



9: TAX & 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.**

Key Points

- If you pay any of your Personal Assistants/Carers more than £97 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.
- If they earn above the '**lower earnings limit**' (LEL) of **£102 up to £139** which is called the '**upper earnings limit**' (UEL) 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.
- If any of your staff earn any **more than £139 per week**, ('**upper earnings limit**') you will have to deduct national insurance contributions. If your staff earns more than **£144** 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.
- 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
- If you employ someone who earns below the LEL and this is their only employment you will not need to make any deductions.

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- If you employ somebody who is receiving a State or Private Pension please contact your Direct Payments Support Worker for advice.
- The 'Financial Year' or tax year runs from the 5th April to the 4th April
- 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 10: 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** or a **Status Inspector** at your local tax office.

WHAT DO I DO NEXT

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.

Most people who employ their own personal assistants will use the '**Simplified Deduction Scheme**' which you can use if you employ less than five employees. There is also an upper pay limit. Call **0845 60 70 143 (local rate)** and ask the tax office for the **New Employers Starter Pack**, enclosing material on the **Simplified Deduction Scheme (P4Q)**.

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 your support worker, or from organisations detailed in the 'Take Control of your life' Introduction book.

For people employing **more than four staff**: contact H.M. Revenue & Customs and ask for a **P4 'Starter Pack'** and the **Employers Guide to PAYE'**.

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 use your Personal Budget (Direct Payments) to pay for a Payroll Service, or Book Keeper/Accountant. Ask your Direct Payments Support Worker for further information.

Further advice on a range of subjects is available from your DP Support Worker in accessible formats or from the organisations detailed at the back of 'Take control of your life: An introduction to the Direct Payments Scheme'.

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