

GUIDE TO PAYE/NIC FOR LOCAL RELIGIOUS CENTRES (LRC) 2007/08

This guide tells you what to do in respect of payments to an employee.

1 Payments below the tax and National Insurance threshold:

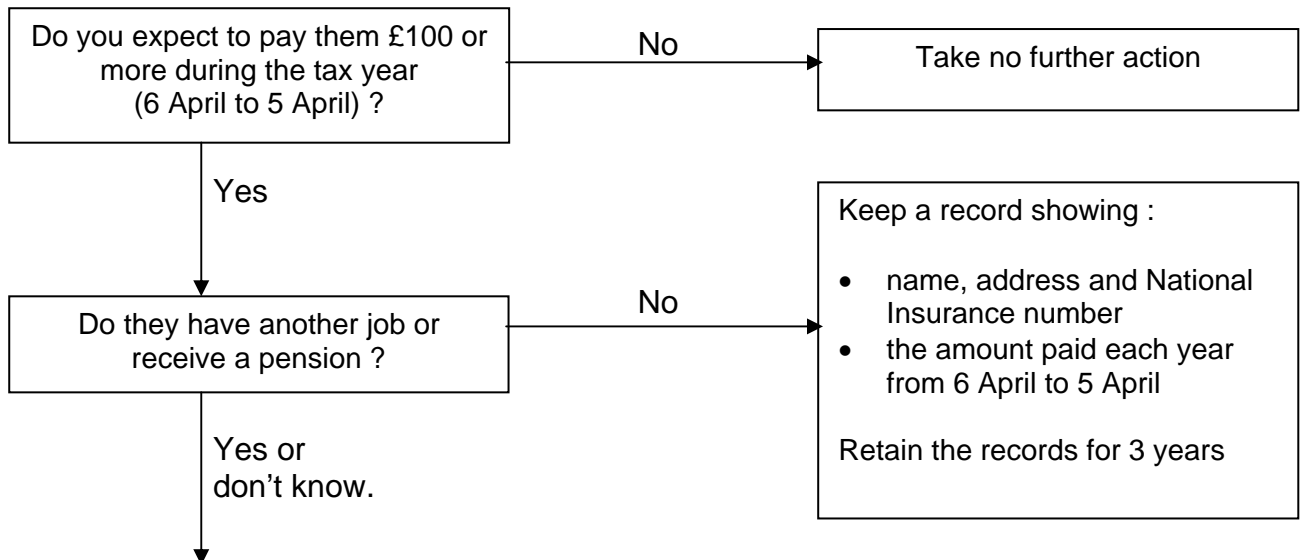
Earnings Threshold for National Insurance Contributions (NIC) and Income Tax - Pay As You Earn (PAYE): **£100.00 per week or £435.00 per month**

- a **Go to 3A and 3B below** for action required in respect of employees paid below the threshold
- b **Do not make any deductions from the payments** (unless instructed to do so by HMRC resulting from action in 'a' above).

2 If you will pay anyone at or above the threshold, telephone the New Employer Helpline on 0845 60 70 143.

You will then be provided with information for the operation of PAYE/NIC.

3 A Income Tax: For employees only paid below the threshold, and for whom you have had no other instructions from the HMRC office, use this flow chart to decide what action to take for each person paid:



Write to HMRC, CRI (LRC), Ty Glas, Llanishen, Cardiff, CF4 5ZG, with the name and address of the LRC and details of each person paid, as follows: -

- i. Name and address
- ii. National Insurance number
- iii. Amount you expect to pay up to 5 April next
- iv. Amount you expect to pay in a full year

You may not hear further from HM Revenue & Customs regarding this information. You should

- keep a copy of your letter
- keep a record of the actual amount paid to each individual each year from 6 April to 5 April.
- retain these records for 3 years.

3 B National Insurance Contributions: For employees paid from £87 to £100.00 weekly or £377 to £435.00 monthly no NIC is payable but you will need to return these amounts to HMRC. Contact your local HMRC office for information on the action required.

4 No tax charge will arise in respect of a payment

- to compensate, without profit, someone who incurs expenses which are allowable as tax deductions, when working for the LRC
- that reimburses, without profit, the cost of travel to and from the LRC, provided this is the only payment made.

The cost of travel to and from the LRC is not an allowable expense, if it is paid along with a fee, etc, for work that is done there. A payment made to compensate for travel to or from the LRC must therefore, be included with other payments when arriving at the amount to report to the tax office, or deduct tax/NIC from, under the PAYE system.

5 Employment status of, for example, church organists

If you

- pay someone a sum at or above the National Insurance Contributions and PAYE threshold
- and
- you are in doubt about whether that person is an employee (they may claim to be self employed)

contact the HMRC office for the area where the LRC is located, and ask the Nominated Status Inspector for a decision on whether PAYE is applicable.