

Be Aware of New P45 Regulations

5 Nov 2008

Employers (or rather, PAYE schemes) will shortly be receiving a letter from HM Revenue & Customs reminding them of their obligations to e-file for both tax year end submissions of P14's & P35's, and **new obligations for those with 50 or more employees** to in-year e-file their P45's, or else be subject to penalties and fines on the scale starting at £100 through to £3,000 per quarter based on staff numbers.

As part of the change, one of the most visible is the public view of the P45 'Details of employee leaving work'. Although minor tweaks have been made to the P45 over the years, its format has generally remained recognisable, A document that is passed from one employer to the next.

The main reason for change is additional information required by revised regulations, and the HMRC quest for better citizen identification. HMRC records have not been overly accurate in the past for many reasons.

With onset e-filing mandation, this all changes. The central HMRC guidance on form completion of the P45 & P46 must be applied correctly by employers, and regulations have been passed into law to ensure more accurate data is provided. Employers must additionally obtain the employee's birth date, gender and the detail that some employers are not aware of is the requirement to report the employee's address, not the employers address or 'not known'. Some of these regulation changes are already in force, although many HR and payroll departments may not be aware.

The National insurance number (NINO) is highly desirable for individuals who have one, but therein lies the problem: not everyone has a NINO, for various reasons, or they have not been issued one yet. The NINO is not proof of entitlement to work in the UK; official documents outlined by the Home Office and in regulations detail what information employers need to see and record to prove an employee's entitlement to work in the UK. A minority of workers who claim to have a valid NINO actually don't and have some form of identification that either detail someone else's number or is completely made up.

A change that may fox some is the introduction of the new format in a laser print online version. The standard pre-printed form from HMRC will have coloured shading, but these new online formats do not. They are allowed to be used by employers that e-file the leaver P45 with HMRC, either via the internet or by Electronic Data Interchange as an option.

The new format forms were available for use from October 2008, so employers may increasingly see the new format forms as they come into use over the next few months. The **old format forms will officially be withdrawn** from 6th

April 2009, when all employers should be using new format forms. Employers may receive an old format form after, but they should certainly accept all genuine-looking

P45s. Some will be from prior tax years, when the form was absolutely correct to use; some may be from new employers that for some reason are using an old supply of forms and may not have caught up the new requirements.

Qtac's [payroll software](#) will support the new format of P45.