

# Paying People

This page provides some basic guidance to paying people, when you need to register for Pay As You Earn (PAYE) and new requirements about reporting PAYE information in Real Time to HMRC. We also have a page on pensions and auto-enrolment at: [www.parishresources.org.uk/people/employing-staff/pensions/](http://www.parishresources.org.uk/people/employing-staff/pensions/)

## When do I need to register with HMRC to operate PAYE?



As soon as you first employ someone, you will need to register as an employer with HMRC if one or more of the following is true:

- the employee already has another job or they are receiving a state, company or private pension
- you're paying them at or above the National Insurance Lower Earnings limit (LEL) (For 2013/14 this is £109 per week), or above the PAYE threshold (which is higher than the LEL).
- you're providing them with employee benefits

You can register as an employer [online](#) or by contacting the New Employer Helpline on 0300 200 3211

## New changes to PAYE and Real Time information

From 6 April 2013, if you operate PAYE, you will have to start reporting PAYE information in real time. You may see this referred to as Real Time Information – or RTI. After 6 April 2013 you will still operate PAYE in the same way but you must submit the payroll information you already keep to HMRC on or before the day you pay your employees. If you operate PAYE, then you will need to include the details of **all employees you pay**, including those who earn below the National Insurance LEL. This includes casual workers.

Although this starts from 6th April, HMRC have allowed a transitional arrangement for employers with fewer than 50 employees who pay people weekly or more frequently, but only process payroll monthly. Until 5 October 2013, these employers may send information to HMRC by the date of their regular payroll run but no later than the end of the tax month (5th). They will still need to submit this online using payroll software.

There's lots of guidance about this on the HMRC website at: <http://www.hmrc.gov.uk/payerti/index.htm>

You may find the attached [RTI guide](#) for churches helpful.

To meet the requirements of Real Time Information, you will need to operate a Payroll system. There are a variety of software providers, and some software is available free. HMRC offer some guidance on this, including the option of downloading their own system suitable for up to 9 employees at: <http://www.hmrc.gov.uk/payerti/getting-started/payroll-system.htm>

## Why is HMRC introducing RTI?

HMRC are introducing RTI to improve the operation of PAYE and support the introduction of Universal Credits. It will make the PAYE system easier for employers and HMRC to operate, and employees will receive information more quickly. RTI will increase the frequency at which

employers submit information to HMRC allowing HMRC to react more quickly and efficiently to changes in employees circumstances. This will reduce the likelihood of repayments of bills being issued to employees after the end of the tax year. It will also reduce fraud and ensure people receive the benefits they're entitled to.

### **Ending of LRC special arrangements.**

Some churches have been using a special arrangement for Local Religious Centres (LRCs). HMRC have deemed that "this is no longer appropriate and therefore will no longer apply." See more details here: [www.hmrc.gov.uk/manuals/pommanual/PAYE23030.htm](http://www.hmrc.gov.uk/manuals/pommanual/PAYE23030.htm)

### **What constitutes employment?**

It's not always easy to know whether someone is employed or self-employed or is a volunteer, and what action you need to take. However, it is your responsibility as an employer to verify the correct employment status of each of your workers.

It is important to get your workers' employment status right because it affects the way Tax and National Insurance contributions are calculated for them. And it determines whether or not you have to operate PAYE on their earnings.

Working with the Legal team, we've produced [a Short Guide to Employment Status Guide for tax purposes for PCCs](#). This covers issues such as payments to clergy, including occasional payments to retired clergy, the payment of fees to choir members and bellringers, and the payment of expenses. It is only possible to produce simple, generic guidance – each context can be different, and you may well need to further explore the status of some local situations further.

### **What if we only pay workers below the threshold?**

If you pay anyone above the Lower Earnings Limit, or you employ someone who has another job or pension, ALL employees must be processed through the payroll, and you will need to register as an employer.

However, if ALL of your employees are paid below the Lower Earnings Limit, AND they do not have another job or receive a pension, it is the employee's responsibility to declare their own earnings. You should keep a record of the name, address and National Insurance Number, and the amount paid each year from 6th April to 5th April. This should be kept for three years.

