

MPH Accountants

# FAQ's Payroll & CIS



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**Q. What is the minimum I must pay my employee?**

The National Minimum Wage (NMW) to pay an employee can vary with age and must be complied with by law. Please follow the link below for more information:-

<https://www.gov.uk/national-minimum-wage-rates>



**Q. What is CIS?**

CIS stands for Construction Industry Scheme. CIS regulates the procedures and making payments to sub-contractors by contractors within the scheme. This means that the sub-contractor should be verified and this will determine at what rate the tax is deducted. When the sub-contractor completes his own accounts, the tax deducted (CIS tax) is then offset against any tax due and a refund issued.

**Q. How do I pay the tax and national insurance which I deduct from my staff (P32)?**

The easiest and simplest way to pay the amount due on your P32 – Employer Payment Record is by following this link:-

<https://www.tax.service.gov.uk/pay-online/epaye>

You need to enter your company PAYE Accounts Office Reference, select the period you are making the payment for (this is shown at the top of the P32 form stating which month the report has been run from and to). Lastly, you will need to enter the amount liable which is shown on Line 18 – Total Amount Due. Then continue and proceed with payment method.

### **Q. What is employment allowance? When do I qualify as an employer?**

You can get up to £3,000 a year off your national insurance bill if you're an employer. This is called employment allowance and it reduces your secondary Class 1 NI in a tax year. You can claim employment allowance if you are a business or charity paying employers' Class 1 NI, but if you have more than one PAYE reference, you can only claim the allowance against one of them. You cannot claim if: -

- You're a director and the only paid employee in your company
- You employ someone for personal, household or domestic work (like a nanny or gardener) - unless they're a care or support worker
- You're a public body or business doing more than half your work in the public sector (such as local councils and NHS services) - unless you're a charity
- You're a service company working under 'IR35 rules' and your only income is the earnings of the intermediary (such as your personal service company, limited company, or partnership)

You can claim through your payroll software at any time in the tax year, and some claims are allowed for previous years.



## **Q. What is auto-enrolment? What do I have to do as an employer?**

The law on workplace pensions has changed. By 2018, all employers must provide a workplace pension scheme. This is called 'automatic enrolment'. Employers must set up a scheme with one of the pension providers available on the market currently. Then they must automatically enrol employees into the scheme and make contributions along with the worker.

Employees must fulfil certain criteria to be automatically enrolled. Businesses should check their staging date on The Pension Regulator website and prepare well in advance for it.

There are other obligations which employers must comply with, such as providing employees with information about the pension scheme which is due to be operated, notification of their assessment and worker category which they will fall within, completing the 'Declaration of Compliance' in due course, etc.

