

## Reporting PAYE in Real Time using Taskmaster Payroll

As you will undoubtedly have heard from HMRC, from 6 April 2013 you will have to start reporting PAYE information in real time. Unless HM Revenue & Customs (HMRC) has notified you otherwise, changing to PAYE in real time is mandatory. Each time you pay an employee after 6 April 2013 you must submit details about employees' pay and deductions to HMRC using payroll software. Full details of your responsibilities and the changes which will take place can be found on the HMRC web site – [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Over the past few months we have been developing the Taskmaster Payroll so that it complies with all the new requirements relating to RTI. As there has had to be extensive programming work, there is a charge of £500 per company for implementing this new software and this will be invoiced at the beginning of May after the first month of RTI submission has been completed.

If you do not wish us to implement the changes, please be aware that, without these changes, the Taskmaster software will not comply with RTI and will not be able to be used for processing or submitting payroll details to HMRC after April 6 2013.

After 6 April 2013 you will still operate PAYE in the same way but you must submit the payroll information you already keep to HMRC **on or before the day** you pay your employees. There is also a range of new information which will need to be included if it applies to your employees.

You use a Full Payment Submission (FPS) to report details to HMRC on or before each Pay Day.

Taskmaster payroll software will now generate the new reports you need and submit payroll information online.

These will include details of:

- the amount you paid your employee(s)
- deductions, such as Income Tax and National Insurance contributions (NICs)
- starter and leaver dates if applicable

You need to include the details of **all employees you pay**, including those who earn below the NICs Lower Earnings Limit (LEL), for example students.

After April 6 2013, you no longer submit end-of-year forms P35 and P14 and the starter and leaver process is simplified. You continue to give your employee a form P45 (employee parts) when they leave but you no longer send forms P45 (part 1) or P46 to HMRC. Instead you must report all starter and leaver information via your payroll software each time you pay someone.

After the end of this financial year 2012/13, you will instead submit each month or week a Full Payment Summary (FPS) each time you pay employees. You may also submit an Employer Payment Summary for any adjustments to what you owe .

When you run your payroll, Taskmaster payroll will gather the PAYE information you need to send to HMRC, based on the payroll entries you make. It is still every employer's responsibility to ensure that the data they enter is correct.

You will no longer use the Government Gateway PAYE Online facility to enter P45 starter or leaver information or P46 form details, this will be done via the new FPS submission.

However, PAYE Online will still be available for submitting P11D forms, receiving tax code notices or viewing NI number verification information

In addition, if you employ more than 250 or if you run both weekly and monthly payroll, you may be required to submit an Employer Alignment Submission. **(EAS)** to align employee records with HMRC records before you submit other information. HMRC will tell you a date you need to submit your employee details by and there will be a facility within the Taskmaster Payroll to do this. We will also be providing additional support to companies during this transition period.

This document is a preliminary document to help you make a start in gathering the information you will need in order to be ready for RTI starting in April. There will be additional follow up documents available nearer the start date and in particular, those companies who run weekly payroll will need to ensure they are ready for the first pay day after April 6.

Please also note that you will still have to follow normal procedures for completing the tax year 2012/13 by submitting P14/35 forms online and updating the payroll parameters to make the system ready for starting the new year. A separate document is available on the [www.etcl.co.uk](http://www.etcl.co.uk) web site detailing the procedures for this.

**Please note that it is each Employer's responsibility to ensure that all data and parameters in the payroll are entered correctly. Whilst we will do our utmost to ensure the accuracy of guidance we provide, all details relating to parameters and new RTI requirements should also be checked online at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

## Getting your employee details ready

It's very important you use accurate employee details, such as full name, home address, date of birth, National Insurance number and gender before the new PAYE real time is introduced within your business. By doing this you will:

- ensure employees pay the correct Income Tax and NICs
- make it easier to match the information you send with HMRC's record of your employee
- reduce the number of employee queries you receive from HMRC

The best way to check these details if you are unsure is to verify them against a birth certificate, passport, driving licence or official document from HMRC or the Department for Work and Pensions.

On Tuesday 5<sup>th</sup> March, Taskmaster payroll master file screens will change to include some of the new data which you are required to hold. Even before the end of this tax year, you can start to enter these fields and also check that your existing data is correct so that you are ready when PAYE RTI goes live in April. Please note that many of the new fields may not apply to any of your employees but you must ensure that all base data is also correct before the first submission is made.

The additional fields which will be included across Screens 1 to 5 are as follows:

### Main Master Screen

Passport No – If you have reviewed an employee's passport as part of checking that they have a right to work in the UK, you must include the passport number here.

Foreign Country – If an employee address is outside UK then you must state the country here and include the foreign address in the address fields.

Ex-Pat - Enter Y if the employee is an Ex-Pat employee or N if not

### Pay Screen 2

Irregular Emp – Enter Y if this employee is not paid every pay period or anyone who will not be paid for 3 months or more, for example someone on maternity leave. HMRC will check if an employee has not been paid for certain period and will treat as left if this flag not set. Setting this flag will avoid this.

Average Hours Worked – For all employees, whether paid weekly or monthly you must allocate a letter A, B, C or D as follows to show on average the number of hours worked in a week:

A	-	0 to 16 hours
B	-	16 to 30 hours
C	-	30 or more hours
D	-	Other, and if only paid a pension income

**New Screen – Seconded employees, partner details & pension**

Partner Information – this is required in any period if you are paying an amount of ASPP where an employee’s partner has a baby or adopts a child and is entitled to SMP.

Partner Surname or Family Name	You must include the name of the partner if you are including an ASPP payment in this FPS (you only need to send this information once).
Partner Forename or Given Name	You must include the forename if you are including partner details (you only need to send this information once).
Partner National Insurance Number	Include the partner's National Insurance number if you know it (you only need to send this information once ).

**Seconded Information**

If your employee has been seconded to work in UK while remaining employed by an overseas employer you need to indicate Yes or No to each of the following:

- Living in UK for 183 days or more?
- Living in UK for less than 183 days?
- Employee working in and out of UK but living abroad?
- Is employee an EEA citizen?
- In the EPM6 scheme ?

**Pension Information**

If you are paying this employee a pension, complete the details as shown, indicating where asked if the pension is being paid due to a spouse or partner bereavement.

**Final Screen**

**Starting Declaration**

For new employees starting with you on or after April 6, you must indicate which of statements A, B or C apply:

- A.** This is their **first** job since last 6 April and they **have not** been receiving taxable Jobseeker's Allowance, Employment and Support Allowance, taxable Incapacity Benefit, state pension or occupational pension.
- B.** This is their **only** job, but since last 6 April they have had another job, or have received taxable Jobseeker's Allowance, Employment and Support Allowance or taxable Incapacity Benefit. They do not receive state or occupational pension.
- C.** They have another job or receive a state or occupational pension.

If you do not receive a P45 from your employee, you must make sure you allocate the correct code depending on which of the above statements is checked from the information given to you by the employee.

A – Basic code 944L cumulative

B – Basic code 944L wk1 / mth1

C – BR cumulative

**If your employee hasn't provided information before their first payday**

If your new employee hasn't provided a P45 or given you the information above before their first payday, you must still complete an FPS including the new employee, using as much information as you know.

You must use tax code 0T on a week 1/month 1 basis if you don't have the information above by the time of your new employee's first payday and enter statement 'C'.

It's a good idea for you to let your new employee know that this will mean they may pay more tax than necessary on their first payday - but they can avoid this by providing the information in time.

**Further Information**

Further information relating to weekly & monthly procedures for submitting FPS and other reports via Taskmaster payroll will follow in due course. In the meantime, if you have any queries relating to the RTI changes in general, please look on the HMRC web site:

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)