

Employer Year End Tax Compliance

Forms P11D/P9D and Form P11D(b) – Return of Expenses and Benefits

Date	Action Required
24 May 2011	Information to reach us to prepare P11D forms
6 July 2011	P11Ds to be submitted to HM Revenue & Customs
6 July 2011	Supply employees and directors with a copy of P11D
6 July 2011	Applications for PAYE Settlement Agreements to be made
19 July 2011	Class 1A National Insurance to be paid by this date
19 October 2011	PSA tax and National Insurance to be paid by this date

Form P11D must be completed for all employees whose earnings exceed £8,500 per annum (including the gross cost of any benefits provided and/or business expenses met or reimbursed) and for all directors who receive a benefit or expense from the company. For all employees earning less than £8,500, forms P9D must be completed if they receive certain types of benefits or reimbursements of expenses.

These forms must be submitted by **6 July 2011** to avoid late filing penalties. A penalty of up to £300 for each form submitted late can be charged. Additionally, a continuing penalty of up to £60 per day may be charged where the failure continues after the imposition of the initial penalty. For an incorrect form P9D or P11D, a penalty of up to £3,000 may be charged.

Form P11D(b) must be completed if you are liable to return any expense payments or benefits on form P11D. The P11D(b) specifies the Class 1A National Insurance Contributions that are due for the year. This form must be submitted to HM Revenue & Customs (HMRC) with the forms P9D/P11D by the **6 July 2011**. Failure to submit the return by the due date will attract automatic penalties. A penalty of up to £100 for each 50 employees (or part thereof) will be charged for each month (or part thereof) the failure continues.

The Class 1A National Insurance liability must be paid by **19 July 2011** to avoid interest charges.

Form P35 (Employer's Annual Return) and Forms P14 (End of Year Summary)

Date	Action Required
19 April 2011	Remaining PAYE/NIC liability to be paid by this date (or by 22 April if paid by an HMRC approved electronic method)
19 May 2011	P35 return to be submitted to HM Revenue & Customs
31 May 2011	P60 to each employee (employed on 5 April 2011)

It is now compulsory for all employers to file their Employer's Annual Return and supporting Employee Summaries online and do so by **19 May 2011**. Automatic penalties of £100 for each 50 employees and sub-contractors (or part thereof) will be charged for each month (or part thereof) that the failure continues.

Please note that the submission of a paper return will result in HMRC issuing a penalty. Therefore, if you have not already registered online with HMRC to file your 2010/11 return, I suggest you do so as soon as possible at www.hmrc.gov.uk/payefile-or-payfileonline.

As well as reporting the details of remuneration for all employees, the P35 return is used to report the Class 1 National Insurance Contributions (NICs) due on all non-business expenses. For example, home telephone bills paid by the employer.

Employers with more than 250 employees must pay their PAYE and Class 1 NICs liabilities electronically. Failure to do so will result in HMRC issuing penalties based on the PAYE and NICs liabilities.

Form 42 – Return in Respect of Shares and Other Securities

There is a reporting requirement in relation to Shares and Share Options which are 'employment related'. This is a very complex area and there are very limited exceptions where shares are not treated as 'employment related'. Indeed the issue of shares on the incorporation of a company can be treated as 'employment related securities'.

In order to avoid any late filing penalties, the return (commonly referred to as form 42) must be submitted to HMRC by **6 July** following the end of the tax year in which the reportable events occurred. Penalties range from £300 per event to a further £60 daily penalty for continued failure to comply.

If you would like to discuss your Employer Year End Tax Compliance in further detail, please contact a member of the Tax Team on 01727 838 255.

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