

Payroll set-up checklist

This isn't an exhaustive list but should act as a reminder of the main things you need to do

✓ **Before you start**

- ☐ Confirm the status of your worker for tax purposes – e.g. will they be an 'employee' or 'self-employed'?
- ☐ If an employee, do you need to register with HM Revenue & Customs (HMRC) for Pay As You Earn (PAYE) purposes?
- ☐ If yes, carefully consider your options for operating PAYE – will you do this yourself or use a payroll agency/accountant?

✓ **Setting things up**

- ☐ Decide if you are going to run your payroll on-line or on paper (if you qualify).
- ☐ Register as an employer with HMRC and if filing online, register for HMRC's PAYE Online for Employers service.
- ☐ If filing online, choose and install appropriate payroll software and set up your employer and employee information.
- ☐ If paper filing, make sure you receive the appropriate forms and guidance from HMRC.
- ☐ Choose the most appropriate payment period for your staff e.g. weekly, fortnightly or monthly and if paying them by bank transfer, set them up as a new payee.
- ☐ Get familiar with what PAYE forms you might need to give your employee and when.
- ☐ Make sure you understand your record keeping obligations. In a nutshell you need to keep tax records for 3 years from the end of the tax year they relate to.
- ☐ Put security measures in place to protect your employee data and payroll information e.g. by password protecting your computer and scheduling regular back-ups.
- ☐ Set payroll filing and PAYE remittance reminders in your diary so you never miss a deadline
- ☐ Keep up to date with payroll rules by registering for HMRC updates and alerts – e.g. Employer Bulletin is published every two months and is a good source of payroll information.

✓ **Other considerations**

- ☐ Start thinking about workplace pension arrangements for your employee – your auto-enrolment obligations will take effect from their first day of work.
- ☐ Make sure you understand how any benefits/expenses you provide will be handled.
- ☐ Check out some of HMRC's general help for new employers, including webinars and videos on employing people.