

REAL TIME INFORMATION (RTI) – CHANGES TO YOUR PAYROLL

In April 2013, employers must start sending PAYE information to HMRC in real time. This means sending details to HMRC every time you pay an employee, at the time you pay them. You will need to use payroll software to do this – whether you do this independently or use HMRC's PAYE Tools. There is detailed guidance on the HMRC website at <http://www.hmrc.gov.uk/payerti/getting-started/index.htm>

There are some things you must do **before 6 April**:

1. If you run your own payroll system, you need payroll software that is ready for RTI in order to send your PAYE information to HMRC online, every time you pay an employee. You can do this in three ways:
 - a. Using commercial payroll software, upgrading your existing software if necessary (your provider can advise on this)
 - b. Using a payroll service provider, such as an accountant or a payroll bureau, who will do it for you.
 - c. If you employ nine or fewer people, you can use one of the free payroll software packages or HMRC's free Basic PAYE Tool. Go to www.hmrc.gov.uk/rTI for more information.
2. If you are planning to send your returns yourself, you need to register for PAYE Online to get your PAYE login details (if you have not done so already).
3. If you use an agent, payroll bureau or payroll service provider, you must talk to them now about the service they will provide for you in future, and ask what you need to do to get ready for RTI
4. You need to get prepared by making sure you hold accurate and up-to-date information about all your employees (name, date of birth, gender, address and valid National Insurance number).

From 6 April, you need to change some of the ways you report PAYE, including:

1. providing new information in your payroll records, such as hours worked;
2. completing employee information for temporary and casual workers and employees paid below the National Insurance Lower Earnings Limit;
3. letting HMRC know whenever you change a payroll ID - otherwise HMRC will treat the change as a new employment, which will result in duplicate employment and incorrect tax codes;
4. how you tell HMRC about starters and leavers.

You also need to ensure you or your payroll service provider uses RTI-ready payroll software to send your real time PAYE information because you won't be able to use HMRC's PAYE Online service (sometimes called the 'portal') for this.

REAL TIME INFORMATION – HOW THIS AFFECTS YOU

As you know, in the past I have been able to send you a schedule of salary payable month by month, and this has also provided details of how much PAYE to pay to HMRC – sometimes monthly, sometimes quarterly.

THIS IS CHANGING – I will no longer be able to prepare this schedule because payroll in the future will be 'live' – in other words, the payroll must be run and payments declared to HMRC on or before that payment is made.

From my point of view this is going to mean that I will need you to call me every month and tell me that you want to pay yourself and/or your staff. If you are paying regular payments the same every month then I will be able to prepare your payroll without your input – I will just send you an email telling you the payroll details (salary and amount of PAYE to pay).

From your point of view, you will need to be able to tell me the amounts you wish to pay – not only for staff who pay PAYE/NIC but for ALL other staff as well – including all P46 staff. Forms P46 will no longer be available as the information thereon will be declared to HMRC every month.

There will be four types of information I or you will need to submit to HMRC, as follows:

Employer Alignment Submission (EAS)

The EAS is a one-off submission and the first one that you'll make under RTI. It provides HMRC with a snapshot of your data and a benchmark of who is or has been employed by your company from the start of the tax year.

Full Payment Summary (FPS)

This is the regular submission that you'll make each time you pay your employees. It contains starter and leaver information, employee details such as name and address, NI number and tax code as well as payment and deduction information.

Employer Payment Summary (EPS)

HMRC use the information submitted on the FPS to know what payment to expect each month or quarter. You submit an EPS when you need to report values to HMRC that are not reported on the FPS and that affect the payments you make to HMRC in a particular month or quarter.

NI number verification request (NVR)

To improve the process of obtaining the correct NI number, you can now use the NVR submission. This returns the NI number for an employee where you don't have one, or confirms the existing one is correct.

Starters and leavers

As you've always done, all new starters must provide you with their P45 from their last employment or complete a P46. You'll also give any leavers a paper copy of their P45. What's new is that you no longer need to submit P45 and P46s to HMRC, as all this information is now included in your regular FPS. When adding a new employee using a P45, you must now also enter a starting declaration.

Students and casual workers

The procedure for students and casual employees has also been simplified under RTI. You no longer need to complete P38(S) and P38(A) forms, as all employees should be added to your payroll using either a P45 or P46 as normal.

Simpler year end process

When you start processing under RTI, the year end process is much easier as the majority of the information has been submitted throughout the year. You're no longer required to make P14 and P35 submissions, and at the year end you just need to submit a simple declaration and produce P60s for your employees employed on the 5 April.

RTI Preparation - Data Form

Employer details

- Name
- Tax District And PAYE Reference
- Accounts Office Reference

Employee details (including casual and infrequently paid employees)

- Full name
- Address
- Date of Birth
- National insurance Number
- Gender
- Hours normally worked
- Hourly rate or monthly salary information