



Recording tax and national insurance - preferential dividends

There may be times when you need to record tax and national insurance due on a preferential dividend paid to the former employees of an insolvent entity. For example:

- holiday pay
- arrears of pay arising before the date of insolvency.

Please help us ensure these payments are allocated correctly by setting up a new PAYE Scheme.

- Contact us to set up the Scheme only when you are ready to make the payments
- Once the employments cease, please ensure HMRC receives a final FPS with a cessation date. This will prevent any reminder or late penalty notices being issued, should the scheme remain inactive.

How do I set up a PAYE Scheme?

Contact HMRC's Employer Helpline on 0300 003200.

Tell the advisor you need to set up an **EPA Scheme** - they will ask you for the following information:

- the name and National Insurance number (NINO) of directors - if available
- your phone number and email details
- address of your registered office
- any other correspondence addresses HMRC may need to note for you
- date of the first pay day.

Our advisor will then ask some more questions and tell you what you'll receive and when.

Making additional payments

If you need to make additional payments after the final FPS has been submitted, please contact HMRC's Employer Helpline who can arrange for the Scheme to be restarted.

This can only be done

- in the same tax year as the date of cessation, or
- the next tax year after the date of cessation.

Updates to Insolvency Bulletin - April 2020 - Electronic Banking

We have updated the Insolvency Bulletin '**Introduction of electronic banking for Insolvency Practitioners making dividend payments**' issued in April 2020 to include a link to this guidance.