

# nannytax<sup>®</sup>

Payroll<sup>+</sup> for parents and nannies



“the UK’s leading payroll support service  
for employers of nannies”

## why use nannytax?



I would like to thank you for your service and support over the past five years. I've always found you all to be responsive, friendly, and patient with me. I would have certainly found life much harder without you.

Mr D B – Reading

**Domestic employers** have the same legal obligations as commercial employers under UK employment law. If you employ a nanny and pay them above the weekly threshold\* you are legally required to register with HMRC as an employer and operate a PAYE scheme on their behalf.

**This obligation applies even for short periods** of employment, and to all employment taking place in the UK, irrespective of the country of origin of the nanny, or of the employer!

**National Insurance contributions** go towards your nanny's statutory entitlements such as unemployment benefit, state pension and SMP. Not declaring your nanny's salary in full is not only illegal but also affects these and other rights.

**Self-employment is not an option** as nannies do not meet the HMRC criteria for self-employment. If liability to pay tax is not declared to HMRC, and this comes to light, then it is you, the employer, and not your nanny, who will be pursued for payment.

**Becoming an employer**, especially for the first time, can be both stressful and confusing. Without working knowledge of the tax system and current employment law you are entering a minefield. Businesses use skilled payroll, legal and human resources professionals. Now you can too – at a fraction of the price.

**Nannytax has an outstanding** reputation for customer service. Our team of specialist payroll advisors are available at the other end of the phone to provide you with friendly support and help guide you through any pay or employment related issues.

**You also have unlimited** access to our comprehensive legal advice helpline. Clear and readily accessible legal advice is a key element in keeping employment on the right track and preventing a breakdown in communication.

**Access your client account** on the Member's Section on our website. Here you can make changes to your personal data and that of your nanny. You can also make requests, send us a message, and, most importantly, download your payslips and contact the Legal Helpline – all at a time to suit you.

**Our low-cost fixed-fee service** offers outstanding value for money. There are no extra costs – and no meter running – when you use Nannytax.

**\*For up-to-date rates and thresholds, please visit [www.nannytax.co.uk](http://www.nannytax.co.uk)**

## always agree a gross wage with your nanny

When it comes to negotiating a salary we all know that the taxman will take a fair chunk of it, and we learn quickly enough what our gross annual salary means in real terms. But in the nanny industry net-wage agreements are surprisingly common.

A net wage agreement can have serious financial implications for both the employer and the nanny. By agreeing a net salary the employer is essentially writing a blank cheque – committing to pay ALL nanny's tax and National Insurance contributions, irrespective of any changes in the legislation and without taking into account nanny's individual tax code or tax position.

The solution is to agree nanny's salary on a gross wage basis. This protects the employer's total costs and means they will not normally be affected by any changes in the legislation, nor will they run the risk of getting lumbered with any unpaid tax from their nanny's previous employment.

Many first-time nanny employers don't realise that they must pay tax and NI on top of a net salary, and when the true cost of employing a nanny becomes apparent it may become clear to them that they cannot afford to employ her. Or, perhaps even worse, they may decide to only declare part of her salary.

Neither situation is of course ideal, but by only declaring part of her salary not only is the employer committing a criminal offence, the nanny's future pension and benefits entitlements will be affected. She will also be entitled to less if she wants to apply for a loan or a mortgage.

The Government regularly increases the personal tax-free allowances and has cut the basic rate of income tax several times in recent years. If the nanny has a net pay deal, her employer does not have to pass any potential savings on to her. Only employees on a gross wage will automatically receive the benefit of any cuts by paying less tax and NI.

Nannytax has been advising parents, nannies and nanny agencies for many years to always discuss and agree salaries in gross terms. For more information on this topic, please visit our website or call our office to speak to one of our friendly payroll advisors.

Your service has been absolutely invaluable  
— prompt, accurate, professional and approachable.  
Many thanks indeed.

Mrs J B — London SW16





Excellent service. Every time I have been in panic, I have had utter confidence that Nannytax would sort me out. Thank you so much for the many years of patient and professional advice, support and servicing.

Ms S D — London N12

## the national minimum wage (NMW) & the working time directive

It is a criminal offence to pay below the NMW (except for exemptions — see below), carrying a fine of up to £5,000 as well as paying the arrears to your nanny.

**Nannies who live as part of the family** household and are not provided with separate accommodation are excluded from the NMW. There is an off-set allowance for employers who provide separate accommodation for their nannies.

**Domestic employees, including nannies,** are exempt from the measures concerning working hours but are entitled to a 20 minute rest break for every six hours

worked.

**Holiday entitlement** The European working time directive grants all employees the statutory right to a minimum of 5.6 weeks paid holiday a year (pro-rata the number of days worked per week), which includes all 8 bank holidays.

**Please note** that bank holidays do not necessarily have to be given (or taken) on the bank holiday itself. This should be agreed in advance between employer and nanny.

*For up-to-date rates and thresholds please*

## benefits in kind

If you provide your nanny with separate accommodation (with a separate front door and separate metering for gas, water and electricity) it is considered a taxable benefit and must be reported as such.

The use of a car is not considered a taxable benefit if your nanny only uses it during working hours. However, if they are permitted to take the car home and use it as a means to get to and from work, then it must be reported as a benefit in kind.

You can lend your nanny up to £4,999 tax-free. Above this amount the loan is considered a benefit in kind and tax is charged at the standard rate of tax on the difference between the interest charged by you, the employer, and the official rate of interest.

Benefits that further your nanny's skill base, such as courses (providing these are directly related to their role), are not usually considered taxable benefits.

Benefits in kind provide a very good example of why it is important to always agree a gross wage. If you agree a net pay, it is you, the employer, who is responsible for paying this tax, which can potentially be very expensive indeed.

If your nanny is on a gross wage then the tax is deducted from their gross income at their current rate of tax.

You make simple what could be a nightmare — namely being an employer and having to deal with the Inland Revenue.

Mr M D — Chegwell



## nanny public liability insurance

**Nannyinsure** is a public liability insurance policy created specifically for professional nannies, brought to you by Nannytax.

Perhaps you have just employed your first nanny, but whether you're a first-time employer or you've had nannies in the past, have you considered the importance of a public liability policy for your nanny?

A public liability policy doesn't just protect the nanny if the children in her care have an accident due to her negligence; it also covers third party and third party property.

For more information please call 0845 226 7329 or visit [www.nannyinsure.co.uk](http://www.nannyinsure.co.uk)



I have been consistently impressed by the efficiency of your service and the cheerful courtesy and prompt help that I have received when phoning for help and advice. It has made my life — and that of my nanny — easier.

Mrs L B — Tunbridge Wells

## the ofsted childcare register

Parents who employ an Ofsted registered nanny can receive some financial support towards their childcare costs.

In order to register nanny needs to confirm that:

- she is suitable to work with children and has training in the common core skills
- she has a valid paediatric first aid certificate
- she has public liability insurance
- she must also have an enhanced CRB check, but this will be done as part of the registration process

There are two types of financial support available: Employer-supported childcare vouchers and working tax credits.

The registration is valid for 12 months and the registration cost includes an enhanced CRB disclosure. The costs of a first aid certificate, public liability insurance and any core skills training, if nanny doesn't hold any professional qualifications is extra.

There is no direct equivalent to the Ofsted register available in Scotland. Parents must employ a nanny through a Child Care agency registered with the Scottish Commission for the Regulation of Care. Wales has a childcare approval scheme.

More information on the scheme is available on the Ofsted website. Please visit [www.ofsted.gov.uk](http://www.ofsted.gov.uk)

## nannyshares — a speciality

“ Thank you for your fantastic support and patience in helping us sort out the mess we’d made of our nannyshare situation — and for saving us money in the process!

” Mrs A L — London SW17



*In the current economic climate nannyshares have become increasingly common. At Nannytax we have a dedicated team that specialise in nannyshares and we ensure that your share runs smoothly and efficiently.*

**What is a nannyshare?** A nannyshare is where two (or more) families employ the same nanny and agree to share the overall cost proportionately.

**When friends share a nanny** it is not advisable for only one family (family A) to register with the Revenue and for the other family (family B) to pay their share directly to family A. Partly because in the event of a disagreement family A would have to cover all costs; and also because registering as one employer actually ends up costing more in NI contributions.

**Saving money by sharing a nanny.** NI payments are calculated per employment, which means that if both families register they will benefit from the NI exemption threshold twice (once for each family) and less of the nanny’s total earnings will be subject to NICs. If only family A registers they will only benefit from the NI exemption threshold once. The joint savings can be as much as £1,500 per year if both families register.

**How does it work?** If you have agreed a gross wage then technically speaking family A will be classed as the main employer, which means they will use nanny’s tax-free allowance, while family B pays tax at basic rate (20%). Therefore the nanny will appear to take home more from her first job.

**If you have agreed a net wage** we can arrange for nanny’s tax-free allowance to be split proportionately between her two jobs.

**Agree a gross and protect your total cost.** In a nannyshare it’s particularly important that both families agree a gross wage. A gross pay agreement will automatically protect the total cost, and so it doesn’t matter if the existing share dissolves. With a gross wage agreement there is no need to split nanny’s tax allowance.

*For up-to-date rates and thresholds, please visit [www.nannytax.co.uk](http://www.nannytax.co.uk)*

Whichever option you take when sharing a nanny you must ensure that both you and the other family complies with the NMW.

## what we do...



“The service from Nannytax has been consistently excellent, from the administration to the manner and speed in which ad hoc queries have been resolved for me over the years. I have recommended you to many of my friends without hesitation, and will continue to do so.

Mrs J D — Maidenhead”

**Register you** as an employer with HMRC. All their correspondence and paperwork is then sent to us.

**Keep complete payroll records** on your behalf.

**Provide you with payslips** for your nanny — weekly or monthly — showing tax and NI deductions made on her behalf. You can download these through the Members Area and it is a legal requirement for you to pass these on to your nanny.

**Process a P45** every time a nanny joins or leaves you.

**Send you a quarterly summary** of tax and NI due to HMRC.

**Electronically file** an employer’s annual return (P35) and employee’s pay and deductions summary (P14) with HMRC at the end of each tax year and provide you with a summary (P60) for your nanny.

**e-Charlotte is our quarterly electronic newsletter** covering the most up-to-date news items articles of interest and promotions.

**Guide you through** any pay-related issues

that may arise.

**Keep you up to date** with tax rates and other changes that may affect your employment responsibilities, and implement these on your behalf.

**Provide access to Nannytax Legal**, prompt and professional advice from a team of solicitors specialising in UK employment law is available through the Members Area, or only a phone call away.

**Give you concise information** on how to handle key employment issues such as absenteeism, redundancy, maternity, disciplinary issues and dismissal procedures.

**Offer case-specific guidance** on any employment issue that may arise.

**Send you a comprehensive** employment contract for your nanny or advise you on how to customise a nanny agency (or other) contract to your precise requirements.

**Nannytax Legal also provide conveyancing** and a will writing service with preferential rates to all Nannytax clients. Ongoing we will also be introducing additional insurance products. For more information on any these, please visit the Nannytax

## benefits of using nannytax

**Online advice and guidance** on all relevant payroll and employment law issues, with a comprehensive Members Area for Nannytax subscribers.

**Expert assistance** to avoid potentially costly and distressing disputes and prevent them from getting out of hand.

**We ensure compliance** with your statutory liabilities and help you to avoid penalties.

**Avoid the risk of employment tribunals** or vexatious litigation by following correct dismissal and disciplinary procedures.

**Any number of nannies** employed consecutively in a twelve month period are covered by a single annual subscription.

**Short subscriptions** are available for employment periods of less than a year.

**We can backdate your subscription** to enable you to catch up with any retrospective employment – we bring you up to date with the minimum of fuss.

**Nannyshares and part-time jobs** are a speciality.

**If you cease to employ a nanny** we can refund you a portion of your subscription, based upon our short subscription tariff. Just contact our office for a refund form. If you prefer we can also suspend your subscription until you employ again.

**The Enable Group also provides** specialist payroll services for personal care assistants (Enable Payroll), domestic staff (Stafftax) and for small businesses and charities (PayRole). Call 0845 226 2208 for more information.

**Our comprehensive** Members Area on the website allows you to access and make changes to your personal account and also download your payslips at a time to suit you.

“I have used the Nannytax service since it first started in 1993, and you have saved me countless hours of stressful work. Fantastic value for money! Thank you for everything.

Mrs A E A C - London SW11



## what are the alternatives?

**Not declaring employment**, or only declaring part of your nanny's salary, to avoid tax, is a criminal offence, which can potentially result in heavy penalties and career-damaging publicity.

**Doing it yourself is not easy.** It is difficult enough to master HMRC tax tables with several tax bands currently in force. Never mind trying to become an expert in employment law!

**Just using an accountant** is usually much more expensive than using Nannytax. Add to that the cost of using a lawyer if the employment relationship turns sour and you could be looking at ten or more times the cost of an annual Nannytax subscription. That's why even accountants and lawyers use Nannytax!



“During the time I have subscribed to Nannytax I have been extremely happy with it. I truly think that the typical free-time-starved dual income couple with children and a nanny have to be crazy not to hire you.

Mr M T – Twickenham”

## to subscribe to nannytax

**For a fixed fee of just £276 per year** Nannytax provides peace of mind for you – that your statutory obligations are taken care of, and for your employees – that their interests as an employee are being properly looked after.

**Just provide us** with a few essential payroll details to start with and keep us up to date with any changes.

**Then you just pay your nanny** on the basis of the payslips we provide, and pay HMRC on the basis of our quarterly summary.

**To subscribe** simply fill in the subscription form (opposite) and return it to us with payment details.

**You can also subscribe** online by visiting our website on [www.nannytax.co.uk](http://www.nannytax.co.uk).

**Alternatively call us** on 0845 226 2203 and our subscriptions team will be happy to take your details over the phone.

# nannytax subscription form

## YOUR DETAILS

<input type="checkbox"/> Mr	<input type="checkbox"/> Mrs	<input type="checkbox"/> Miss	<input type="checkbox"/> Ms	<input type="checkbox"/> Dr	<input type="checkbox"/> Other _____
Forename(s):			Surname:		
Address:					
			Town/City:		
County:			Postcode:		
Home Tel:			Mobile No:		
Email:					

## HOW DID YOU HEAR ABOUT NANNYTAX?

**Appleberry Care**

## PAYROLL INFORMATION

On receipt of your subscription we will send you a Payroll Information Form to complete with employee and employment details. To ensure we receive the appropriate paperwork, please indicate:

1. Do you have a PAYE Scheme already set up?	<input type="checkbox"/> Yes	<input type="checkbox"/> No (Go to Q2)																		
1a. Accounts Office Reference:																				
1b. Employer PAYE Reference code:					/															
2. When did/will your nanny start? (exact date if known)	D	D	M	M	Y	Y	Y	Y												

## TO SUBSCRIBE

An annual Nannytax subscription costs £276 including VAT\*

A. ONLINE: Complete the online subscription form at [www.nannytax.co.uk](http://www.nannytax.co.uk)

B. BY CREDIT/DEBIT CARD: Please debit my  Mastercard  Visa  Visa Debit

Card No:																				
Valid from:	M	M	Y	Y	Exp date:	M	M	Y	Y	3 digit security code:	C	V	V							

Cardholder signature:

Current date:																				
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C. BY CHEQUE:  I enclose a cheque for £276 including VAT\* made payable to Enable Limited

## history & ethos

Nannytax, founded in 1993, introduced the concept of a dedicated, user-friendly payroll service for parents employing nannies.

More than just a payroll service, at Nannytax we support our clients throughout the entire employment process and after 18 successful years we have earned an enviable reputation for providing excellent customer service.

We are keenly aware of the unique relationship that exists between families and their nannies. We aim to provide support and advice to both parties so as to help build and maintain a strong working relationship.

As a leading spokesman on payroll issues for smaller UK employers, we are in regular communication with HMRC and several departments of Government on a range of employment issues and policy initiatives. We have successfully petitioned Government to extend tax credits to benefit nanny employers.

Nannytax, as part of the Enable group, is a leading contributor to the Institute of Payroll Professional's (IPP's) thinking and policy, specifically on small employer issues.

We are also the only representative of domestic employers to be a member of the ECF (the employment consultation forum), whose role it is to evaluate proposed HMRC changes affecting future income taxes.



Nannytax Legal has provided an outstanding level of professional service. I received an instant response and a full letter, drafted and ready to be sent in under 24 hours.

It made me appreciate all of the services which Nannytax offers, and I would not hesitate in recommending Nannytax and the legal advice team to others.

Mrs F D — London SW4