

4.Choosing a filing method

When you take on a personal assistant (PA), you will need to pay them. This will mean having to register with HM Revenue & Customs (HMRC) and then setting up a 'payroll'. As part of this you will be responsible for ensuring that tax and National Insurance contributions (NIC) are deducted from pay and are accounted for to HMRC, together with any employer's share of NIC. Deciding to look after your payroll yourself is an important decision as it needs to be done right. Should you decide, for peace of mind, to ask someone else to do it for you (outsourcing) then that is understandable. In this factsheet, we look at the options.

Outsourcing your payroll

You may feel comfortable to run your payroll yourself. Equally, the right decision for you might be to get some help doing it.

Your Local Authority or a voluntary organisation may be able to assist (or at least point you in the right direction of someone that can) or, if you can afford it, you may be able to hire an independent accountant or payroll bureau to work for you.



Paying for a commercial service

Payroll providers vary in scope and size. You should always compare providers carefully. Some smaller, local providers may be able to offer you a more personal service, whereas larger, nationwide providers may be able to offer you a lower cost.

There are even some providers that specialise in helping people who take on a PA and an internet search on 'direct payments payroll' or something similar, should provide you with a starting point to finding a provider.

You will have to make a decision as to what degree they take on the different elements of the payroll function – do you want them to fully manage the entire process or would you like to retain some responsibility yourself?

Whatever you decide they will probably be able to take away some of the worry and stress of having to keep on top of it all. However, it is important that you understand that – you – as the employer, will remain responsible for the payroll in the eyes of HMRC, so it is worth taking your time to find a capable and trustworthy provider to work with.

See our website for some hints and tips on choosing the right payroll provider and service: <https://disabilitytaxguide.org.uk/Setting-things-up#using>

Help from family or friends

Alternatively a friend or family member may be able to assist you – but if so, you need to know that a third party cannot enjoy the online filing exemption that you personally may be able to and they will be expected to run an electronic payroll on your behalf.

See later in this factsheet for information about the online exemption.



Do-it-yourself

Under Pay As You Earn (PAYE), employers have to report their PAYE information to HMRC in real time (for most people this means on or before the date they pay their PA). This is known as Real Time Information (RTI). If you employ a PA you may have a choice between sending the required information either online (sometimes called electronically) or on paper.

Online

Most employers have to use online channels to deal with HMRC. They have to upload payroll information to HMRC through the internet every time they pay their worker, using special payroll software. This sounds daunting but the software means this can usually be done at the touch of a button. The software also does things like perform the required payroll calculations automatically. HMRC provide some free software that you can use and say that dealing with your payroll electronically is fast, simple, secure and reliable. As an electronic filer, you will be using HMRC's PAYE for Employers online service, which means you are also able to view other HMRC information, for example, tax code notices and payment reminders very easily.

We give you a run down on RTI and software options in our [RTI factsheet](#).

Paper

Some would say it is already quite a lot to expect employers of only one or two people to cope with the full PAYE regime, let alone get to grips with computer matters if they do not want to or are unable to. Therefore, if you are employing someone in your own home to provide care or support services, you may be able to do things on paper if that is easier for you, provided that some conditions are met. Paper filers need to file forms with HMRC quarterly. If you do not qualify for paper filing then you will need to use online filing.

See our factsheet [Paper filer employer](#) for more information on this method



Changing from one filing method to the other

Even if you meet the paper filing conditions, you can still choose to file online, but you should phone HMRC on 0300 200 3200 (Textphone 0300 200 3212) to let them know. It is important that you do this before you make any attempts to file online, as HMRC will have to update their systems to let you do this. If it does not work out and you want to revert to paper—that should not be a problem. Again, you will have to let HMRC know before making any changes.

We tell you more about filing options on our website:

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

Record keeping

No matter which filing method you choose, a vital part of running a payroll is that you maintain adequate records of your employees and their pay, so that HMRC can check that you and your employees are paying the right amount of tax and NIC.

You must keep your records for the current and previous three tax years. If you choose to do things online, then a lot of the information that you need to keep safe should be stored automatically by your payroll programme (although you should be sure to perform backups at regular intervals).

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