

## Tax and National Insurance

Anybody who employs a personal assistant may be liable to deduct Tax and National Insurance from their staff and subsequently pay it to the Inland Revenue, together with an additional employers' contribution. This advice sheet gives guidance only. **You should contact your local tax office for advice relevant to your circumstances or visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk)**. If you still have some queries please contact the Independent Living Team today, our contact details are at the end of this fact sheet.

### Key Points

If you pay any of your Personal Assistants/Carers more than £111 per week you must register as an Employer with H.M. Revenue & Customs. If you are unsure whether you need to register as an Employer call this number **0845 60 70 143 (local rate)** or contact your Direct Payments Support Worker.

1. If they earn above the '**lower earnings limit**' (LEL) of **£111 up to £153** which is called the '**primary threshold**' (PT) per week this needs to be recorded on form P11 to protect the employees benefit and pension rights, even though they do not have to pay national insurance.
2. If any of your staff earn any **more than £153 per week**, ('**primary threshold**') you will have to deduct national insurance contributions. If your staff earns more than **£153** they must pay **Tax and Insurance** contributions. Your tax office will tell you how to treat your staff for tax purposes, when you register your staff with them or visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk) for more information and sign up online.
3. If you employ someone part time and they earn below the '**lower earnings limit**' (LEL) but they have another job, you may have to deduct tax from them
4. If you employ someone who earns below the LEL and this is their only employment you will not need to make any deductions.
5. If you employ somebody who is receiving a State or Private Pension



please contact our Independent Living Team for advice.

6. The 'Financial Year' or tax year runs from the 5<sup>th</sup> April to the 4<sup>th</sup> April.
7. N.B. The national insurance and tax thresholds mentioned above change every April.

### **Self- Employed Status**

It is unlikely that a personal assistant will be self-employed. (Refer to advice sheet 6: Employment Advice)

Your staff cannot just elect to be self-employed; they must seek permission from and register as self employed with their local tax office first. To answer specific questions and for more information on this subject talk to the **Social Security National Insurance Advice Line for Employers (free phone) 0800393539**.

### **What to do next?**

You have two choices: -

1. Engage with a payroll service, who'll do the necessary paperwork for you. Registering with HMRC, doing your Personal Assistant's payslips, filing the necessary quarterly and end of year paperwork. The costing of the payroll service comes from your Personal Budget / Direct Payment. Please contact our Independent Living Team for more information.
2. The other alternative is you do the HMRC paperwork yourself.

H.M. Revenue & Customs has a special Help line for new employers. **New Employer Helpline: Tel. 0845 60 70 143**.

It's open 8.00 am to 8.00 pm, Monday to Friday and 8.00 am to 5.00 pm on Saturday and Sunday. If you are employing staff and they are liable to pay tax and national insurance you must inform H.M. Revenue & Customs that you are employing someone and forward details of their name, address and national insurance number.

Call **0845 60 70 143 (local rate)** and ask the tax office for the **New Employers Starter Pack**. You can also do all this online at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Once you get going, the system is fairly easy to maintain. The only additional work occurs when you change your staff and at the end of each quarter.

**Further printed information on Tax and National Insurance** including help line phone numbers is available from our Independent Living Team.



Remember, if the prospect of managing the tax and national insurance deductions is too daunting, and you would rather not have to manage it, you can have the costings of a Payroll Service inserted into your Personal Budget (Direct Payments). Ask our Independent Living Team for further information.

We try to ensure that the information given is accurate, but strongly advise that you check it for yourself.

There are more factsheets available at [www.directpaymentssouthampton.info](http://www.directpaymentssouthampton.info) that cover all aspects of having a Direct Payment. However, should you require more assistance with this, please contact SPECTRUM's Independent Living Team on 02380 202931 or email [help@spectrumcil.co.uk](mailto:help@spectrumcil.co.uk)



## How to contact us

Telephone: 023 8020 2931

Textphone (Minicom): 023 8020 2649

Fax: 023 8020 2945

Email: [help@spectrumcil.co.uk](mailto:help@spectrumcil.co.uk)

Address: Unity 12, 9-19 Rose Road, Southampton, SO14 6TE

**Main Website:** [www.spectrumcil.co.uk](http://www.spectrumcil.co.uk)

**Direct Payments Website:**

[www.directpaymentsouthampton.info](http://www.directpaymentsouthampton.info)



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