

A Guide to Registering with HMRC as a New Employer

Business Information Factsheet
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Introduction

When a business takes on its first employee, it will usually need to register with HM Revenue & Customs (HMRC) as a new employer. This applies even if the business has only one employee, for example if a limited company has a sole director. New employers must register in advance of the business' first payday, providing information about the business and its employees. Once registered, it is possible to set up a payroll system, pay employees and make returns and payments to HMRC.

This factsheet explains who needs to register as an employer, when they need to register, and how to register, including the information that must be supplied to HMRC.

Who needs to register as an employer?

You will need to register as an employer if your business takes on an employee and any of the following circumstances apply:

- The employee is being paid at or above the PAYE (Pay As You Earn) threshold (£11,500 per year in 2017/18) or the National Insurance Lower Earnings Limit (£5,876 per year in 2017/18).
- The employee is being provided with employee benefits, for example expenses or a company car.
- The employee already has another job or is receiving a state, company or occupational pension.

This applies even if you are the only employee of the business, for example if the business is a limited company and you are the sole director.

When should you register?

You need to register as an employer in advance of the first payday. Although HMRC does not stipulate a set time frame for registration, it is important to allow plenty of time because it can take up to two weeks for PAYE reference numbers and the activation code for PAYE Online to arrive. You will need this information in order to set up the payroll system, and you must have the payroll system set up on or before the first payday in order to report payroll information to HMRC.

However, you shouldn't register more than 120 days ahead of the first payday. This is because, if you register as a new employer and then don't file anything with HMRC within 120 days, your PAYE scheme will be cancelled automatically. You would then need to contact HMRC to re-register. Automatic cancellations only apply to registrations made via HMRC's online service and not to those made via e-mail or telephone.

How can you register as an employer?

In most cases, you can register as an employer using HMRC's online tax registration service. This is a step-by-step process allowing you to provide all of the relevant information for your registration and register for PAYE Online. If you are already registered for Self Assessment Online, you can use the same user ID and password, but you will first need to 'de-enrol' and then 're-enrol' using the links provided on the website. If you need to set up multiple PAYE schemes, you must have a different user ID and password for each scheme. Go to <https://online.hmrc.gov.uk/registration/options> for further information about registering online.

Once you have registered, you will be provided with an Accounts Office reference number and a PAYE reference number. You will also need to wait for a letter confirming your activation code for PAYE Online. This can take up to a week to arrive.

Some employers whose business structures or situations are unusual cannot register using the online service and must register by e-mail or telephone. For example, Limited Liability Partnerships (LLPs) with ten or fewer partners, and committee-run clubs and charities must register by e-mail.

Partnerships or LLPs with more than ten partners, and limited companies with more than nine directors, must register by calling the HMRC New Employer Helpline (see Further information). UK-based limited companies with non-resident directors who don't qualify for National Insurance (NI) numbers, or non-UK-based limited companies with directors who don't have NI numbers, will need to register by telephone.

In certain cases, for employers with particularly unusual payroll arrangements that require special attention from HMRC, it may be necessary to register by writing to the HMRC Customer Operations Employer Office (see Further information)

Examples of employers that need to register in this way include most offshore employers and those run as profit-sharing schemes. A call to the New Employer Helpline can clarify whether special attention is required, and if so, the Helpline can arrange for the Customer Operations Employer Office to contact you.

What information do you need to provide?

In order to register as an employer, you will need to provide information about the business and its employees. If registering online, you will need to have all of this information to hand before starting the process.

All employers must provide:

- Business name (including partners' names or company name if relevant).
- Trading address.
- Contact e-mail address and telephone number.
- Name and address for correspondence.
- Date of first payday or first payment of expenses or benefits.
- Unique taxpayer reference (UTR) (for you as an individual, or for the partnership or limited company as appropriate).

Depending on the type of business, you may also need to provide:

- Trading name.
- Limited company or LLP registration number.
- Address of registered office.
- Names of all company directors or partners.
- NI numbers of all directors or partners.
- Nature of business.
- Number of employees employed or expected to be employed (including directors).
- Confirmation of whether the business will engage any subcontractors in the construction industry.

What are the next steps?

Once registered as an employer, you are required to deduct PAYE tax and National Insurance Contributions (NICs) from your employees, and to report this information to HMRC before or on every payday. Most employers are required to report this information via the PAYE Online system. You can register for PAYE Online as soon as you receive the letter providing your activation code. You must use the activation code within 28 days of receiving the letter.

You must keep a record of accurate information about your first employee and subsequent employees. This information is required when you submit your first Full Payment Submission (FPS) to HMRC. The information you need to submit about each employee includes:

- Full name.
- Gender.
- Date of birth.
- Full address.
- NI number.
- Date employment started.

In order to pay an employee for the first time, you will need to run a payroll in order to calculate the relevant tax, NI and other deductions. You may run your payroll in-house, or choose to outsource it. If you choose to run your payroll in-house, there are various software packages available, including the free HMRC Basic PAYE tool. See BIF 53, A Guide to Setting up and Running a Payroll System, for further information.

After you have run your first payroll and submitted your first FPS to HMRC, you will need to pay any tax and NICs due to HMRC. If you do not submit your FPS or make payment by the relevant deadlines, you may have to pay a penalty and interest may be charged.

As a new employer, you also need to be aware of several other considerations, including national living wage, working hours, sick pay, holiday entitlement and other employment rights, such as maternity pay. HMRC provides various useful tools for employers via its website (www.gov.uk/basic-payee-tools).

Hints and tips

- You must register as an employer ahead of your first payday, even if you are the only employee of the business.
- It is vital that you have all the required information to hand before beginning the online registration process.
- Allow at least two weeks between online registration and your first payday.
- If you require more than 120 days between registration and first payday, register by phone or e-mail to avoid automatic cancellation.
- Keep details of your Accounts Office and PAYE reference numbers secure. These will have been sent to you by HMRC once you registered as an employer, and you will need them when you submit returns or contact HMRC.
- Make sure you register for PAYE Online within 28 days of receiving your activation code.
- Make use of the free PAYE tools provided by HMRC, such as the HMRC Basic PAYE tool.
- If in doubt, call the HMRC New Employer Helpline for advice and guidance.

Further information

BIF 15 An Introduction to Tax, National Insurance and VAT

BIF 53 A Guide to Setting up and Running a Payroll System

BIF 458 An Introduction to Pay As You Earn (PAYE)

Useful publications

'PAYE and payroll for employers'

HMRC

Website: www.gov.uk/payee-for-employers

'Tell HMRC about a new employee'

HMRC

Website: www.gov.uk/new-employee

HMRC's Basic PAYE Tools

HMRC

Website: www.gov.uk/basic-payee-tools

Useful contacts

HMRC is the government department responsible for the collection of tax. It also provides information and advice to individuals and businesses.

Tel: 0300 200 3200 (New Employer Helpline)

Website: www.gov.uk/government/organisations/hm-revenue-customs

HMRC Customer Operations Employer Office

BP4009 Chillingham House

Benton Park View

Newcastle upon Tyne

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