

PAYE, BENEFITS AND NIC HEALTHCHECK

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PAYE HEALTHCHECK

The Healthcheck is a review of payroll and expense procedures to ensure compliance with current legislation. The review will consist of:-

- A meeting with the client to determine the scope of the review. Issues for discussion include:

Payroll review

- Are all records held at a central point?
- Will a review be necessary at several sites?
- Do they use a reputable payroll bureau? Is a full review of payroll procedures necessary?
- Is the directors'/executive payroll dealt with separately? This is usually the more high-risk area.
- Do they engage in construction activities? Are they submitting monthly CIS returns?
- If a review is to be carried out of payroll or CIS agree the size of sample.

This review will take ½ day to a day depending on the number of employees.

Expenses review/P11Ds

- Explain that the review will involve discussions with those who pay expenses/prepare P11Ds.
- Do they have a dispensation? When was this last reviewed?
- Are expenses authorised?
- Do they have a system for ensuring all expenses/benefits are correctly reported ie not only those paid by expenses but also from petty cash and through the purchase ledger?
- What size sample would they like to be reviewed?

A typical review will take ½ day to a day depending on the number of employees.

Report

- Do they want an initial feedback session at the end of the review?
- Can they co-ordinate all people and records in one place, at one time?
- Do they want a full report showing problems, potential exposure and recommendations?
- Would they prefer a report of issues and a meeting to discuss actions?
- Scope for further review six months hence to review actions.

Note: It is strongly recommended that only a PAYE/NIC specialist complete this checklist.

Review

A review of a sample of expenses claim forms, petty cash claims, fuel cards, company credit cards and the purchase ledger should be undertaken.

This should be done **after** discussions with the staff involved. Any discrepancies/areas of concern should be raised in a feedback session at the end of the review.

SUMMARY OF WEAKNESSES/DISCREPANCIES

Date Reference	Employee/Department	Observations/Queries	Exposure

Review for: Authorisation of claims, receipts, potential exposure (tax and NIC implications).

PAYE, BENEFITS AND NIC CHECKLIST

CLIENT:

DATE:

REVIEWER:

INTERVIEWEE:

Please record any potential weaknesses/failures in the system in the summary schedule attached on page 3.

Note: It is strongly recommended that only a PAYE/NIC specialist complete this checklist.

The client should be asked to sign on the final page of this document.

PART A GENERAL ADMINISTRATION		Comments
1	Who administers the payroll?	
2	Who are they responsible to?	
3	What system is used?	
4	Size of payroll: Number of employees on payroll now? Number on last 5 April? Number as per HM Revenue and Customs e-filing notification last October/November? Annual amount of payroll payments?	
5	Is there more than one separate PAYE scheme for the business? If not, would it suit the needs of the business to have more than one scheme? (Apply on P350 before start of the tax year). Is any existing split appropriate?	
6	Is use made of HM Revenue and Customs guides CWG2 and the series E10 - 18? Are the current versions in use?	
7	Are there any commercial payroll guides in use? (State which)	
8	Are employees paid: Weekly? Monthly? Other? – specify	

		Comments
9	Has the client used any employment tax avoidance schemes (or National Insurance only avoidance schemes from 1 May 2007) that have, or need, to be notified to HM Revenue and Customs on Form AIU4?	
10	If the business suffered in the 2007 summer floods or is in farming (or has customers/suppliers in farming) and was affected by Foot and Mouth in 2007 or previously, has beneficial treatment been obtained where necessary in the way of deferred payments, lifting certain penalties, etc?	