

Putting you first

Factsheet 2 **Employing a personal assistant: pay and tax**

The 'Putting you first' factsheets have been designed to guide you through the process of employing a personal assistant.

We know that some of the things we mention in these factsheets are quite complicated, so don't worry if you find them difficult to understand - the Adult Social Care Direct team are on hand to offer guidance, advice and information.



For help, or to discuss a referral or assessment, contact Adult Social Care Direct on **0191 433 7033**.

Pay and tax

If you decide to employ a personal assistant, you must register yourself as an employer with Her Majesty's Revenue and Customs (HMRC) - usually referred to as the Inland Revenue - for tax reasons.

When you register they will arrange for a PAYE (Pay As You Earn) scheme to be set up for your employee to pay tax. By law you must operate this scheme and HMRC will help you to set this up.

As an employer you must also pay National Insurance contributions for your employees and you will need to deduct this from their pay. HMRC will explain how this is calculated and how you should pay the contributions.

It is your responsibility to make sure your personal assistant gets paid properly. You can register through the Inland Revenue and manage the payroll yourself, or you can use a payroll agent who will deal with payslips and Inland Revenue bills for you.



Registering yourself

Once you have registered, you will be given the option of receiving a new employer pack. This contains all the forms and information you'll need as well as our employer CD-ROM which includes interactive forms, PAYE calculators and lots of guidance.

You will have to keep a range of records and paperwork for your employee. For example:

- Details of their name and address
- Payslips showing their earnings, and any tax or NI contributions you deduct.
- Copies of P60 forms

The HMRC website for new employers can give full information on all the records you need to keep, and there is also a helpline which offers guidance to people who are considering becoming employers. Depending upon your circumstances a representative could make a home visit.

Using a Payroll Agent

If you decide to use a payroll agent, they will undertake all payroll duties and correspond with the Inland Revenue on your behalf. They will also advise on what paperwork you need to send to them on a regular basis.

Payslip

When you pay your personal assistant you must provide them with a payslip which contains details of how their pay

has been calculated. A good stationer should stock 'payslip booklets'. If you choose to use a payroll agent they will provide payslips as part of their service.

It is important to remember that:

- You must provide your personal assistant(s) with a payslip in all circumstances.
- You must not pay them less than the minimum wage per hour.

Working Time Regulations (1998)

The statutory Working Time regulations came into force on 1 October 1998 to make sure employees do not work too many hours in any one week.

As an employer it is important that you are aware of this because the government has set restrictions on what hours people can work and these have to be followed by law.

Business Link is a free government business advice and support service which is available online and through local advisors. They can provide information on working time regulations as well as other requirements.

Setup costs

When you employ a personal assistant there will be some initial set up costs. These costs include additional insurance, paying for cover when your personal assistant is on holiday, and arranging training for your personal assistant.

We will discuss how much these cost with you when we complete your care and support plan, and this money will be included within your personal budget.

You will also need to think about how much to pay your personal assistant. This must be at least the minimum wage. At present we usually calculate your direct payment based on £7.50 per hour. This is based on the amount required to meet your needs. However,

remember that this is not the amount that your personal assistant will receive. Your employer's national insurance contributions will be deducted from this. Generally speaking based on a direct payment of £7.50 per hour, your personal assistant would receive approximately £7.00 an hour, but the final charge may change. HMRC or a payroll agent can advise you on this. Your personal assistant will also have their tax deducted through the PAYE (Pay As You Earn) scheme.

Important words - and what they mean

Employee: A person who works for another person or business for money.

Employer: This is a person or a business which pays other people money for their work.

Inland Revenue / HMRC: This is the part of the government that deals with direct tax payments from individuals and businesses. The Inland Revenue merged with Customs and Excise to become Her Majesty's Revenue and Customs (HMRC) in 2005 but many people still refer to it as simply 'the Inland Revenue'.

Payroll: Payroll can refer to the list of people who are to be paid by an employer. The term is also sometimes used to refer to the sum total of these amounts where there is more than one employee.

Statutory: This refers to something the government has ruled as law.

National Insurance contributions: Employers and employees make this payment to the government which helps provide money for the unemployed, the sick and the retired.

Tax: Money taken by the government to pay for public services. For example, you can be taxed on your income and your home, and as an employer you need to make sure your employees' taxes are in order.

Wage: Money that is paid or received hourly, daily, weekly or monthly in return for work or services.

If you have concerns

You may be vulnerable at times because of your age, illness or disability, and our advice is to try to keep yourself safe at all times.

However you may have concerns or worries that someone is harming you,

abusing you, or neglecting you and the care you need - in a physical, emotional, verbal or financial way.

We will always take your concerns seriously. We call this adult safeguarding, and you or a friend or someone you trust can contact us on **0191 433 7033** if you need help or support in dealing with a situation.

Useful contacts

National Centre for Independent Living www.ncil.org.uk

Government information site
www.directgov.uk

The HMRC / Inland Revenue

New Employers Helpline: **0845 6070143**

Textphone **0845 6021380**

www.hmrc.gov.uk

Business Link Call **0845 600 9 006**

Textphone **0845 606 2666**

www.businesslink.gov.uk

The other fact sheets in this series help you think about some of these issues so you can decide if you want to employ a personal assistant.

Other fact sheets in the the 'Employing a personal assistant' series are:

Factsheet 1 : an introduction

Factsheet 2 : pay and tax

Factsheet 3 : recruitment and selection

Factsheet 4 : choosing a personal assistant

Factsheet 5 : contract of employment

Factsheet 6 : health and safety

Factsheet 7 : being a good employer - supervision

Factsheet 8 : disciplinary and grievance

Factsheet 9 : ending the employment period

Factsheet 10 : employing a personal assistant: keeping yourself safe

Factsheet 11 : starting direct payments: what happens once your direct payment has been agreed?