

## **H M Revenue & Customs - PAYE - Parish Councils**

The requirement for parish councils to complete PAYE was discussed at the 16 March 2011 area board. The information below outlines the response the council has received from H M Revenue & Customs.

The Leader of the Council, Jane Scott, wrote to The Chancellor of the Exchequer on the 27 April expressing her concern at the impact the revised regulations for PAYE will have on Parish Council and Community Council Clerks. She also asked the Chancellor to reconsider his decision and allow Wiltshire Council to provide payroll services for Parish and Town Clerks as a special registration service point of contact. This would help to alleviate the burden from the Parish and Community Councils and negate the need for them to find an individual supplier. Wiltshire Council would also be in a position to offer all Parish and Community Councils the same inclusive service rather than individual Council variances.

Mrs Scott received a reply from HM Revenue and Customs on the 23 May. HMRC wished to explain that the regulations are not new however, their guidance on the application of the regulations has changed. Payments to parish clerks must be subjected to PAYE where necessary instead of being taxed as a clerk's personal income as was permitted under previous informal concessionary practice. HMRC's scope to operate these informal concessions has recently been reviewed and has been found to be more limited than was previously believed to be the case. HMRC confirmed that it will only be necessary for a Parish Council to operate a PAYE where payments are above the NI Contributions lower earnings limit, currently £102 per week, or where the employee has another job or receives a pension.

HMRC have consulted with the National Association of Local Council's own solicitor who confirmed that parish councils should operate PAYE on payments to clerks where the law requires them to do so.

HMRC did not give Wiltshire Council permission to become a special registration point as requested by Mrs Scott but stated that they produce a free basic PAYE tool that will enable parish councils to run their payroll throughout the year and make annual returns. In addition, HMRC offer free workshops covering all payroll topics and has a team of specialist advisers to answer questions from councils who need to operate PAYE for the first time. These details lifted from the HMRC site are below:-

### **What help can HMRC give Parish Councils with operating PAYE?**

Information on registering for PAYE, including thresholds, can be found on HMRC's website:

[www.hmrc.gov.uk/payee/intro/register.htm](http://www.hmrc.gov.uk/payee/intro/register.htm)

You can also call our New Employer Helpline on 0845 60 70 143

Guidance regarding Clerks' expenses can be found in HMRC's online guidance at EIM67310 and EIM67315.

Details of what records need to be kept for PAYE can be found at [www.hmrc.gov.uk/payee/payroll/day-to-day/records.htm](http://www.hmrc.gov.uk/payee/payroll/day-to-day/records.htm).

Of course, there are also companies in the local community who can provide this payroll service at a small cost. The going rate appears to be around a £30 flat fee for set-up, and a £48 annual fixed charge for processing/ reports/returns etc. assuming one employee paid a fixed amount once per month i.e. £4.00 per month.'