

## SETTING UP AS AN EMPLOYER

### Taxation Obligations

An employer must deduct income tax and National Insurance contributions for all employees and directors. This applies to full and part time employees and temporary and casual employees. No obligation generally arises in the case of genuinely self employed contractors. There are exceptions, notably in many sections of the building industry where tax may have to be withheld on payments to certain contractors.

On taking on an employee, it is necessary to notify HMRC (the UK Revenue Commissioners) of the employee. It is necessary to obtain the employee's P45 and National Insurance Number and set up payroll and identify correct deductions. Part 3 of the P45 must be sent to the HMRC. If the Form P45 has been lost or is not available or if this is the employee's first job the Form P46, is used to set up the employment with HMRC.

If this is the first employee the company/business will need to register as an employer with HMRC. HMRC provides packages and certain details to facilitate recording employee's details, calculating income tax and National Insurance contribution and the keeping of records.

### Statutory Duties of Employers

An employer has legal statutory responsibilities to employees under a range of headings. These obligations are additional to those which may arise under a contract, custom or a collective agreement. The obligations usually apply, regardless of whether the employees are full time or part time.

The following basic responsibilities will apply:-

- Employees must be given a written statement of the main terms and conditions of their contract of employment;
- Employees must be given an itemised pay statement before each payment;

- Their working environment must be safe and secure;
- Employers must take out insurance against claims for illness, injuries and diseases;
- Employees will be entitled to a minimum level of paid holidays, a maximum length of working week and minimum rest breaks;
- If staff are sick for more than 3 days, they will be entitled to statutory sick pay;
- If an employee is pregnant or about to become a parent they will be entitled to maternity/paternity or adoption leave;
- Employees must be treated fairly and must not be subjected to discrimination.

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This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances.

This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken due care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.