



REAL TIME INFORMATION

The new reporting method for employers

CHANGES TO THE CURRENT SYSTEM

Currently employers in the UK are required to report to HMRC at the end of each payroll year, summarising the payments to their employees and the deductions made for Income Tax and National Insurance Contributions (NICs) using a P35 employers year end return and a P14 for each employee.

From April 2013, almost all employers will be required to make regular reports to HMRC showing the employee payments, deductions (E.g. Income Tax, NICs and Student loans), and details of any starters or leavers in each payroll period. The reports, known as a full payment submission (FPS) will need to be submitted every time a payment is made under PAYE and should include details of *all* employees, including those earning below the NIC lower earnings limit (£107 per week for 2012/13).

WHAT WILL I NEED TO SUBMIT?

Each time you are due to pay employees, you must submit a Full Payment Submission (FPS). If you don't have any employees to pay during a pay period, you will need to submit an Employer Payment Summary (EPS) instead of a FPS to say no payments have been made this pay period.

The following links set out every payroll item you may need to submit on each form.

[Payroll summaries - Full Payment Submission checklist](#)

[Payroll summaries - Employer Payment Summary checklist](#)

In some cases, you may submit an EPS as well as an FPS in order to reduce the amount you need to pay to HMRC. This may occur if you need to reduce the amount of PAYE (Pay as You Earn) or National Insurance contributions (NICs) you pay to HMRC to recover statutory payments, CIS deductions suffered and NICs holiday.

IN YEAR MOVEMENTS

Under RTI, the way you submit employee starter and leaver information will also change.

Starters – There will no longer be a requirement to submit a P45 part 1a, or a P46, to HMRC when you take on a new employee. Instead you will simply add them onto the payroll system and the information will be sent to HMRC automatically when you make your next submission.

Leavers – When an employee leaves, this fact will be notified to HMRC during the real time information submission process, but a separate P45 need not be filed. However, you will still need to provide a copy of parts 1a, 2 and 3 to the ex-employee.

PAYING YOUR EMPLOYEES BY BACS

If you pay your employees by BACS using a unique 'Service User number', you will need to add a cross reference (or 'hash') into the payment instruction, so that HMRC can match the payments to each employee against the information submitted under RTI.

WHEN AND HOW DO I MAKE THE SUBMISSION?

In order for HMRC to collect current and relevant data, the reports must be submitted on or before each payday. The information may be submitted using either:

- Commercial software
- HMRC's basic PAYE tools (for up to 9 employees)

There will be no option for filing using email or an online form on the HMRC website.

The submissions will be made through the government gateway or the Electronic Data Interchange (EDI) and so you will need to ensure that you are registered for PAYE online ahead of implementing the new system.

OTHER DETAILS YOU MAY NEED TO SUBMIT

There are other submissions you may also make. These include:

- an Employer Alignment Submission (EAS) to align employee records with HMRC records before you submit other information. HMRC will send you an invitation to join RTI with a date you need to submit your employee details by. An EAS is required for:
 - large PAYE schemes with over 250 employees
 - a payroll administered by two or more payroll systems, including those operated by different payroll providers
- a National Insurance Number Verification Request (NVR) to verify or obtain a National Insurance number for new employees
- an Earlier Year Update (EYU) to correct after 19 April any of the year to date totals submitted in your final FPS for the previous tax year. This only applies to RTI years and the first year an employer can use an EYU is 2012/2013.

YEAR END

There will no longer be a requirement to submit a P35 or a P14 for each employee. However you must still provide each employee with a P60, and continue to report details of expenses and benefits paid using a P11D and P11D(b).

WHAT ARE THE BENEFITS OF THE CHANGE?

The new system is anticipated to produce a number of benefits for employers, namely:

- More frequent and efficient updating of tax codes, ensuring that there are fewer under / overpayments of tax generated from the PAYE system
- Fewer queries from HMRC regarding your employees and PAYE system

The new system will also feed information to the Department for Work and Pensions (DWP), facilitating 'Universal Credit' - an integrated working-age credit which will replace income related benefits and credits.

WHAT DO I NEED TO DO NOW?

Plan ahead. If you do not currently use commercial payroll software or the PAYE basic tools, then you will need to consider how you will report in real time. HMRC have confirmed that there will be no email or webpage option for filing, so [contact us](#) if you would like your employer scheme to be added to our payroll database or if you require assistance with choosing the right package for you.

If you are currently using commercial payroll software, then you should check with your software provider that your package will be ready to submit in real time from April 2013.

Once you are satisfied that your payroll software can submit information in real time, you must ensure the following details are correct for each employee:

- full name,
- home address,
- date of birth,
- NI number,
- gender.

The best way to check these details are correct is to verify them against a birth certificate, passport, driving licence or official document from HMRC or DWP. This process will make it easier for the information you send to HMRC to be easily matched with the employee records, ensuring that the PAYE and NIC deductions are made and that there are fewer queries from HMRC. You will also be required to make a test submission to HMRC to verify the records.

KEY DATES

April-June 2012	HMRC first stage pilot scheme involving 300 employers of varying sizes carried out
September 2012	HMRC's second stage of the pilot scheme will begin
October 2012	HMRC will write to all employers not in the pilot scheme with advice about RTI and what employers need to do
November 2012	HMRC will close employer schemes they believe have stopped operating PAYE and HMRC's third stage of the pilot scheme will begin
February 2013	HMRC will write to all employers confirming when they are due to report in real time
April 2013	Employers will begin reporting in real time, unless they have agreed an alternative date with HMRC
June-September 2013	Employers who have not joined the scheme in April 2013 will join during this period
October 2013	Universal credit will be introduced – supported by information provided in RTI.

KEEPING UP TO DATE

To ensure that employers are kept up to date with the latest HMRC announcements, you can register to receive free employer email alerts at www.hmrc.gov.uk/payee/forms-publications/register.htm .

HMRC have also published a series of frequently asked questions regarding RTI which can be viewed at <http://www.hmrc.gov.uk/rTI/employerfaqs.htm>.

Alternatively, our monthly newsletter includes regular updates on RTI, payroll and other changes as they are announced. If you are not currently receiving our newsletter, you can subscribe by clicking [here](#).

This guide is for general information only and is not intended to be advice to any specific person or entity. You are recommended to seek competent professional advice before taking or refraining from taking any action on the basis of its contents.

We would be pleased to talk you through our services and suggest how we can meet your particular requirements and you can contact us as follows:

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