

Payroll PAYE Inspections

The Inland Revenue have a system of checks, based on the information that is sent back to them each year in the form of P35's P11Ds etc. These will, if the data does fit a certain set of criteria, trigger a PAYE inspection.

Before the inspection occurs, the officer will have already ascertained what it is they are looking for, and the total monies expected to be levied from the investigation.

The investigation will highlight the following: -

- Cars and expenses for Directors (parking fines!)
- The PAYE/Dividend ratios for Directors
- IR35 – if they suspect the contractor is an employee hiding behind a Ltd company
- CIS compliance (that the sub contractors are legitimately self employed)

Before the meeting, check: -

1. All wages records – payments and calculations reconcile
2. That all NI certificates for reduced rates bands like “B” and “E” are accompanied by the correct paperwork, and that married women have got divorced, a common problem.
3. That all expense claims are accompanied by the corresponding paperwork and records.
4. CIS sub contractor details are up to date and verified.

The above are obvious good house keeping, and should be part of a day to day system that is already in place.

When approached for a visit, understand that it is probably not random, and the client has been selected for a reason.

The client does not need to have the meeting in their premises; often it is better at the Agent's offices.

If the date is not convenient this can be changed, but there should be at least 10 days notice.

The Agent can be present to assist the client.

Take good, and thorough notes, and any requests should be made in writing.

Should there be a question to which the answer is unclear, or it is closed (Y/N) and the client feels unable to answer, then a written answer can be given at a later date.

If proceedings are becoming pressured or confused ask for a break.