

GUIDE TO PAYE OPERATION FOR LOCAL RELIGIOUS CENTRES (LRC)

This guide tells you what to do when a payment is made to an employee. No deductions should be made from payments below the following limits for 2004 – 2005.

Lower earnings limit for National Insurance Contributions (NIC)

£79.00 per week or £343.00 per month

or for someone not liable to pay NIC (e.g. a person receiving NI pension) the earnings threshold for Pay as You Earn (PAYE) is

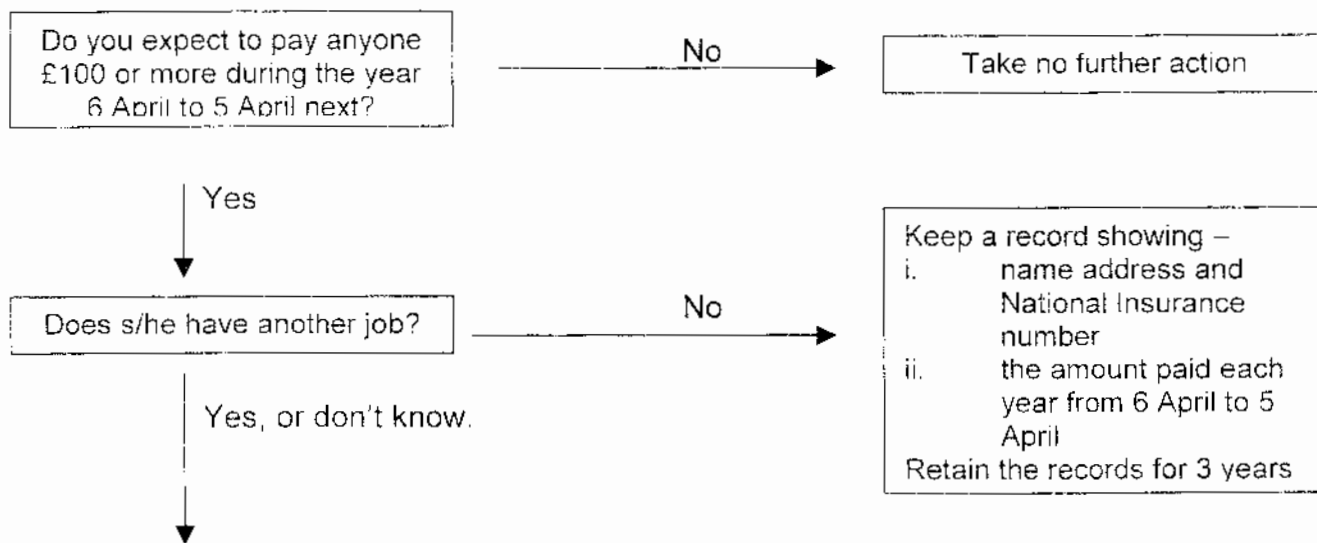
£91.00 per week or £395.00 per month

If you will pay anyone more than this, write to the PAYE tax office for the area where the LRC is located, with details for each recipient, as follows: -

- National Insurance Number
- Name and address
- Date and amount of first payment
- Nature of employment

You will then be provided with information for the operation of PAYE/NIC and told how to report all payments to the tax office.

If you do not make payments above these limits and you have no other instructions from the tax office, use this flow chart to decide what action to take for each person paid: -



Write to Inland Revenue. CRI (LRC), Ty Glas, Llanishen, Cardiff, CF14 5ZG, with the name and address of the LRC and details of each person paid, as follows: -

- Name and address
- National Insurance number
- Amount you expect to pay up to 5 April next
- Amount you expect to pay in a full year

Keep a copy of your letter, and a record of the actual amount paid to each individual each year from 6 April to 5 April. Retain these records for 3 years.

EXPENSES PAYMENTS

No tax charge will arise in respect of a payment: -

- to compensate, without profit, someone who incurs expenses which are allowable as tax deductions, when working for the LRC
- that reimburses, without profit, the cost of travel to and from the LRC, provided this is the only payment made

The cost of travel to and from the LRC is not an allowable expense, if it is paid along with a fee, etc, for work that is done there. A payment made to compensate for travel to or from the LRC must therefore, be included with other payments when arriving at the amount to report to the tax office, or deduct tax/NIC from, under the PAYE system.

CHURCH ORGANISTS/EMPLOYMENT STATUS

If you

- pay a church organist or anyone else a sum above the lower earnings limit for National Insurance Contributions, or if appropriate, the PAYE threshold,

and

- you are in doubt about whether that person is an employee,

Write to the tax office for the area where the LRC is located, and ask the Nominated Status Inspector for a decision on whether PAYE is applicable.