

Procedures for the PCC as a New Employer

As a new employer, there are four procedures a PCC must be aware of and act on if applicable:

1. Take out Employer's Liability Insurance
2. Automatically enrol your staff onto a work-based pension plan
3. Register for PAYE
4. Enrol for Employment Allowance if you operate PAYE.

1. Employers' Liability Insurance

Your PCC is legally required to purchase Employers Liability Insurance from an authorised insurer as soon as it becomes an employer. More information can be found here: [Employers' liability insurance - GOV.UK](#).

The policy must cover at least £5 million. The insurance will help to pay compensation if an employee is injured or becomes ill while carrying out their duties.

2. Pension Auto-enrolment Requirements

It is a legal requirement that employers must provide a workplace pension scheme for eligible staff as soon as their first staff member starts working (known as your 'duties start date'). If you don't act in time, you could be fined. For more information on workplace pensions, please visit [Set up and manage a workplace pension scheme: Employers and eligible staff - GOV.UK](#) Most churches register with the Church of England's Pension Board or NEST.

You must also complete a compliance declaration within 5 months of your duties start date. Use the [Compliance checklist](#) provided by the Pensions Regulator to ensure you've covered everything.

You must enrol and make an employer's contribution for all staff who:

- are aged between 22 and the State Pension age
- earn at least £10,000 a year
- usually work in the UK.

If staff become eligible because of a change in their age or earnings, you must put them into your pension scheme and write to them within 6 weeks of the day they meet the criteria.

Even if an employee is not eligible to be auto-enrolled in the pension scheme, you must send them a letter saying they can join if they wish.

An employer must pay at least 3% of an employee's 'qualifying earnings' into the staff's pension scheme. Check your pension scheme to determine what counts as 'qualifying earnings'.

Under most schemes, the qualifying earnings are the employee's total earnings between £6,240 and £50,270 a year before tax. Total earnings are to include:

- salary or wages
- bonuses and commission
- overtime
- statutory sick pay
- statutory maternity, paternity or adoption pay.

The minimum percentage of an employee's pensionable salary paid into a pension fund is 8%.

Both the employer and employee are to meet the minimum percentage of 8%. For example, an employer agrees to pay 5% of employees' pensionable salary. Employees will be asked to top up the pension by contributing 3% of their pensionable salary to make the minimum of 8% paid into the pension scheme.

Sometimes, an employer will agree to contribute 8% or more. The employee can then decide whether to add additional voluntary contributions (AVCs) to boost their pension pot.

Paying contributions

You will need to pay your employer contributions for each employee by the date you've agreed with your pension provider every time you run payroll. You must backdate any missed payments.

You will need to deduct contributions from your staff's pay each month. You'll need to pay these into your staff's pension scheme by the 22nd day (19th if you pay by cheque) of the following month.

3. PAYE – Pay As You Earn

You do not need to register for PAYE if none of your employees is paid £123 or more a week, gets expenses and benefits, has another job or gets a pension. However, you must keep [payroll records](#). Otherwise, you will need to register for PAYE.

PAYE is HMRC's system for collecting Income Tax and National Insurance from employment. You must complete specific tasks during each tax month if you operate PAYE as part of your payroll. A tax month runs from the 6th of one month to the 5th of the next.

You must register before the first payday. Getting an employer PAYE reference number can take up to 30 working days. You cannot register more than 2 months before you start paying people.

To pay an employee before you get your employer's PAYE reference number, you should, in this order:

1. Run payroll.
2. Store your full payment submission.
3. Send a [late full payment submission](#) to HMRC

How to register for PAYE

Register online by clicking here: [register as an employer](#) or contact HMRC on 0300 200 3200.

A new employer gets a PAYE login when they [register as an employer](#) online. If you do not have a login, because you registered in another way, you'll need to [enrol for PAYE Online separately](#).

You will receive a letter from HMRC confirming your registration and stating your PAYE and Accounts Office references.

If you already have an online account, for other taxes eg making a Gift Aid claim, use your user code and password to access the government gateway. [PAYE Online for employers: Enrol if you did not register online - GOV.UK](#) by selecting 'Add a tax to your account' on the 'Business tax summary' page. You will then be able to add PAYE for employers.

Tax codes and notices

HMRC sends you information about your employees through PAYE Online. Log in to view:

- tax code notices (P6 and P9)
- student loan notices (SL1 and SL2)
- National Insurance verification notices (NVR and NOT)
- [late reporting and late payment alerts](#) (HMRC call these 'generic notifications')

You can also access the above through some payroll software, or by using the [PAYE Desktop Viewer](#).

Choose how to run payroll

You can [operate PAYE](#) by either:

- paying a payroll provider to do it for you
- doing it yourself using payroll software.

Paying a Payroll Provider

If you decide to pay a payroll provider (for example, a bureau or accountant) to run your payroll, you must consider how much support you'll need. Voluntary Action Sheffield, Voluntary Action Rotherham and Voluntary Action Doncaster offer payroll provider services and their charges are likely to be less than those of accountancy firms.

What a Payroll Provider can and can't do:

- It is advisable to talk to the manager of the payroll provider services you are considering to find out the level of service they can offer.

Some payroll providers can offer you more support if needed, for example keeping employee records, providing payslips and making payments to HM Revenue and Customs (HMRC).

- You're responsible for collecting and [keeping records](#) of your employee's details. Your payroll provider will need these to run payroll for you.
- As an employer, you're legally responsible for completing all PAYE tasks - even if you pay someone else.

When you have decided on a payroll provider the provider will send you enrolment forms to complete.

Running payroll yourself

If you decide to run payroll you must complete certain tasks to pay your employees for the first time. You can choose when and how often to pay your employees.

Follow the steps below:

1. [Register as an employer](#) with HM Revenue and Customs (HMRC) and get a login for [PAYE Online](#).
2. [Choose payroll software](#) to record employee details, calculate pay and deductions, and report to HMRC.
 - HMRC has free PAYE software you can use: <https://www.gov.uk/basic-payee-tools>
 - If you use accounting software, it's likely the software has a payroll module. This may come as an extra cost.
3. [Collect and keep records](#).
4. [Record pay, make deductions and report to HMRC](#) on or before the first payday.
5. [Pay HMRC](#) the tax and National Insurance you owe.

You'll also need to complete certain [annual reports and tasks](#) to prepare for the next tax year, which starts on 6 April.

4. Employment Allowance

Your church can apply for Employment Allowance from HMRC. For 24/25, the allowance is up to £5,000 for the year. When your claim has been accepted, the allowance must be applied against the employer's NI contributions for all staff on PAYE for 24/25. You will need to apply for Employment Allowance every fiscal year.

To claim through your payroll software, put 'Yes' in the 'Employment Allowance indicator' field next time you send an [Employment Payment Summary](#) (EPS) to HM Revenue and Customs (HMRC).

For more information on the Employment Allowance go to <https://www.gov.uk/claim-employment-allowance>.