



# Employer Services Fact Sheet

## PENALTIES FOR LATE PAYMENT OF PAYE (incl. CIS)

HM Revenue & Customs have announced that from 2010/11 penalties may be issued for late payments of PAYE.

The deadline for the receipt of PAYE payments is the 19th of the month; 22nd for electronic payments. You may have to pay a penalty if you do not make PAYE payments on time and in full from **May 2010**.

### PAYE INCLUDES

- Income tax
- National Insurance contributions
- Construction Industry Scheme deductions
- Student Loan deductions

### WHO WILL THESE PENALTIES APPLY TO?

The new late payment penalties may apply to **all** employers and contractors that do not pay on time. Large employers and contractors (over 50 employees) will still have to pay electronically. Penalties will not apply if a 'time to pay arrangement' has been reached with HM Revenue & Customs

**Note:** Employers may get **no** warning that they are accumulating penalties. They may be clocking up very high penalties over the year without being aware of it until the penalty notice is sent – by which time it may be too late to limit the damage.

### PENALTY CALCULATION

The penalty is calculated as a percentage of the total amount which is late in the year ignoring the first late payment. The percentages are as follows:

- Only late once – no penalty
- 2-4 times – 1%
- 5-7 times – 2%
- 8-10 times – 3%
- 11 or more times – 4%
- 5% if more than 6 months late
- Up to 5% x 3 on late payment of Class 1A NICs and PAYE settlement agreements

### WHEN WILL THEY BE ISSUED?

Penalties will be issued for 2010/11 from April **2011**. These penalties are on top of any penalties that may be charged for incorrect PAYE returns & P11Ds.

### WHAT IF I DISAGREE?

You will be able to appeal against the liability to the penalty for example because:

- the payment was not late
- there is a reasonable excuse for being late

You will also be able to appeal against the amount of the penalty

### WHAT IF I CAN'T PAY?

Please ring HMRC Business Support Service on **0845 302 1435** as soon as possible. In certain circumstances further time may be allowed.

**NEED HELP?:** If you need further advice on an inability to pay other taxes or to comply generally please contact Carol Watters at our Preston office 01772 821021. For further information regarding electronic payments of PAYE, compulsory for all employers from May 2011, please contact your nearest payroll office. Lancaster telephone 01524 388719, Preston telephone 01772 821021.



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