Week 53

HMRC · https://paiyroll.com/kb/week-53/

This article explains what week 53 is and how it is processed in paiyroll®. This only applies to weekly paid employees - not monthly employees who always receive 12 monthly payments.

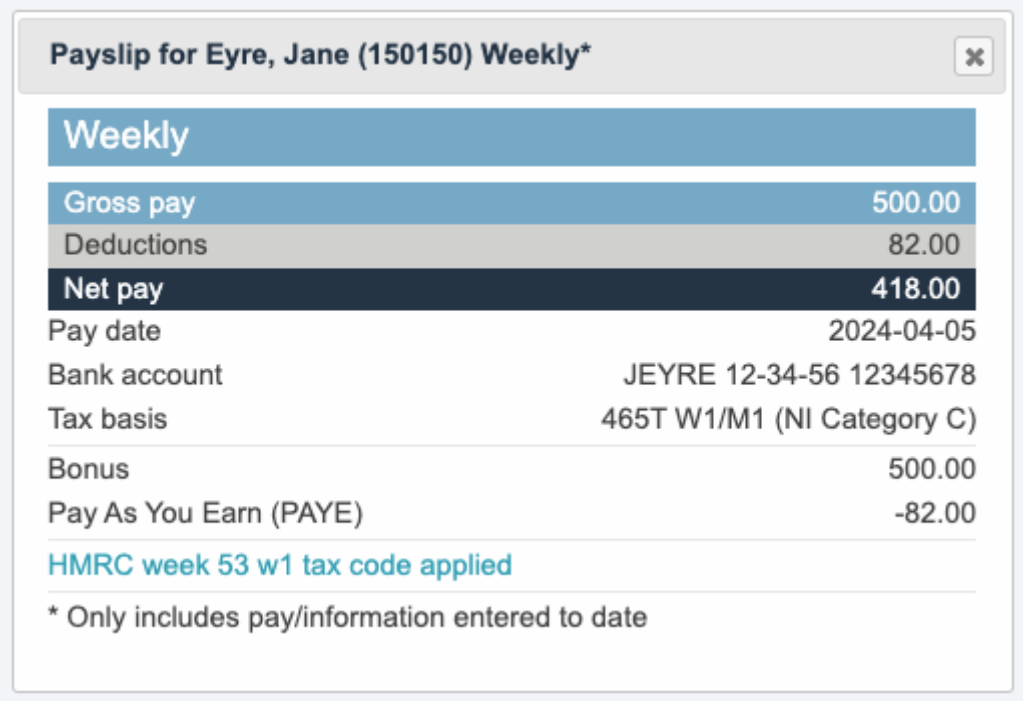
Depending on the year, week 53 occurs when there are 53 weekly paydays in a year, instead of the usual 52. Because all the HMRC tax calculations are based on 52 weeks, 53 causes a headache. The same applies to two-weekly pay schedules where there are 27 paydays in a tax year vs the usual 26, and also four-weekly where there are 14 paydays vs. 13. So what exactly happens on this extra payment?

National insurance (NIC) is calculated the same way as every other week for regular employees as it is a non-cumulative calculation.

PAYE for week 53 is where the challenge occurs. This is because, on the 53rd payment, there is no more *free pay* as this has all been consumed in the first 52 weeks. To protect the employee's earnings in week 53, it is always performed on a **non-cumulative** basis. That means the employee will receive an extra week of *free pay* in the year and is likely to have not paid the correct amount of tax in a 53-week year. In other words, 52 weeks on a cumulative basis plus week 53 on a non-cumulative basis may not be the correct tax to be paid

Therefore HMRC may issue a **P800** tax calculation letter for tax under/ over-paid. Often employees believe the payroll department has done something incorrect when they receive a P800 notice. There is nothing that can be done to prevent this as this is the way HMRC directs all payrolls to operate: Week 53 is non-cumulative.

paiyroll® automatically switches to week 53 if applicable to comply with HMRC - there is absolutely nothing you need to do. Employees and administrators can easily see this is happening as the payslips include the message '**HMRC week 53 w1 tax code applied**'.



Payslip for Eyre, Jane (150150) Weekly*

Weekly	
Gross pay	500.00
Deductions	82.00
Net pay	418.00
Pay date	2024-04-05
Bank account	JEYRE 12-34-56 12345678
Tax basis	465T W1/M1 (NI Category C)
Bonus	500.00
Pay As You Earn (PAYE)	-82.00

HMRC week 53 w1 tax code applied

* Only includes pay/information entered to date

The net result in simple terms may be some tax to pay or be refunded. Depending on each employee's situation HMRC will recover or repay tax automatically through one of these methods:

1. Adjusting the employee's tax code in the following year. This is completely automatic and paiyroll® will pick up the new tax code and apply it. This is the usual method.
2. If the employee completes a self-assessment (SA), it may be covered that way
3. Alternatively, an employee may be able to make a one-time payment to HMRC
4. HMRC may issue a refund with a cheque

in summary, week 53 causes more questions, but in reality, there is either some tax to pay or some tax to refund in the following year and it's as simple as that.

More information on P800 and Tax overpayments and underpayments is available from HMRC