

Payroll

P35 Year End Documentation

A P35 is sent out by the Inland Revenue to all operators of PAYE systems. It collates the year end data for the Inland Revenue.

All payroll operators are sent a P35 for completion in late February or early March before the filing date 19th May.

The P35 covers the year from 6th April to 5th April the following year.

If a P35 is not received by late March a duplicate can be requested by the employer through the Employer's Payroll Office (on the initial PAYE registration sheet).

Online filing of P35s is compulsory for all companies since 2010. Most good payroll packages have Online filing facilities, or the governments own online filing system is also excellent and easy to use.

An employer must complete an FBI2 form [Payroll FBI2](#) if they are authorising a Payroll Agent to file Online. The Agent is advised by the Inland Revenue to get the employer to sign either a completed P35 print-out, or a permission slip BEFORE filing Online [P35 Permission Slips](#)

Part 1 of the P35 requires details all the employees and their deductions for Tax and National Insurance. Directors should be indicated with an asterix *.

Box 11 is the total of student loan deductions

Boxes 13 – 19 is for statutory payments that are recovered (deductions from PAYE)

Boxes 23 and 24 cover tax credits and funding received to pay tax credits.

Box 31 is for CIS deductions suffered by a limited company.

It is important to check that actual payments made for the period match the payments shown on the payroll calculated on the P35. If there is a difference (underpayment) there is an extra slip for 5th April with which to pay the balances. Where there has been an overpayment a letter requesting repayment or a tax credit for the following PAYE year must be sent to the PAYE office. [PAYE Reconciliation](#)

Part 3 requires some questions to be answered, and generally the expected answers to Question1 should be Yes, and to Questions 2-6 should be No.

Part 6 asks for P11D forms, and where a limited company is owner operated the directors may be able to request a dispensation from filing a P11D. This has to be done before a P35 is sent, and is different for each tax office [P11D Dispensation](#).

Reconciling the Payroll should be done at the earliest possible time. Delays in reconciling could result in overpayments of the 5th April (by 19th April) or underpayments, which may result in fines and penalties for incorrect filing.

The Inland Revenue has already indicated that there will no longer be room for even minor mistakes on these year end documents and that any errors will be sent back to the employer for correction.

Any forms requiring correction will only be counted as filed once they are approved. This means that if a P35 is rejected and not refilled before 19th May there may be fines and penalties to pay.

Failure to file a P35 will result in penalties and fines. If a P35 is overdue by more than one tax year a penalty of £1200 will be issued automatically. P35s will be issued automatically as soon as a limited company registers a payroll; this means that if the company has been dormant for a few years, these dormant trading years will also receive a P35, despite the fact that the payroll is registered at a later date. These P35s must be filed as soon as they are received as a NIL return, otherwise penalty notices will be received.