

Real Time Information (RTI)



Payroll - in Real Time

Introduction to RTI

Background

Pay As You Earn (PAYE) on the whole is an effective system, and has been since its introduction in 1944. However, it is prone to fraud and this makes it difficult for HMRC to identify errors or help either employees or employers to resolve problems quickly and efficiently, which is why RTI is being introduced.

What is RTI?

Real Time Information (RTI) is a new system HMRC are introducing to improve the operation of PAYE. PAYE information will be collected more regularly and more efficiently as employers submit their regular payroll submissions, rather than with their end-of-year tax return.

- RTI means that employers will send data about PAYE, National Insurance Contributions (NIC) and student loans every time they pay their employees.
- RTI will be introduced from April 2013 and will become mandatory for all employers from October 2013. Note final date is October 2013, but employers will be joining from April 2013 and will be contacted 4 to 6 weeks prior to beginning RTI submissions.
- HMRC will notify employers 4 to 6 weeks prior to when they must begin RTI submissions.

HMRC is introducing RTI for a number of important reasons:

1. To enable a more efficient response to PAYE errors such as under or over payments.
2. To support the introduction of Universal Credits, which will streamline benefits into one payment.
3. To reduce fraud and ensure people receive the benefits they are entitled to.
4. To provide the Department for Work and Pensions with up-to-date information about each claimant's employment income more efficiently.

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Understanding how RTI will impact your payroll process

RTI means that instead of sending information once a year to HMRC, you will send it every time you pay your employees. Information regarding PAYE, NIC and student loans will be submitted electronically. You will either have to have payroll software that provides this availability or alternatively, you can use the free software provided by the HMRC. This software is very basic and is only suitable for a small number of employees.

Make sure your data is accurate

With RTI fast approaching it is important to make sure the information you hold on your employees is accurate. This is important as every time you submit information under RTI, HMRC matches your data against records HMRC stores on its National Insurance and PAYE Service (NPS). **It is also important to note that amendments cannot be made once information has been submitted under RTI.**

Under RTI, employers submit information to HMRC every time they pay their employees.



This information is matched against HMRC records stored on the NPS.



If there is a mismatch between your information & HMRC's records, duplicate or inaccurate records may be created, resulting in incorrect tax calculations or HMRC compliance checks.

Preparing your data

To make sure you have all the correct details for your employees, check the information against official documentation where possible, such as:

- HMRC and/or Department for Work and Pensions documentation
- Passport documentation
- Birth Certificate

If the employee cannot locate their National Insurance Number, they will have to request this from the HMRC. Alternatively, if they require a National Insurance number to be issued to them, they need to call Jobcentre Plus.

In addition, when recording your information into your payroll you must make sure you are recording the correct details of how employees are being paid correctly. Example: Rates paid per hour; Overtime hours worked including overtime rates.

Changes to Payroll Year End

RTI will change the way Payroll Year End works. Although you will still be required to provide your employees with P60's and complete P11D and P11D(a) forms for taxable benefits and expenses, there will be some tasks you no longer need to complete.

No longer complete the following:

- P14 and P35 submissions
- P38A returns for casual employees

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RTI - The Four Submission Types

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There are four main RTI submission types. Find out what each one will mean to your business, how you can prepare and when you need to submit.

	What is it?	What type of information is submitted?
Employer Alignment Submission (EAS)	EAS is a one-off submission that will be used by HMRC to match and align company and employee records against the data it holds. Only businesses that employ more than 250 employees are required to submit EAS under RTI but small to medium sized employers can volunteer to submit EAS.	<ul style="list-style-type: none"> - Company PAYE Reference - Accounts Office Reference - Tax Office number - Employee name and address - Employee NI number and tax code - Employee payroll ID - Employee start and end dates
Full Payment Submission (FPS)	FPS is the main and most common submission type. It covers the employee payments and deductions made each time an employer pays an employee. HMRC will use this submission to calculate how much PAYE and NIC liability is due from your business each tax month.	<ul style="list-style-type: none"> - Starter and leaver information - Employee initial, forename, surname - Employer NI number, tax code, gender - Employee address - Employee payment information - PAYE & National Insurance contributions
Employer Payment Summary (EPS)	HMRC will know via your regular FPS submissions how much your PAYE and NIC liability is. The EPS is only submitted where you need to advise HMRC of any alteration to the liability (such as when reclaiming statutory payments) or where you're advising of a nil payment.	<ul style="list-style-type: none"> - Whether no payment is due - Statutory Payments Recovered - NIC Compensation on Statutory Payments - Advance Funding obtained from HMRC for tax refunds and statutory payments - CIS Deductions Suffered - NIC Holiday
National Insurance Verification Request (NVR)	A National Insurance number is a vital piece of information, which uniquely identifies an employee. An NVR submission allows employers to validate an employee's National Insurance number or request one where a new or existing employee does not have one.	<ul style="list-style-type: none"> - Employee's name - Employee's date of birth and gender - Employee's address

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When do I submit?

What should I do to prepare?

Employer Alignment Submission (EAS)

EAS will be your first submission.
You will submit when HMRC invite you to do so.

Ensure that you have checked the accuracy of your employee data before submitting for every employee (including those who have left or haven't been paid yet) from the start of the tax year.

Full Payment Submission (FPS)

You must make a Full Payment Submission every time you make a payment to an employee. The submission must be made on or before the date the employee is paid. If you process a mixture of weekly and monthly payrolls for your business, you must submit an FPS for each one.

If you are a large employer employing more than 250 employees, you must make sure you have already submitted an Employer Alignment Submission.
If you are a small employer and this is your first FPS submission, you must ensure that you have checked the accuracy of all your employee data before submitting.

Employer Payment Summary (EPS)

You should make this submission when or before the relevant monthly or quarterly liability payment is made to HMRC.

Firstly, you must identify whether you need to make this submission i.e. whether you need to inform HMRC of any adjustments to your monthly or quarterly PAYE and NIC liability.
If you DO need to make the submission, be sure to make it on or before the date the monthly or quarterly liability payment is due.

National Insurance Verification Request (NVR)

You can make an NVR submission at any time you need to validate, confirm or request an employee's National Insurance. HMRC will either confirm the National Insurance number is correct or advise that the number should not be used.

Ensure that the information the employee has provided, including their name, date of birth, gender and address, is accurate. Do not make up or enter an invalid National Insurance number.

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The RTI Process

When you are ready to make your first RTI submission, use this process to stay on top of what is involved.

1. You've checked your company and employee data.
2. HMRC confirm your migration date, giving you 4-6 weeks' notice.
3. You make sure your payroll software is RTI-ready.
5. Add any new starters who've joined your business since your EAS. Process and update your payroll. Process leavers.
6. Submit your Full Payment Submission (FPS).
8. Ongoing Full Payment and Employer Payment Submissions (if required).
9. End of Year process.

We can help with any of the above steps and assist you with being RTI compliant.

We can help by:

- 1.) Checking your data is accurate and complete.
- 2.) Checking your payroll software is appropriate.
- 3.) Providing a complete review ensuring all your data is correct and ready for RTI.

Alternatively we can provide you with a Bureau Payroll Service and take the hassle away from you completely by dealing with all aspects of RTI on your behalf.

Simply contact us today on 01698 258 178 or email us at info@alexander-marshall.co.uk.

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Checklist for RTI

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We have prepared this checklist to assist you in making sure you are ready for RTI.

Tick off each of these tasks and if there is anything you cannot complete or require assistance with, we can help you.

	NOTES
* I have read the RTI guidance and understand what information I'm expected to provide	<input type="checkbox"/>
* I have RTI-ready software from my provider	<input type="checkbox"/>
* I've checked my company details are correct, including: - Name - Tax District and PAYE Reference - Accounts Office Reference	<input type="checkbox"/>
* I've checked my employee details are correct, including: - Name - Address - Date of Birth - National Insurance number - Gender	<input type="checkbox"/>
* I've entered the hours normally worked by my employees, including pay rates, into my software	<input type="checkbox"/>
* I've added all new employees to my payroll, including casual and infrequent employees	<input type="checkbox"/>
* I've processed all leavers in this tax year	<input type="checkbox"/>

To arrange a review appointment please complete your contact details below and fax this form back to us ASAP and we will contact you to arrange a suitable date. Alternatively email us at info@alexander-marshall.co.uk.

COMPANY NAME:

CONTACT PERSON:

SIGNATURE: DATE: