



## **PAYE Problems**

Employers are responsible for collecting PAYE and reporting benefits in kind for their workforce. It is essentially a cheap way for HMRC to collect a lot of tax. Given that the cost of administering PAYE lies with the employer, all that HMRC have to do is police it.

HMRC are increasingly focused on employer compliance and are targeted in their approach to policing it. For example, HMRC consider an industry sector, identify common risks and streamline their enquiries to get results. Those results are commonly dealt with in a financial settlement between four and six years to include interest and penalties.

If an employer is doing something wrong in the current tax year, it can be rectified before the end of the year. HMRC will generally undertake a current year review to identify if there is any need to look at earlier years. Employers can therefore limit their exposure by making sure the current year is clean.

Employers will benefit from a health-check, which reviews:

- Payroll procedures including statutory sick, maternity and paternity pay
- Expense procedures
- Provision and reporting of benefits
- Employment status
- Dispensations
- PAYE settlement agreements
- National insurance compliance
- Construction industry scheme
- Pension contributions
- National minimum wage

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