

## TAX FOR CHURCH MUSICIANS

The following update from HMRC explains how recent changes in the law affect churches and the musicians employed by them:

### Tax queries and PAYE – Real Time Information (RTI)

With the start of Real Time Information (RTI) for Pay As You Earn (PAYE) on 6 April 2013, a number of churches have asked how this will impact them.

The previous HMRC guidance for Local Religious Centres has now been withdrawn and fresh guidance setting out the new rules has now been agreed following consultation with the Churches' Legislation Advisory Service. The updated guidance has been published and can be found on the HMRC website:

[http://www.hmrc.gov.uk/manuals/pommanual/attachments/lrc\\_guide\\_130501.doc](http://www.hmrc.gov.uk/manuals/pommanual/attachments/lrc_guide_130501.doc)

The main change is that from their first pay day on or after 6 April, every time an employer makes a payment to an employee, they must send a notification of that payment to HM Revenue and Customs (HMRC).

There are more details about when you need to register as an employer and the requirement to operate a payroll at <http://www.hmrc.gov.uk/payerti/getting-started/register.htm>

Many churches already operate PAYE schemes, use payroll software and are already reporting their PAYE information in real time. Those who are not should check with their software provider to ensure that the software they use is RTI-compliant. There are details of various software products at [http://www.hmrc.gov.uk/efiling/payee/payee\\_software\\_forms.htm](http://www.hmrc.gov.uk/efiling/payee/payee_software_forms.htm), including HMRC's free Basic PAYE Tools. This is suitable for employers with simple payrolls who have nine or fewer employees.

If a church already has a PAYE scheme, or an employee earning more than the lower earnings limit for National Insurance (NI), currently £109 per week or £473 monthly, then PAYE should be applied to the employee's earnings.

Any employer who does not have any employees earning more than £109 a week generally will not need to operate PAYE – details on when employers need to register for and operate PAYE can be found here: <http://www.hmrc.gov.uk/payerti/getting-started/register.htm>

Some churches may be uncertain as to whether some of their workers, for example organists, bell ringers or choristers, are employees or independent contractors. HMRC has a helpful tool on the HMRC website called the Employment Status Indicator (ESI) that will help a church determine whether the worker is self employed or an employee. The tool is anonymous so no personal details about the worker or the church are needed. This can be found at <http://www.hmrc.gov.uk/calcs/esi.htm>

There is detailed guidance on Real Time Information at [www.hmrc.gov.uk/rti](http://www.hmrc.gov.uk/rti)

If you are unable to find the information you need, HMRC's Employer Helpline (0300 200 3200) is open from 8am to 8pm, Monday-Friday and from 8am to 4pm on Saturday.

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