

## 3. Registering as an employer

**Becoming someone's employer brings with it some responsibilities. In this factsheet we look at one of the first things that you will need to do when you become an employer: tell HM Revenue & Customs (HMRC) so that a Pay As You Earn (PAYE) scheme can be set up. You do this by registering as an employer.**

### PAYE

PAYE is the system that HMRC uses to collect income tax and National Insurance contributions (NIC) from employees: employees do not pay what they owe in one lump sum; their employer deducts tax and NIC throughout the tax year from the employee's earnings and pays this over to HMRC.

As an employer, you are responsible for calculating and deducting the tax and NIC from your employee's wages before paying them the balance each pay day. You will have to carefully record and report information about your employee's wages and deductions to HMRC at various intervals as well as pay the amounts deducted over to HMRC, together with any employer's NIC. This process is known as running a payroll and may also involve you having to administer statutory payments, such as Statutory Sick Pay and Statutory Maternity Pay and make Student Loan deductions.

**For more on PAYE and running a payroll go to:** <https://disabilitytaxguide.org.uk/Setting-things-up/>

The first step in all of this is to register with HMRC as an employer, which you should do at least two weeks in advance of your employee's first payday.



### Is it always necessary to register?

You will have to register as an employer with HMRC and run a payroll UNLESS your employee (or all your employees if you have more than one) earns less than National Insurance lower limit of £116 per week (in 2018/19).

Additionally, you would need to be sure they receive no non-cash benefits from you, do not have another job or any other taxable income, for this to apply. This is because all of these things taken together mean that no tax or NIC will be due.

As many carers have more than one part time job, it is unlikely that this will be the case very often. Where it does apply, you will still be their 'employer' in the broader sense of the word, even if you don't have to register as such with HMRC.

**See our website for more details on registering as an employer:** <https://disabilitytaxguide.org.uk/Setting-things-up/registering-as-an-employer/#need-to-register>

### Payroll choice

Before you contact HMRC to register as an employer, you will need to decide how you are going to run your payroll.

As a care and support employer, a choice may be available to you and you are not just expected to deal with HMRC and file your payroll data electronically like the majority of other employers (although you can do if you wish). You may be able to use a paper system to keep your pay records and send information to HMRC

**For further information on your options see our website:**

<https://disabilitytaxguide.org.uk/Setting-things-up/filing-options/>

### Other considerations

For a quick run down of some of the other things you need to think about when employing someone for the first time, such as getting insurance, doing 'right to work' checks and paying the National Minimum/Living Wage go to: <https://www.gov.uk/employing-staff>

### Registering as an employer – choosing to be a paper filer

You must register as an employer with HMRC by calling the HMRC New Employer Helpline.

*New Employer Helpline: 0300 200 3211 (0300 200 3212 Textphone)*

*8.00 am to 8.00 pm, Monday to Friday, 8.00 am to 4.00 pm Saturday*

The adviser may ask you why you want to use paper system to keep your pay records and send information to HMRC, so you should be prepared for that. HMRC will send you everything you need to get started as an employer. If you have particular needs and you would like HMRC to use a certain format to communicate with you, for example Braille or large print, be sure to let them know.

Once you have registered, you will be sent two very important numbers: an Accounts Office reference (e.g. 123PA00045678) and a PAYE reference (e.g. 123/A246) – keep them safe.



### Registering as an employer – choosing to be an online filer

You should also phone HMRC's New Employer Helpline as above. You may have come across the online 'Register as an Employer' tool on GOV.UK, however please note that as a care and support employer, you cannot use this even if you are happy to work with HMRC electronically.

When your Accounts Office and PAYE references have arrived, you can enrol for PAYE for Employers (part of HMRC Online Services) so that you can send and receive information from HMRC electronically. Please note that enrolling to use PAYE for Employers is a separate step to registering with them as an employer.

You can find more information about enrolling here: <https://disabilitytaxguide.org.uk/Setting-things-up/registering-as-an-employer/#online>

### Paying your employee for the first time

You will need to gather various bits of information from your employee before you can pay them, including their tax code (which will help you work out how much tax to deduct from their pay), and National Insurance number, date of birth and gender (which will help you work out their NIC category letter and how much NIC to deduct from their pay each pay day and how much employer's NIC you owe).

All new employees who come to you from another job, or from a period on state benefits, should bring with them a completed form P45 which contains these details.

If your employee does not have a P45, then you will need to collect the relevant data by asking them to fill out a questionnaire.

**You can find more information on our website:**

<https://disabilitytaxguide.org.uk/paying-wages/taking-on-a-new-employee/>

### How much should you pay your PA?

You must pay your PA at least the National Minimum Wage or National Living Wage (NMW/NLW).

The main rate that applies for workers aged 25 years or more from 1 April 2018 is £7.83 per hour. There are lower rates for those aged under 25.

You can count an amount in respect of any accommodation you provide as part of your employee's pay for NMW/NLW purposes.

**For more information on the minimum wage go to:**

<https://disabilitytaxguide.org.uk/Minimum-wage>

**This factsheet is intended to provide general information only and does not constitute advice.** Before taking any action, you should get appropriate immigration, benefit or tax advice from a professional adviser which is based on your particular circumstances. We have done our best to ensure that the information in this factsheet is up to date as of April 2018. You can read our full disclaimer on our website: [www.litr.org.uk/legal](http://www.litr.org.uk/legal).