



Employer's Guide to P.A.Y.E.

**Government of St Helena
Income Tax Office
MARCH 2016**

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Copies of all forms shown on pages 19 - 26 will be supplied to all employers at the beginning of the Tax Year and are also attainable from the Income Tax Office

(1) INTRODUCTION TO PAYE

As an employer you will have to operate PAYE (Pay As You Earn) as part of your payroll. PAYE is a system to collect Income Tax from employment.

When paying your employees you will need to make deductions for PAYE in accordance with the **Income Tax Regulations 2012 (I.T.R.2012)**

Payments include their salary or wages, as well as things like any tips or bonuses (*see page 9 for other taxable incomes*)

(2) EMPLOYER'S DUTY TO DEDUCT INCOME TAX (I.T.R. 2012, Part 3, Section 11)

It is the employer's duty to deduct Income Tax from the pay of his employees. The employer should consult the Tax Office whenever he is in doubt as to whether or not PAYE should apply.

(3) EMPLOYER'S PERSONAL LIABILITY (I.T.R.2012, Part 3, Section 11)

Any employer who fails to deduct any tax as instructed by the Tax Office shall in addition to any liability for a penalty, be personally liable to pay to the Commissioner the amount which has not been deducted.

Nothing in the Income Tax Ordinance prevents the employer recovering from the employee the tax paid above.

(4) INSPECTION OF EMPLOYER'S RECORDS

Income Tax Officers are empowered by the Income Tax Ordinance 2012 to make inspections of Employer's Records as part of their audit checks to determine that the correct amount of tax is being deducted and paid to SHG.

Employers are requested to keep all pay records, deductions working sheets etc. for seven years

5) P.A.Y.E. FORMS

Below is a list of forms supplied by the Tax Office to operate PAYE:

- P1** Employer's registration form (to be completed when you want to start employing people) *A copy of the P1 that can be viewed and printed is on page 18 of this guide*
- P2** Employer's record for employee's Income Tax deductions *A copy can be viewed on page 19 of this guide.* In accordance with the Income Tax Law the employer must keep a record of all pay & PAYE deductions for each employee. Employers will be issued with a P2 form for each employee at the start of the Tax Year additional copies will need to be obtained from the Income Tax Office.
- P5** Certificate of annual earnings and tax deducted (At the end of the Income Tax Year it is the responsibility of the employer to issue to each of his employees a statement showing gross earnings and tax deducted for the year) *A copy of the P5 can be viewed and printed from page 21 of this guide*
- P6** Employer's monthly remittance to SHG of tax deducted from employee's each month. *A copy of the P6 can be viewed and printed from page 22 of this guide*
- P7** Annual Return of wages, salary etc. paid in the year (This form must be sent to the Income Tax Office by no later than the 30 April after the end of each Income Tax Year, failure to do so may result in a penalty of £100.00 being applied for late submission + £10.00 for each month it remains outstanding) *A copy of the P7 (pages 1 & 2) can be viewed on pages 23 & 24 of this guide.* Employers will be issued with this form at the start of the Tax Year.
- P8** Particulars of employees leaving during the year. *A copy of the P8 can be viewed and printed from pages 25 & 26 of this guide*

(6) EMPLOYING STAFF FOR THE FIRST TIME

1. Register as an employer with the Income Tax Office *Sample of Form P1 can be viewed and printed on page 18*
2. The Tax Office Staff will instruct you on how to operate PAYE
2. Get in contact with the Tax Office as soon as you plan to employ someone even if it's only for casual or part-time employment.
3. Inform the Tax Office with employee's names, address, date of birth, amount of salary each employee will be paid (weekly /monthly), starting date, type of employment.
Inform the Tax Office of any employments previously held by your new employee,
Does the employee have a P8 form from a previous employer? Please use the information from that P8 when preparing a P2 for your new employee.
4. The tax office will be able to issue you with a tax code if there is no previous employment or when there is no P8 form.

7) RECORDS OF PAY, & TAX

EMPLOYER'S RECORDS OF EMPLOYEE INCOME TAX DEDUCTIONS

Each employer must keep a record of each employee's Income Tax Deductions, a P2 form will be provided for this purpose if you are operating PAYE manually. *A sample of the P2 can be viewed on page 19 of this guide.*

Once completed the P2 form must be kept for 6 years after the end of the year to which it relates.

P2 FORMS ARE NOT TO BE SENT TO THE TAX OFFICE AT THE END OF THE TAX YEAR UNLESS YOU ARE REQUESTED TO DO SO

THE EMPLOYER MUST PROVIDE A CERTIFICATE OF WEEKLY/MONTHLY WAGE & TAX DEDUCTED

With each pay period it is the responsibility of the employer to give each employee a statement showing the weekly/monthly earnings & tax deducted.

(INCOME TAX REGULATIONS, PART3, SECTION 10 (7))

The Employments Rights Ordinance also require that each statement should contain the following details:

- (a) the name of the employee and employer;
- (b) date that the employment of the employee started with such employer;
- (c) where such employee is paid at an hourly rate or payment of remuneration is determined with reference to the number of hours worked, the hours that such employee worked during the period to which the statement relates;
- (d) the gross amount of remuneration;
- (e) any deductions made from the amount of remuneration;
- (f) the net amount of remuneration;
- (g) where different parts of the net amount are paid in different ways, the amount and method of payment of each part-payment;
- (h) such other information as may be prescribed by the Governor in Council by regulation.

The Tax Office staff can assist you if you need any help with the lay-out of the statement.

MONTHLY EMPLOYER STATEMENT

Within 15 days of the end of each month each employer should submit to the Tax Office a statement (P6 form) showing the gross amount of income from employment paid during the preceding month and the amount of tax deducted and the amount of tax remitted to the Commissioner. *A sample of the P6 can be viewed and printed on page 22 of this guide.*

MONTHLY PAYMENT OF EMPLOYEE'S TAX TO THE COMMISSIONER

All tax deducted by an employer from the income from employment of employees shall be remitted to the Commissioner not later than the 15th day of the month immediately following the month in which such deduction was made.

(8) WHAT IS CLASSED AS TAXABLE PAY

Pay for tax deduction purposes include the following:

- Salary
 - Wages
 - Fees
 - Leave pay
 - Payment in lieu of leave
 - Overtime Pay
 - Work Condition Supplements (compensation for unpleasant or dangerous work conditions)
 - Any monetary allowance of any type provided to an employee
 - Bonus
 - Commission
 - Fees
 - Gratuities
 - Pension or annuity payments
 - Any amounts paid as compensation for redundancy or loss of employment
 - Benefits in kind (value of any benefit-in-kind granted or paid to an employee or a family member of an employee)
- Benefits excluded from tax are any that relates to an employer providing free or subsidised:
- Uniform or protective clothing
 - Mileage allowance

9) CODES

GENERAL

An employee is normally entitled to some free personal tax allowance. Under the PAYE system a proportion of this allowance is set against each pay weekly/monthly. In order to determine the amount to be set against his pay the allowance is expressed in the form of a code and is used in conjunction with the Free Pay Tables (Copies of the Free Pay Tables can be obtained from the Income Tax Office)

Each employee's code is determined by the Tax Office and can only be amended by the Tax Office should the employee's circumstances change.

The employer is obligated to act on the code notified to him by the Tax Office the employer cannot make amendments even though the employee may appeal against his code.

If the employee objects against his code he should query it with the Tax Office staff and not his employer.

TYPES OF CODE

A code can be made up of one, two or three numbers (including 0)

CODE NT

NT stands for 'no tax'

CODE 0

0 stand for 'no free pay'

CODE SPECIFIED FOR EMERGENCY USE

The code for Emergency use is '0' and must be applied on a Week 1 or Month 1 basis.

The code specified for emergency should be used if the employer cannot get a code from the Tax Office or the employee cannot produce Parts 2 & 3 of form P8 from a previous employer.

AMENDED CODE

If an employees code is to be amended after 1 April the Tax Office will notify the employer on the form P3 *sample can be viewed on page 20* of this guide.

An employee code must not be amended without instructions from the Tax Office.

DEDUCTION OF TAX ON WEEK 1 OR MONTH 1 BASIS

Where the Week 1 or Month 1 basis is to be applied the employer should ignore the total pay to date for the purpose of determining the tax to be deducted.

The employer should calculate the tax using only the taxable pay for the week or month, i.e. The pay for the week or month (including any subsidiary payments such as bonus or overtime, less the Free Pay for week 1 or month 1) irrespective of the week or month in which the pay date falls.

The pay & tax must however be totalled on the deductions sheets (P2) at the end of the year.

No refunds will be made by the employer in these cases.

PAYMENT IN WEEK 53

If there is a 53 weekly pay day use the code for week 1.

10) WHAT THE EMPLOYER SHOULD DO WHEN ENGAGING A NEW EMPLOYEE

The employer need to ask their new employee at once for Parts 2 and 3 of the form P8 if he was previously employed for the same tax year.

If a new employee cannot produce Parts 2 and 3 of a P8 the employer should ask the employee to contact his old employer and ask for their copy.

Where a P8 is not produced and the employee had no previous employment the employer should contact the Tax Office for advice as to what P.A.Y.E. Code to use

REFUND OF INCOME TAX DUE TO A NEW EMPLOYEE ON FIRST PAY DAY

When calculating your employees first pay on the P2 form and the employee has pay and tax details from a previous employment it may result in a refund of income tax. You should give the refund to the employee but if you are unsure if this is correct you should contact the Tax Office before making the payment.

REFUND OF TAX WHEN AN EMPLOYEE IS AWAY FROM WORK

If the employee is absent from work without pay e.g. through sickness, holiday overseas, he is entitled to receive any refund of income tax due to him on his next pay day

EMPLOYEE WITH SEVERAL EMPLOYMENTS

Where an employee is known to have more than one employment at the same time, please make sure to contact the Tax Office for an appropriate code

CASUAL EMPLOYEES

Where employment consists of one isolated job, e.g. with a few hours or a weekend P.A.Y.E. should be applied, Code 0 on a week 1 basis should be used if you have not contacted the Tax Office

11) WHAT THE EMPLOYER WILL RECEIVE BEFORE 1st APRIL

DOCUMENTS SENT TO THE EMPLOYERS BEFORE 1st APRIL

Shortly before 1st April employers are notified by the Tax Office of new codes for the forthcoming year for each employee on a code list. Notifications of changed code during the year are supplied on the form P3 form. Notices of Employee's Code (form P3 can be viewed and printed from page 20 of this guide)

A supply of tax documents & forms for operating Pay As You Earn (PAYE) will be sent at the same time, this will include the following:

- P2 For sample copy see page 19
- P5 For sample copy see page 21
- P6 For sample copy see page 22
- P7 For sample copy see page 23 & 24
- P8 For sample copy see page 25 & 26

PREPARATION BY THE EMPLOYER OF DEDUCTIONS SHEETS (P2's)

A fresh Deduction Sheet should be prepared for each employee for use from 1st April

12) WHAT THE EMPLOYER SHOULD DO DURING THE YEAR

DEDUCTION OR REFUND OF TAX

Tax must be deducted or refunded in accordance with the calculations and code used on the deduction sheet (P2 form) *An example of the P2 form can be viewed on Page 19 of this guide*

EMPLOYEE LEAVING

When an employee leaves a certificate (P8 form, particulars of employee leaving) must be prepared in accordance with the directions on that form.

Parts 2 and 3 of the form must be given to the employee when he leaves.

Part 1 must be sent to the Tax Office immediately.

An employer should not supply duplicates of the form if the originals has been lost.

P8 forms will be issued to every employer at the start of every tax year.

An example of the P8 form parte 1, 2 & 3 can be view on pages 25 & 26 of this guide.

TWO PAYMENTS IN THE SAME WEEK OR MONTH

Where an employee leaves one employer and immediately joins another a difference in the pay days may bring about two pays days in the same week or month. In such a case a new employer may find that he has to make an abnormally large deduction on the employee's first pay day, this is because the free pay for the week or month has already been used in the old employment.

DEATH OF AN EMPLOYEE

On the death of an employee form P8 should be completed including the appropriate box on the foot of the form and all three parts sent to the Tax Office.

The name and address of the personal representative of the deceased employee, if known, should be entered.

TAX DEDUCTED BY AN EMPLOYER TO BE REMITTED TO THE COMMISSIONER

All tax deducted from the income from employment shall be remitted to the Commissioner not later than the 15 day of the month immediately following the month in which such deductions were made.

Employers must prepare a P6 form with the details of tax deducted and remitted and send to the Tax Office no later than the 15 day of the month immediately following the month in which the tax was deducted (*sample copy of the P6 can be seen on page 22, the Tax Office will supply each employer with a copy for each month of the Tax Year*)

All employers should note that failure to remit the tax to the Commissioner or send the P6 form to the Tax Office each month will result in penalties been applied.

13. WHAT THE EMPLOYER SHOULD DO AT THE END OF THE TAX YEAR

EMPLOYEE'S CERTIFICATE OF PAY AND TAX DEDUCTED (Form P5)

Each year the employer who has deducted tax from income from employment shall give each employee or former employee a certificate in the form provided for that purpose.

The certificate should show:

- Employer's name and address;
- Employer's name
- Employer's P.A.Y.E. Reference
- Code at 31 March
- The year to which it refers
- Total pay and tax deducted or refunded
- Pay and tax deducted in previous employment

A copy of Form P5, can be viewed and printed from this guide on page 21, this form will be supplied to all employers at the beginning of the Tax Year from the Tax Office.

14. SUMMARY OF END OF YEAR PROCEDURE

The employer is required to make a return (form P7) to the Tax Office not later than 30 April in each year, of the pay & tax deductions in respect of all employees for whom he had used a Deduction Sheet (form P2) during the year.

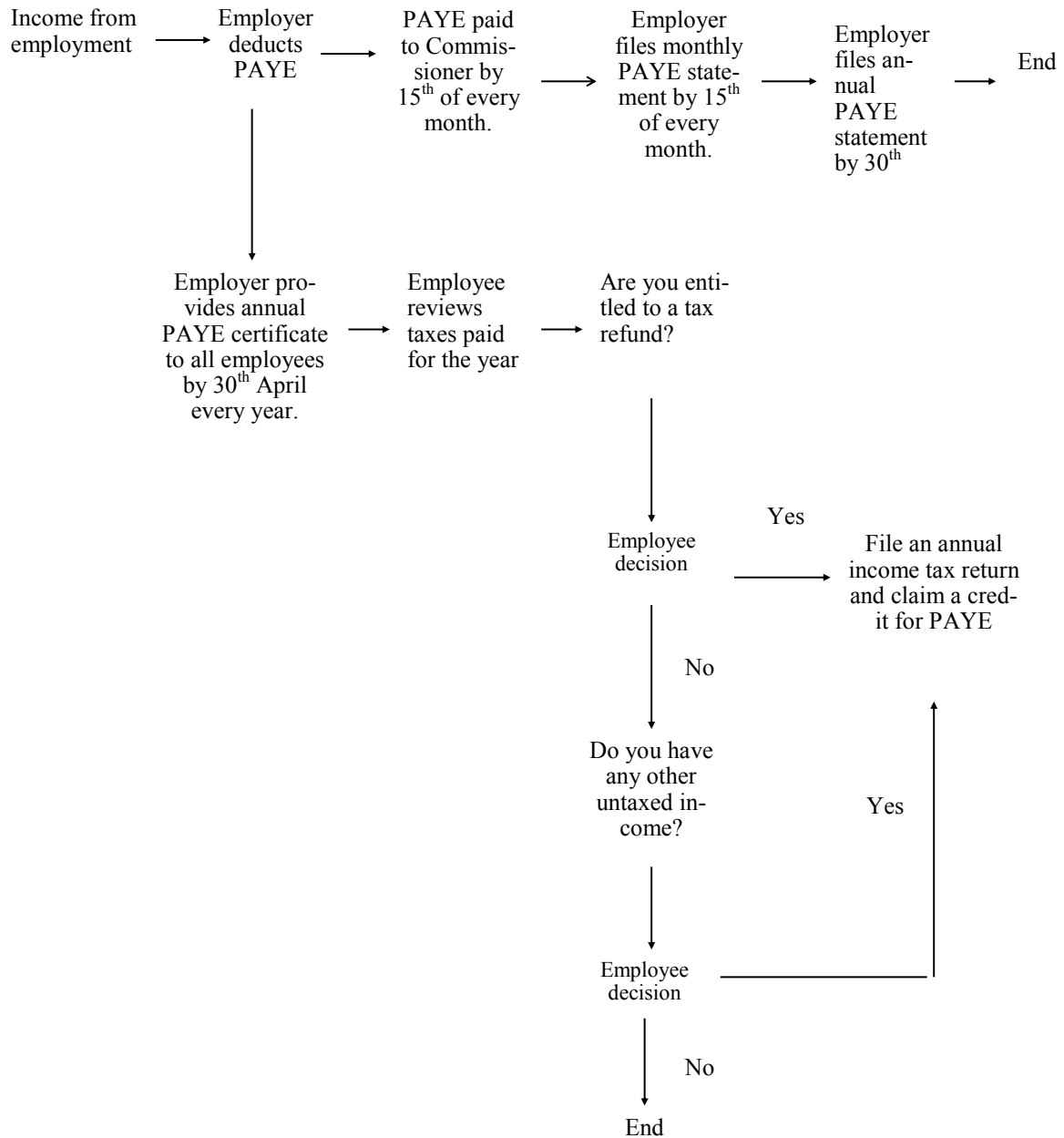
The employer must give each employee who has worked for him during the year a certificate of pay and tax deducted during the year by no later than 30 April after the end of the Tax Year (form P5)

Please note the Tax Office do not require the P2 from the employer.

PRESERVATION OF PAY RECORDS

A dispute may arise about the amount of employee's pay and tax some time after the year end, employers must retain records of each employee's earnings for 7 years after the year end.

EMPLOYEE PAYE INCOME TAX





ST HELENA - INCOME TAX

REGISTRATION OF EMPLOYERS

Notification Required by PART 3, INCOME TAX REGULATIONS 2012

All employers are required to register with the Commissioner of Income Tax in accordance with the above INCOME TAX REGULATIONS within 30 days of business commencing. Please provide the information required below and return this form to the INCOME TAX OFFICE.

BUSINESS NAME:

PRESENT NAME:

PREVIOUS NAME (if applicable)

BUSINESS ADDRESS:

PRESENT ADDRESS:

PREVIOUS ADDRESS (if applicable)

**DATE BUSINESS
COMMENCED/CEASED:**

COMMENCED:

CEASED:

NATURE OF BUSINESS

**APPROXIMATE NO.
OF EMPLOYEES:**

TICK IF APPROPRAITE (See
Notes)

Employer's Signature

Employer's Name (in block capitals).....

Date

P1

P2 Form Record of Employee's Income Tax Deductions (Sample, Page 1) The complete form will be issued to the employer, one for each employee

ST HELENA INCOME TAX										p2
RECORD OF EMPLOYEE'S INCOME TAX DE-										
EMPLOYER'S NAME:								P.A.Y.E CODE		
EMPLOYER'S								CODE	DATE OPER- ATED	
EMPLOYEE'S NAME:										
EMPLOYEE'S										
YEAR	NATURE OF EMPLOYMENT				TAX REFER- ENCE	DATE OF LEAVING				
2012/2 013										
Gross pay for week/ month	Pension Fund Widows etc	Month Num- ber	Week Num- ber	Gross Taxable Pay for the week/Month (2)	Total Pay to date (3)	Total free pay to date as shown by Table A (4)	Total taxable pay to date (5)	Total tax due to date as shown by Taxable Pay Tables (6)	Tax deducted or refunded in the week/ month (7)	
		April 1	1							
			2							
			3							
			4							
			5							
		May 2	6							
			7							
			8							
			9							
			10							
		June 3	11							
			12							
			13							
Total carried fwd										

ST HELENA - INCOME TAX



PAYE
Notice to employer of em-
ployee code (or amended
code) and previous pay and
tax

Issued to:

Issued by:

Date

Employer's PAYE reference

Employee's Name

Works/Payroll No.

CODE The code of the employee is
amended to:

For the year to 31 March

PREVIOUS PAY AND
TAX Where there is an
entry here please fol-
low the instructions in
both Parts A and B

Previous Pay

Previous Tax

Month/Week



ST HELENA - INCOME TAX
CERTIFICATE OF EARNINGS AND TAX DEDUCTED

EMPLOYEES NAME
AND ADDRESS

--

CODE

--

YEAR ENDED 31st MARCH

--

DATE EMPLOYMENT CEASED
(IF APPROPRIATE)

--

TOTAL
PAY: This employment
 Previous employment
TOTAL:

TOTAL TAX: This employment
 Previous Employment
TOTAL:

EMPLOYERS NAME

	REF. NO.
--	----------

I/We certify that the particulars given above include the total amount of pay for income tax purposes (including overtime, bonus, commission etc) paid to you by me/us in the year shown above and the total tax deducted by me/as (less any refunds) in that year.

TO THE EMPLOYEE

Keep this certificate. It will help you to check any Notice of Assessment which the Tax Office may send you in due course. A duplicate form P5 cannot be supplied.

P5



ST HELENA - INCOME TAX

**TO: Commissioner of Income Tax
Employers Monthly Return**

Ref No.....

In accordance with part 3 (8) of the Income Tax Regulations 2012. I now make payment of the tax deducted from my employees during the month of as follows:

**TAX ACTUALLY DEDUCTED FROM
EMPLOYEES**

A

TAX NOW REMITED:

B

**IF ANY DISCREPANCY BETWEEN (A)
AND (B), THE REASON FOR THAT
DISCREPANCY**

Continue overleaf if necessary

Please note

Failure to furnish this P6 form within 15 days after the end of every month the employer shall be liable to pay a penalty of £100 plus £10 for each complete month it remains outstanding under **chapter X1 (66) Income Tax Ordinance 2012.**

Tax deducted from an employee shall be remitted no later than 15 days after the end of every month. Failure to remit this tax the employer shall be liable to pay a penalty of 10% of the amount outstanding and 1% per month it remains outstanding. **Chapter X1 (67) Income Tax Ordinance 2012**

Employer's Signature

Employer's Name (in block capitals).....

Date

P6



ST HELENA
P.A.Y.E

In any communication please quote
Employer Reference:

RETURN TO BE MADE BY AN EMPLOYER

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YEAR OF ASSESSMENT 20

(EARNINGS FOR THE YEAR ENDED 31ST MARCH 20)

You are required by Section 16 Income Tax Ordinance 1987 to render a return of the name of every person employed by you, your company, body of persons or partnership, as the case may be (whether at the principal place of business or elsewhere), together with all emoluments received or due to those persons in respect of that employment for the year shown above.

The return should be delivered to me duly signed thirty days from the date of issue (shown above) of this notice under the penalties contained in the said Ordinance for neglect to do so. Where the employer is a body persons, the manager or other principal officer is responsible for the return.

The return must include all pay, wages, salary, remuneration, perquisites, profit, gains or benefits from the employment.

Please enter names in alphabetical order.

A separate list should be prepared and enclosed detailing names, addresses and gross amounts paid to casual employees against whom P.A.Y.E. has not been applied.

[illegible]

P8, PARTS 1, 2

DETAILS OF EMPLOYEE LEAVING

P8 (PART 1)

	MR/MRS/MISS	SURNAME	OTHER NAMES
EMPLOYEES FULL NAME:			

	DAY	MONTH	YEAR	
DATE OF LEAVING				EMPLOYEES
				ADDRESS:

TOTAL GROSS PAY TO DATE OF LEAVING	PAY		
TOTAL TAX TO DATE OF LEAVING	TAX		
	WEEK OR MONTH NO.		
	CODE		

--

- I CERTIFY THAT THE DETAILS ENTERED ABOVE ARE CORRECT
- INSTRUCTIONS TO EMPLOYER:
- (1) FULLY COMPLETE THE DETAILS REQUESTED
 - (2) DETACH PART 1 AND SEND TO THE TAX OFFICE
 - (3) GIVE PARTS 2 AND 3 TO YOUR EMPLOYEE (WHEN HE LEAVES)

EMPLOYER'S NAME:
DATE:
ADDRESS:

- (4) IF YOUR EMPLOYEE HAS DIED. PLEASE TICK THIS BOX AND SEND ALL 3 PARTS TO THE TAX OFFICE

--

P8 (PART 2)

DETAILS OF EMPLOYEE LEAVING

	MR/MRS/MISS	SURNAME	OTHER NAMES
EMPLOYEES FULL NAME:			

	DAY	MONTH	YEAR
DATE OF LEAVING			

TOTAL GROSS PAY TO DATE OF LEAVING	PAY		
TOTAL TAX TO DATE OF LEAVING	TAX		
	WEEK OR MONTH NO.		
	CODE		

INSTRUCTIONS TO EMPLOYEE

- (1) THIS FORM IS IMPORTANT, KEEP IT SAFE
AND DO NOT SEPERATE THE TWO PARTS.
- (2) YOU SHOULD HAND BOTH PARTS TO
YOUR NEW EMPLOYER
- (3) IF YOU ARE STILL UNEMPLOYED AT THE
31ST MARCH NEXT, PLEASE SEND BOTH
PARTS OF THIS FORM TO THE TAX OFFICE

INSTRUCTIONS TO NEW EMPLOYER

- (1) PREPARE A NEW RECORD CARD FOR THIS EMPLOYEE
- (2) ENTER THE ABOVE PAY AND TAX FIGURES IN THIS SPACE IMMEDIATELY
BEFORE THE EMPLOYEES FIRST PAY DAY
- (3) COMPLETE AND DETACH PART 3 AND SEND TO THE TAX OFFICE

P8, PART 3

P8 (PART 3)

DETAILS OF EMPLOYEE LEAVING

	MR/MRS/MISS	SURNAME	OTHER NAMES
EMPLOYEES FULL NAME:			

	DAY	MONTH	YEAR
DATE OF LEAVING			

TOTAL GROSS PAY TO DATE OF LEAVING	PAY		
TOTAL TAX TO DATE OF LEAVING	TAX		
	WEEK OR MONTH NO.		
	CODE		

IMPORTANT

THIS FORM SHOULD BE PASSED TO THE TAX OFFICE
IMMEADIATLY THE NEW EMPLOYEE COMMENCES WORK
FOR YOU.

NEW EMPLOYER: PLEASE PROVIDE THE
INFORMATION REQUESTED BELOW AND
THEN SEND THIS FORM TO THE TAX OFFICE

DATE EMPLOYMENT
COMMENCED:

NATURE OF EMPLOYMENT:

EMPLOYERS FULL NAME:

FULL ADDRESS:

SIGNED:

DATE:

**Government of St Helena
Income Tax Office
APRIL 2012**