Checkbook

Payroll Year End Supplement

April 2013

PayCheck

IMPORTANT DOCUMENT.

PLEASE READ CAREFULLY BEFORE STARTING ANY END OF YEAR ROUTINES.

CONTENTS

IMPORTANT INFORMATION

◆ Integrity Software Systems Limited cannot accept liability for the accuracy of figures given in this document. Please use this document as a guide but wait for confirmation from HM Revenue & Customs (HMRC).

PLEASE NOTE:

- **There is no software update required for the printing of P60 forms for the 2012/2013 tax year end. However, there is a software update if you will be using Checkbook for your RTI submissions from April 2013. This update is Checkbook 2000 version 5.000 which can be downloaded via the link in the email you have received. If you will not be using Checkbook for your RTI submissions then no software update is required.**

- **We would advise you to load Checkbook version 5.000 now as it will not affect the payroll calculations for the remainder of the 2012/2013 tax year, but it must be loaded BEFORE any RTI submissions in week1/month1. However, if you use Checkbook to electronically send your P45/P46 information to HMRC then you must ensure that all P45/P46 submissions for the 2012/2013 tax year have been done before loading Checkbook version 5.000.**

- **If you have purchased the E-filing module you should download E-File version 2.30 and the additional documentation for this. This will be used for the 2012/2013 year end submissions and also RTI submissions from April 2013. Please consult this additional documentation before running any year end routines.**

- **If you haven't already purchased the E-filing module to submit your RTI submissions via Checkbook then please contact your Account Manager, Wasim Ahmed, on 01628 488900.**

- **HMRC have not provided P14 stationery since the 2011/2012 tax year end and only supply one style of P60 form. The P60s to order for 2012/2013 are shown below:**

    P60 (SingleSheet/Shortened)(2012-2013) if using a laser printer

    P60 (Continuous) (2012-2013) if using a dot matrix printer

    We would advise printing these forms to a laser printer.

- The following screens are intended to be a guide to assist with the entry of the Tax and NI changes for the new tax year.

- Always check the official documentation provided by HMRC. It is possible that last minute legislative changes could mean that the figures in this document might not be accurate.

*If you require any assistance with your year-end procedures, please telephone our **Customer Services Hotline** on 01522-887200, or fax using 01522-887201, or email lincolncall@integrity-support.co.uk*

SUMMARY

This bulletin includes details of the changes you need to make to Checkbook ready for the new 2013/2014 tax year. Please read the following pages carefully to ensure that the year-end procedures are performed correctly.

Summary of Legislative Changes:

- Changes to the NIC bandwidths

- Changes to PAYE bandwidths

- Increase in Student Loan Threshold

- Uplift of Tax Code with a 'L' suffix

Summarised Procedure for the Year End Routine

♦ **STEP ONE – LOADING THE CHECKBOOK & EFILE UPDATE**

This step is only required if you will using Checkbook for your RTI submissions from April 2013. If you will not be using Checkbook for your RTI submissions then no software update is required.

This should not be done until all P45/P46 submissions sent through Checkbook have been done for the 2012/2013 tax year.

♦ **STEP TWO -   PRINTING P60s & P35**

Check figures then print P60s & P35.

Produce E-filing output files. (This is only available to those users who have purchased the E-filing module).

♦ **STEP THREE** - **YEAR END**

Period update into the new tax year.

♦ **STEP FOUR – UPDATE RATES AND TABLES**

Change NI and Tax Bands & Rates.

♦ **STEP FIVE – NEW TAX YEAR**

Year-end completed, ready to run first payroll in 2013/2014. Please refer to the RTI documentation at this stage if you are using Checkbook for your RTI submissions from April 2013.

CHAPTER ONE - YEAR END

STEP ONE – LOADING SOFTWARE UPDATES

Install Checkbook version 5.000

This is only required if you will be using Checkbook for your RTI submissions from April 2013. If you will not be using Checkbook for your RTI submissions then no software update is required.

This installation guide can be found via the email you have been sent and also at the following link:

Click here to visit the download page.

Install Efile version 2.30

This is only required if you will be using Efile for your 2013-14 end of year submissions or will be using Checkbook for your RTI submissions from April 2013.

This installation guide can be found via the email you have been sent and also at the following link:

Click here to visit the download page.

STEP TWO – PRINTING P60S & P35

You are now ready to print your P60 reports for the tax year 2012/2013, which will be printed in PORTRAIT format.

HMRC have said that all Employers (with very few exceptions) should file their P14s and P35 online since the 2010/2011 tax year end. P60s will still need to be printed for each employee and these forms can be ordered from HMRC.

You may still print P14s onto plain paper for your own records but HMRC no longer provide stationery for P14s.

To print directly onto P60 forms, select Year End – P60s from the Payroll Reports menu. (If you select the Year End – P14s option like in previous years, then the P60s will not fit the stationary received from HMRC).

When you have selected the range of employees, you will be asked what type of P60s you are using:
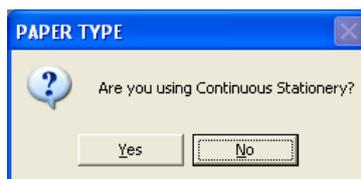
If you are printing the P60s onto a dot matrix printer then select "Yes". If you are printing the P60s onto a laser style printer then select "No". (We would advise using a laser printer).

You will then be taken to the standard Print options where you can print/preview etc.

The P60s can be re-printed up until the point of period updating into the new tax year. Once this has been done all the totals on the P60s, like the other payroll reports, will be set to zero.

P35s should be printed onto plain paper for your own records. You may wish to take other reports at this stage such as P11-Deduction reports and Payroll Details-Year to date.

When all reports have been printed correctly, please take a backup onto new media before you advance to the next stage.

If you have purchased the E-filing module then please refer to the additional "Checkbook 2013 Year End E-Filing" booklet at this stage as all year end submission should be sent to HMRC before period updating into the new tax year.

If you haven't purchased the E-filing module to submit your Employer Annual Returns electronically then please contact your Account Manager, Wasim Ahmed, on 01628 488900.

STEP THREE - YEAR END

Period update Wages and Salaries to new tax year

You can now period update into the new tax year using the Period Update routine found in the Payroll section.

If your accounting year start date is still showing 2011, you will need to run your final accounts for your sales, purchase and nominal ledgers before proceeding. Please check with your accountant before running this option. For detailed instructions on how to achieve this, see Q&A starting on page 17.

If you do/do not require a week 53 and you are not automatically brought to your required period please see Q&A starting on page 17.

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
Web: construction.integrity-software.net ı Company Reg No. 3410598

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STEP FOUR – NEW RATES FOR NI AND TAX

Setting up your new NI Rates

Please note Integrity Software Systems Limited cannot accept liability for the accuracy of the figures given in this document.

Before running your first payroll, the NI bandwidths and rates needs to be changed manually by selecting the File Maintenance, PAYE/NI, NI Tables. The values for 2013/2014 are shown below:

To check the contribution rates for each NI category, press F6 on the relevant letter in the boxes for NI Category Rate Tables. These fields can be accessed by using the up/down arrow keys, or by clicking on the field with the mouse.

An example of each table are shown on pages 9 - 12.

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
Web: construction.integrity-software.net ı Company Reg No. 3410598

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NI Contribution Category Rate Tables

UK NI contributions rates 2

CATEGORY: A EARNINGS BRACKETS		RATES ON EARNINGS		
Weekly	Monthly		E'EE	E'ER
00.00 - 109.00	00.00 - 473.00			
109.01 - 149.00	473.01 - 646.00		0.000	
109.01 - 148.00	473.01 - 641.00			0.000
149.01 - 770.00	646.01 - 3337.00		12.000	
148.01 - 770.00	641.01 - 3337.00			13.800
770.01 - 797.00	3337.01 - 3454.00		12.000	13.800
Above 797.00	Above 3454.00		2.000	13.800

Contracted out? N

Table A

UK NI contributions rates 2

CATEGORY: B EARNINGS BRACKETS		RATES ON EARNINGS		
Weekly	Monthly		E'EE	E'ER
00.00 - 109.00	00.00 - 473.00			
109.01 - 149.00	473.01 - 646.00		0.000	
109.01 - 148.00	473.01 - 641.00			0.000
149.01 - 770.00	646.01 - 3337.00		5.850	
148.01 - 770.00	641.01 - 3337.00			13.800
770.01 - 797.00	3337.01 - 3454.00		5.850	13.800
Above 797.00	Above 3454.00		2.000	13.800

Contracted out? N

Table B

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
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Table C

For the Contracted-out Schemes D, E, and L, enter "Y" in the "Contracted-out?" box and the Employee/Employer NI Rebate percentage box will then appear.

Table D

Table E

Table J

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First Floor Unit 1A ι Landmark House ι Alpha Court Business Park ι Lincoln ι Lincolnshire ι LN6 3TA ι United Kingdom
Office: +44 (0)1628 488900 ι Support : +44 (0)1522 887200 ι Email: support@integrity-software.net
Web: construction.integrity-software.net ι Company Reg No. 3410598

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Table L

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
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P A Y E – Tax Bands & Codes

Tax Bands

The Rates of Tax and Bandwidths for 2013/2014 are as follows:

Basic Rate	**20%**	**Up to £32,010**
Higher Rate	**40%**	**£32,011 to £150,000**
Additional Rate	**45%**	**over £150,000**

Tax Codes

From 6th April 2013 there is a global uplift of "L" codes by 134 and the Emergency Tax Code has increased to **944L**.

The screen below is how the tax bands and rates should appear from 6th April 2013. This screen is found by going into File Maintenance, PAYE/NI, P.A.Y.E details. **Please check that the "Special Band Numbers" (bottom right) so that "Basic Rate" is band 1 and "D Code start band" is band 2:**

Please Note: These are the bandwidths and represent the amounts on which the rates apply and not the upper limits. E.g. the bandwidth for the 40% rate is £117,990 (£150,000 - £32,010).

If you will be using Checkbook for your RTI submissions then you should check the Tax Reference, in the top right hand corner of the screen, is entered in the correct format. This will be shown on correspondence from HMRC and is in the format of a 3 digit tax office number followed by your tax reference separated by a '/', e.g. 999/A304.

Integrity Software Systems Ltd
First Floor Unit 1A ɪ Landmark House ɪ Alpha Court Business Park ɪ Lincoln ɪ Lincolnshire ɪ LN6 3TA ɪ United Kingdom
Office: +44 (0)1628 488900 ɪ Support : +44 (0)1522 887200 ɪ Email: support@integrity-software.net
Web: construction.integrity-software.net ɪ Company Reg No. 3410598

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Change Employee Tax Codes

There will be a general uplift of codes with the suffix L. Unless an amended code has been received for an Employee on form P9(T), 2013/2014 codes should be amended as follows:

'L' suffix code increased by 134

The Emergency Tax Code has changed to 944L.

In order to change the employee tax codes, you have the facility in Checkbook to change the codes globally. In order to run this routine you will need to do the following:

1. Enter on File Maintenance and select the PAYE/NI drawer.
2. Select the **Change Employee Tax codes** option and <enter>.
3. Enter the letter to change i.e. L, followed by how much i.e. 134, and then <enter> and select **continue to change** and <enter>. The system will now go through and uplift every employee with an L tax code by 134:
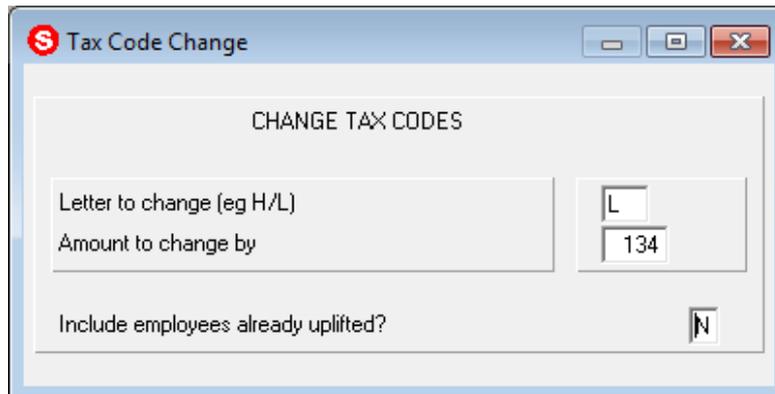
This screen has been enhanced to prevent this routine being accidently run twice. You are now only able to use this routine once in each tax year. If you have to run this routine for a second time within the same tax year, the "Include employees already uplifted" must be changed to Y.

Any *individual* Tax Code changes will be sent to you directly by HMRC.

If you do need to make any changes to employees with P9(T) notifications, we would advise this is done AFTER the global uplift is completed.

STEP FIVE – NEW TAX YEAR

You have now completed your year end procedure ready for the first payroll of the new tax year.

If you are using Checkbook for your RTI submissions from April 2013 then please refer to the additional documentation at this stage as your Employer Alignment Submission (EAS) should be submitted to HMRC before you process week1/month 1 in the new year.

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
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CHAPTER TWO – STATUTORY RATES

STATUTORY SICK PAY

SSP Reimbursement

The system will automatically calculate any SSP reimbursement that is due to be claimed.

The system will:

1. Establish your total employees and employers, gross Class 1 National Insurance contribution liability for the **tax month**. Class 1A National Insurance contributions are excluded.

2. Multiply by 13%. Round up fractions of a penny.

3. Establish the total Statutory Sick Pay payments in that tax month.

If the amount at **3** is more than the amount at **2**, you can recover the difference.

The Statutory Sick Pay weekly rate as of 6th April 2013 is **£86.70.**

Please refer to HMRC document "E14 – Employer Helpbook for Statutory Sick Pay" for more information.

STATUTORY ADOPTION, MATERNITY AND PATERNITY PAY.

Recovery of SAP, SMP, SPP

If an employer does not qualify for Small Employers Relief, they can recover **92%** of SAP, SMP and SPP, paid to their employees and no compensation.

If you paid **MORE** than £45,000 total NI contributions (Employee and Employer) in 2012/2013 then you should copy the SMP fields on page **8.**

Small Employer's Relief

For 2013/2014, "Small Employer" is defined as an Employer who paid (or was liable to pay) gross Class 1 NI Contributions (excluding Class 1A) of £45,000 or less in the qualifying tax year.

If you paid **LESS** than £45,000 total NI contributions (Employee and Employer) in the qualifying tax year, please enter the following instead of the SMP fields on page **8**:

SMP RECLAIM	100.00%
NIC COMPENSATION ON SMP	3.00%

The Standard Rate for SMP, SPP and SAP is **£136.78** a week.

Please refer to the following HMRC documents for more information:

"E16 – Pay and time off work for Adoptive Parents"
"E15 – Employer Helpbook for Statutory Maternity Pay"
"E19 – Employer Helpbook for Ordinary and Additional Statutory Paternity Pay"

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QUESTIONS & ANSWERS

Frequently asked Questions:

1. **How do I update the Tax Rates and NI Bands that have changed?**
    These must be changed using the PAYE/NI Changes in FILE MAINTENANCE. Please refer to the section in this document to assist with the entry of the Tax and NI figures. The new bands and rates come into effect on 6th April 2013.

2. **Do I need to set up all the Tax and NI Changes in every company I have on the system?**
    Yes.

3. **What do I do if an Employee changes NI Table letter during the fiscal year?**
    Go to the Employee Record Card in FILE MAINTENANCE, WAGES/SALARIES select "This Employment", either click with the mouse on the NI field, or arrow down to it, and the **NI Pay to Date** screen appears. Transfer the details from the "Current Category" to the "Previous Category" along with the old table letter and then clear the "Current Category" fields to zero. Please note, there is a new field to enter the Previous NIable Gross which must be entered if you are using Checkbook for your RTI submissions. This is only relevant for an *employee* changing an NI Table letter, not a director.

4. **What do I do if an employee becomes a Director during this tax year?**
    Go to the Employee Record Card in FILE MAINTENANCE, WAGES/SALARIES and change Director's NI from "N" to "Y" and enter the number of weeks left in the year for the pro-rata period, (including the week he/she was appointed). Don't forget to transfer the NI details as above if the Director changes his/her NI table letter at this time. For further information regarding Directors NI please refer to HMRC document "CA44 - National Insurance for Company Directors".

5. **What do I do if a Director becomes classed as an employee during this tax year?**
    If the Director has already been paid in this tax year, then his/her, earnings will continue to be calculated cumulatively for NI purposes. Leave "Directors NI?" set to Y.

6. **When running Earnings/Payslips to include holiday periods the NI has calculated as though only one week's wages is being paid.**
    From the FILE MAINTENANCE, COMPANY, BASIC DETAILS, PAYROLL, make sure the NI flag for Holiday Pay is set to "Y", if it is subject to NI. Go to *Enter Earnings* and put the number of holiday weeks in the Holiday field at the top of the payslip details.

7. **How do I enter a tax code, which is on a week 1 or month 1 basis?**
    You should add a W1 or M1 to the end of code (W1 if weekly/two-weekly/four-weekly paid and M1 if monthly paid). For example a correct code might be 944LM1. You should ensure that only W1 or M1 is used and not, for example, WK1.

8. **I cannot move my payroll period into the year 2013 - what can I do?**
    Firstly, go into FILE MAINTENANCE COMPANY and then ACCOUNTING YEAR. Press <ENTER> on the warning screen. You will find that your accounting year still says a date in 2011 (see example at the top of the next page). This means that although you may have moved on to the 2012 tax year, you haven't run the final accounts to close your 2011 accounting year.

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
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Firstly, check that the first pay date for salaries and wages is also in 2011 or above. This should reflect your first pay date in your CURRENT year, not necessarily the Accounting Year Begins year. (See point 16 below for more details on the first pay dates of accounting year).

Next, check that the current periods for ALL ledgers are in 2011 or 2012
When you next go into Period Update (through Bookkeeping and not through Paycheck), you will be given the option to run your final accounts. Selecting this option will just clear down information - nothing will be printed.
Before running the final accounts, please ensure:

a) That you take an extra security copy onto new media, which you do not re-use.
b) That you have made all the adjustments that your accountant requires - double check with him/her.
c) That all the reports for the year 2010 (which will be removed) have been run.

9. **What should I look out for when setting up a payroll half way through the fiscal year?**
Make sure all the "To-Date" figures are entered in "This Employment" on the Employee record. These are important for correct Tax calculations and for Year-end documents.

10. **Does PayCheck deal with Profit Related Pay?**
An amount scheme only can be run by setting up an "Other Pay" item with NI = Y/N, Tax = N. However, there is no option to exclude this figure from the end of year documents unless it is manually adjusted.

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
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11. **One employee has left the company but has informed us that he/she is still owed money. How can I process his/her pay?**
When entering the earnings press <F6> to list the current employees and then press <F4> to list all leavers so the left employee can be selected and paid. (This is a new option on Checkbook version 5.000). If the employee left some time ago, ask HMRC for advice because if not, tax rebates may be given.

12. **One of our employees has retired but the payroll is still deducting NI Contributions.**
When the employer receives a certificate from the employee, the NI table letter can be changed to "C" on the Employee Record Card. NI will then be deducted for the employer but not the employee. (The previous NI code details must be entered in the Employee Record, "This Employment" before the new table letter is implemented, see point 3).

13. **I need to/do not need to run a week 53 - what should I do?**
If you are in week 52 and need to move into week 53 but when period updating you are being brought into period 1:

a) Escape from period update leaving yourself in period 52.12
b) Go into FILE MAINTENANCE, COMPANY, and ACCOUNTING YEAR
c) Check that your first pay dates for Wages are correct. See point 16 below
d) Try period updating again

If you are in week 52 and need to move into week 1 but when period updating you are being brought into period 53:
a) Accept the period update
b) Keep period updating until you are brought into period 1.13

14. **The P11 deduction report for employees <FIRST> to <LAST> is not including those employees who have left during the 2012/2013 tax year.**
The P11-Deduction report is designed to be run at a date within the **current** tax year so that it includes the leavers within that year. This means that you will need to be logged into Checkbook with date between 6th April 2012 and 5th April 2013.

15. **The P14/P60 report and P35 report are including employees who left in the 2011/2012 tax year.**
The P14/P60 and the P35 reports are designed to be run at a date within the **new** tax year so that it can correctly calculate which employees left during the 2012/2013 tax year. This means that you should be logged into Checkbook with a date on or after 6th April 2013 when running the P14/P60 and the P35 reports.

16. **The weekly payroll journal is not posting into the correct Nominal period.**
When a payroll period update is done, it posts a journal to the nominal ledger. For the weekly payroll, it uses the first pay date of the accounting year to establish how many pay periods within the year (52 or 53) and how many pay periods in each nominal month. Therefore, the first pay date will need to be correct for the payroll journals to appear in the correct nominal period.

Go into FILE MAINTENANCE, COMPANY and then ACCOUNTING YEAR. Press <ENTER> on the warning screen. You might find that your accounting year still says a date in 2011 (see example on the next page).

Integrity Software Systems Ltd
First Floor Unit 1A ɪ Landmark House ɪ Alpha Court Business Park ɪ Lincoln ɪ Lincolnshire ɪ LN6 3TA ɪ United Kingdom
Office: +44 (0)1628 488900 ɪ Support : +44 (0)1522 887200 ɪ Email: support@integrity-software.net
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On Checkbook, there are three nominal years open at any one time. The Accounting Year Begins date on the screen above will ALWAYS relate to the middle of the three years and is only changed when the final accounts routine is run. Using the example above, this company will have the following nominal years open: year beginning 01.10.10, year beginning 01.10.11 (the middle year as shown above) and year beginning 01.10.12.

It is common that the middle year will not be your current financial year. In the example above, the middle accounting year begins 01.10.11 but all the ledgers have been updated into 12 so are working in the next financial year, that beginning 01.10.12.

The first pay date of accounting year for wages and salaries should be the first pay date for your CURRENT financial year. In the example above, the accounting year begins 01.10.11, but the current year begins 01.10.12. The company pays salaries on the last date of the month, so the first pay date for salaries is 31.10.12. The company pays the wages on a Friday and the first Friday on, or after, 01.10.12 was 05.10.12.

As long as the first pay date for wages is set correctly for the current financial year then the weekly payrolls will post into the correct nominal period.

17. **How do I claim back SSP?**
PayCheck will calculate SSP reclaim relating to the Percentage Threshold Scheme. See page 16. Any reclaim allowed will be reflected in the nominal ledger after the last payroll for that tax month is completed. For this to work correctly, the first pay dates of the accounting year will need to be setup correctly as in point 16 above.

Integrity Software Systems Ltd
First Floor Unit 1A ı Landmark House ı Alpha Court Business Park ı Lincoln ı Lincolnshire ı LN6 3TA ı United Kingdom
Office: +44 (0)1628 488900 ı Support : +44 (0)1522 887200 ı Email: support@integrity-software.net
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