

CHANGING PAYMENT METHODS AND DEADLINES FOR PAYE

Effective May this year the Inland Revenue changes the rules for payment of PAYE for companies with 250+ staff. Payment must be made by electronic means only, and the due date changes from the 19th to the 22nd of the month. The deadline applies even if it is a non business day.

For the first time fines will be introduced for late payers, in addition to interest. The system involves a sliding scale of penalties depending upon how many occasions payment are made late in a 12 month period. After the first 2 defaults the penalty starts at 0.175% of the annual tax due rising to 0.83% if 12 late payments are made

PAYE is a material cash outflow for most organizations so treasurers may like to check that they have factored this change into their short term cash forecasts. Employers with 250 or more employees will be required to send their 2004/05, and subsequent, end of year returns electronically.

Full details of the applicable rules may be found on the HMSO website <http://www.legislation.hmso.gov.uk/acts.htm> under year 2003 statutory instruments number 2682

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