

Payroll Online Filing and the Tax Credits ARCHIVE

The government are keen for all employers to file PAYE details online. For companies with over 250 employees this is compulsory, and for employers with less than 250 employees tax incentives have been applied to encourage conversion to online filing.

There are a number of key advantages to filing online.

- It speeds up processing.
- It's a secure method of transmission
- Removes a layer of paperwork
- It allows for the employer/payroll agent to send and receive various payroll forms.

To register for online services the information required is

- Name of employer
- Address of employer
- PAYE reference
- Accounts Office reference (may need to enter without affix of 2 zeros)

After getting the above details go to

<http://www.hmrc.gov.uk>

- PAYE for employers
- "Do it Online"
- Complete the details in "About You"
- Create a password
- Enter PAYE details
- Accept terms and conditions
- Take a note – print of copy off – of the user ID

Within 7 days a User ID confirmation will be sent along with a letter showing the Activation PIN.

The PIN must be activated within 28 days otherwise the whole process will have to be redone. This can be done by selecting "PAYE for employers" within the "Do it Online" section.

Ensure that registration is done in plenty of time to file returns by 19th May. When the return has been accepted the employer should receive a letter informing them that they are entitled to £75 (2007/08) tax credit.

Part of the letter will also give details if the employer would like the £75 as a tax repayment, and the instructions given should be followed. The employer will be issued with a letter confirming that the online filing was successful, and a request for repayment form will be included with the letter.

The tax credit maybe used in either May or June if paying PAYE monthly, or in the quarter ended 5th July if paying quarterly.

The tax credit for 2007/08 cannot be used for months 11, 12 or 13 of the tax year 2007/08 i.e. in advance of the filing.

The tax credit can be applied for online via

<http://www.hmrc.gov.uk/efiling/help/claim-tax-free-pay.htm>

This link is only in place for part of the year during the period when tax credits are issued. The link is taken down after December in each year.