT BUILDINGS
HIGH STREET
MINSTER

MR2 80T

PCDIDX 00001113 001 001

VFM LTD
36 SOHO GARDENS
LONDON

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 12/05/2005
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 B59/02

Information

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

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

Pay periods follow the employer's payroll procedures.

Start paying tax credit from

12/05/2005

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 form P11 *Deductions Working Sheet*, or something similar.

Extract from form P11

Total taxable pay to date: column 3 <i>minus</i> column 4a or column 3 <i>plus</i> column 4b * 5 £ p			K codes only				K codes only				Tax Credits 9 £ p			
			Total 'tax due' to date as shown by Tables SR + B to D 6 £ p			Tax due at end of current period <i>Mark refunds 'R'</i> 6a £ p		Regulatory limit: 50% of column 2 entry 6b £ p		Tax deducted or refunded in the week or month <i>Mark refunds 'R'</i> 7 £ p				Tax not deducted owing to the Regulatory limit 8 £ 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 1 £		Student Loan Deductions 2 £		Tax Credits paid to employees 3 £		Net Income Tax (1+2 minus 3) 4 £		Gross NIC 5 £		Statutory Sick Pay (SSP) recovered 6 £		Stat (SM) 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 (2005-06)

low

Statutory Paternity Pay (SPP) 1h £ p | Statutory Adoption Pay (SAP) 1i £ p

y Tax deducted £ p

Student Loan Deductions in this employment (whole £s only) From col. 1j on P11 £

Tax Credits in this employment From col. 9 on P11 £ p

Payment in Week 53: if included in Pay and Tax totals, enter '53', '54' or '56' here (See Employer's Help Book, E10)

Final tax code

To Inland Revenue | National Insurance copy | P14(Manual)(2005-06)

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

- the total Working Tax Credit paid
- the amount of funding you received from the Inland Revenue to pay tax credits

Extract from form P35 (2005)

Page 3

Funding received from Inland Revenue to pay SSP/SMP/SPP/SAP 22 £ | 21 minus 22 23 £

Tax Credits

Total Tax Credits paid to employees 24 £

Funding received from Inland Revenue to pay Tax Credits 25 £ | 24 minus 25 26 £

see Note 5

23 + 26 27 £

Amount payable for the year see Note 6 12 minus 27 28 £

NICs/Tax paid already 29 £

NOW PAYABLE 28 minus 29 30 £

Do not send your payment if a payment is due. See your P30BC Payment sheet.

Fill in boxes 31 and 32 only if you are a **limited company** that has had CIS deductions made from payments received for work in the construction industry.

CIS deductions suffered Total of col E on CIS 132 31 £

Revised amount now payable 30 minus 31 32 £

Special cases

From Page 5

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 8

Disagreements on the amount of funding

If you think the amount on the monthly *Funding notice*, form TC712, is wrong call the Cumbernauld 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, because you have paid more than we told you to, or
- you have paid the wrong person.

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

Paying tax credit beyond the employee's date of leaving or date of death

If by mistake you have paid Working Tax Credit beyond the date on which an employee left or died

- ring the Employer Helpline on **0845 7 143 143** or
- write to the Tax Credit Office, Preston, PR1 0SB.

Whether you write or phone, you will need to tell us

- the employee's name and NINO
- your PAYE reference number
- the last date for which you paid Working Tax Credit
- the date the employee left or died.

We will confirm the details reported in writing if you request this.

From Page 11 *continued*

Employee loans

Always pay the full amount of Working Tax Credit we have told you to pay. You must not 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 (including Council Tax ones)
- 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

For trade disputes lasting no more than 10 consecutive days on which the employee should have been working, pay the full amount of Working Tax Credit due, even if wages are reduced because of the dispute.

For trade disputes lasting 11 or more consecutive days on which the employee should have been working, 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

Inland Revenue **Tax credit**

Employer reference 131/V30
 Date 07 APRIL 2005
 Issued by

PCDIDX 00001113 001 001
 VPM LTD
 36 SOHO GARDENS
 LONDON

INLAND REVENUE MINISTER
 GOVERNMENT BUILDINGS
 HIGH STREET
 MINISTER

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 12/05/2005
 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 85/02

- form TC700 *Start notice*

We will use this form to tell you when to start paying Working Tax Credit and we will give you 42 days notice of the daily rate you have to pay.

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

Inland Revenue **Tax credit**

Employer reference 131/V30
 Date 01 JUNE 2005
 Issued by

PCDIDX 00001113 001 001
 VPM LTD
 36 SOHO GARDENS
 LONDON

INLAND REVENUE MINISTER
 GOVERNMENT BUILDINGS
 HIGH STREET
 MINISTER

MR2 8QT

W1V 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 12/07/2005
 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 9/02

- form TC701 *Amendment notice*

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*

 Inland Revenue		Tax credit
PCDDIX 00001113 001 001 VPM LTD 36 SOHO GARDENS LONDON		Employer reference 131/V30 Date 01 JUNE 2005 Issued by INLAND REVENUE MINISTER GOVERNMENT BUILDINGS HIGH STREET MINISTER
WIV 4LD		MR2 8QT
<p>Stop notice</p> <p>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.</p>		
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	12/05/2005	
<p>If you need help, please call the tax credit Employer's Helpline on 08457 143 143.</p>		
TC702		BS 9/02

- form TC702 *Stop notice*

We will use this form to give you authority to stop paying Working Tax Credit. We will give you 42 days notice of this cessation from the date of issue of the Stop Notice.

 Inland Revenue		Tax credit
PCDDIX 00001113 001 001 VPM LTD 36 SOHO GARDENS LONDON		Employer reference 131/V30 Date 09 JULY 2005 Issued by INLAND REVENUE MINISTER GOVERNMENT BUILDINGS HIGH STREET MINISTER
WIV 4LD		MR2 8QT
<p>Emergency stop notice</p> <p>Thank you for agreeing to end the arrangement to pay tax credits to the employee named below.</p> <p>If you are currently making tax credit payments to this employee, please continue to make them up to and including the last payment date shown below.</p> <p>If you have not started to make tax credit payments, no last payment date will be shown and you should not make any payments.</p>		
Last payment date	23/07/05	
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	12/05/2005	
<p>If you need help, please call the tax credit Employer's Helpline on 08457 143 143.</p>		
TC703		BS 3/03

- form TC703 *Emergency stop notice*

We will agree a date with you from which you are to stop paying Working Tax Credit before sending this notice.

What the main forms look like *continued*

Inland Revenue **Tax credit**

Employer reference 131/V30
 Date 28 JULY 2005
 Issued by

PCDDIX 00001113 001 001
 VFM LTD
 36 SOHO GARDENS
 LONDON

INLAND REVENUE MINSTER
 GOVERNMENT BUILDINGS
 HIGH STREET
 MINSTER

MR2 8QT

WIV 4LD

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 30/07/2005
 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 P11D 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 ES 9/02

- form TC704 *Restart notice*

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.

Inland Revenue **Tax Credit**

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 ES 10/02

- form TC711 *Tax credit funding application*

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

– print one from the CD-ROM.

Inland Revenue **Tax credit**

Employer's PAYE reference 131/V30
 Accounts Office reference 131 PU 53321
 0302
 Date 01 JUNE 2005

PCDDIX 00001113 001 001
 VFM LTD
 16 BOND GARDENS
 LONDON
 W1V 4LD

Issued by
 INLAND REVENUE MINISTER
 GOVERNMENT BUILDINGS
 HIGH STREET
 MINISTER
 MR2 8QT
 Phone 01234 567890
 Fax 01234 567890

Funding notice
 Thank you for your application for tax credit funding dated 15/04/2005

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
 16/05/2005 to 03/07/2005 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	2004 2005
Your funding paid to date is	£100.26

TC712 BS10/02
 1

- form TC712 *Funding notice*
- 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.

Inland Revenue **Tax Credit**

PCDDIX 00001113 001 001
 VFM LTD
 16 BOND 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
- Cumbornauld 0845 602 3518

TC717 BS 10/02
 1

- form TC717 *Employer funding - change of circumstances*
- 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**
 - print one from the CD-ROM.

 Inland Revenue	Tax Credit
<p>PCDIDX 000011133 001 001</p> <p>VFM LTD</p> <p>36 SOHO GARDENS LONDON W1V 4LD</p>	<p>Employer's PAYE reference 131/V30</p> <p>Accounts Office reference 131 PU 53321</p> <p>Date 14 March 2005</p> <p>Issued by INLAND REVENUE WINSTER GOVERNMENT BUILDINGS HIGH STREET WINSTER MR2 8QT</p> <p>Phone 01234 567890 Fax 01234 567800</p>
<p>RENEWAL OF EMPLOYER FUNDING APPLICATION FOR TAX CREDIT PAYMENTS</p> <p>Please use this form to renew your existing application for the payment of tax credit funding. If you do not return this application by 20/05/2005, you may no longer receive funding and will have to reapply if it is still required.</p> <p>If the amount of funding you require or your bank details have changed, please tell us the correct information in the boxes in Section 1 or Section 2. Then complete the declaration in Section 3, and return the form to us. Alternatively, you can tell us if you no longer require funding.</p> <p>If you have no changes to tell us about go straight to section 3, complete the declaration, then return this form to us.</p> <p>If you need help please call the Employer's Helpline on 0845 7 143 143.</p> <p>We have sent 2 copies of this form, 1 for you to complete and send back to us and 1 for your records.</p> <p>Please make sure you tick one of the boxes below</p> <p>I wish to renew my funding application: <input type="checkbox"/> Please complete this form and return it to us in the envelope provided.</p> <p>I do not wish to renew my funding application: <input type="checkbox"/> Please sign the declaration on page 3 and return it to us in the envelope provided.</p>	
TC716	BS 03/03

- form TC716 *Renewal of Employer Funding Application*

Use this form to renew your funding application. You must return it to us within 30 days of the date on the renewal application. If you fail to do this we will stop your funding with effect from 28 May 2005.

