



REAL TIME INFORMATION (RTI)

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1 INTRODUCTION TO RTI

The main purpose of RTI is to collate and transmit the PAYE data online when the payroll is run rather than transmit it annually. RTI system is a mandatory change and must be implemented by all employers by October 2013, but will be compulsory for most employers for the beginning of the 2013-14 tax year. The employers' duty is to make sure that their employee data is accurate and all departments (Payroll, HR, IT and Accounts) understand the implications of the RTI change.

The payroll data is verified by HMRC every time the payroll is processed and submitted. The monthly PAYE payments are also to be reconciled by HMRC. Hence, more attention and due care must be given to the accuracy of the payroll data (Payroll Department) and payments made (Accounts Department) assuring full PAYE compliance.

The RTI system is expected to make it easier to deal with individual employee queries and easier for employers and HMRC to operate it. The collated data will help HMRC identify and correct mistakes on a monthly basis rather than at the end of the year and in the reconciliation of employers' monthly payments. The PAYE data collected under RTI will also be used in supporting the Universal Credits starting in October 2013 by providing the DWP with up to date information about claimants' employment income.

RTI is expected to improve in-year payroll processes; eliminate year-end P14s/P35, decrease queries from employees and HMRC reducing operational costs and improving PAYE compliance.

2 HMRC - FREQUENTLY ASKED QUESTIONS

EAS = Employers Alignment Submission	FPS = Full Payment Summary
EPS = Employers Payment Submission	EYU = Earlier Year Update

2.1 What RTI Will Do and Why the PAYE System Needs to Change

Q: What will RTI do?

A: Using RTI, employers and pension providers will tell HM Revenue & Customs (HMRC) about tax, National Insurance contributions (NICs) and other deductions when or before the payments are made, instead of waiting until after the end of the tax year.

RTI will:

- Make the PAYE process simpler and less burdensome for employers and HMRC for example, by removing the need for the end of year return (forms P35 and P14) and simplifying the employee starting and leaving processes
- Make PAYE more accurate for individuals, over time reducing the number of bills and repayments sent after the end of the tax year
- Enable HMRC to pursue late payments more effectively
- Support the payment of Universal Credit
- Reduce Tax Credits error and fraud

Employers and pension providers will send this information to HMRC online for payments made to all their employees, including those paid below the National Insurance Lower Earnings Limit (LEL).

Q: Does RTI apply to the self-employed?

A: No - it is for the operation of PAYE only.

2.2 How will RTI Operate?

Q: Will forms P35, P14 and P38A be needed after joining and using RTI?

A: No - end of year returns (forms P35 and P14) or P38A supplementary return will not be needed as employers will tell HMRC about all payments made during the tax year each time their payroll is run.

Q: Why does an FPS include the hours worked?

A: The hours worked is required for the purposes of calculating **Tax Credit payments**.

Q: How soon after the Employer Alignment Submission (EAS) will the employer be permitted to send in their first RTI submission?

A: Once the EAS has been successfully submitted the employer is considered to have joined RTI. The EAS should be submitted at least 24 hours before the first FPS.

Q: How will HMRC treat statutory payments shown on an Employer Payment Summary (EPS)?

A: If you have claimed an advance of statutory payments then the amount you report on an EPS will be set off against the PAYE due as reported on an FPS. If a credit remains this will be set-off against any advance you have claimed, and any remaining credit will be used against any other amount due, or if nothing is due you can contact HMRC and claim a repayment or reallocation.

Q: Will I have to make a submission even if I haven't paid anyone?

A: If you are registered with HMRC as an employer who pays HMRC quarterly, we will know to expect quarterly payments from you without you needing to do anything further.

All employers need to send an FPS every time they pay their employees, whether they pay HMRC monthly or quarterly. If you haven't made any payments to any employees in a tax month, you should send HMRC an EPS showing 'No payment due as no employees or subcontractors paid in this pay period' within 14 days following the end of the tax month. This also applies to employers who pay HMRC on a quarterly basis - if you do not, then HMRC will specify an amount due for that month, and pursue this at the end of the relevant quarter.

Q: Can I advise HMRC that I am not going to have any employees for a specified period?

A: Yes. You can submit one EPS to advise us of your 'period of inactivity'. HMRC will not expect any other return, nor any payment, for the period(s) reported.

Q: How will the system cope with an employee who resigns and is rehired in the same month with two corresponding payslips (two separate contracts)?

A: The system will count the two employments as separate by operating on the information submitted by the employer. The last payment from the first employment should have a date of leaving. The first payment from the new employment should include the starting information including start date and should not take into account pay and tax information from the previous contract of employment when calculating the year to date figures. If the employer is using payroll IDs they must ensure the second contract is set up using a different payroll ID, i.e. employee number.

Q: When will I be expected to report PAYE in real time?

A: Employers and pension providers will be required to report PAYE information (via an FPS or EPS) in real time 'on or before' payment is made to employees or pensioners for the vast majority of payments that they make.

Q: What would happen if an individual had five positions with the same organisation (for example) and ceases four but keeps one of these positions? How should this be reported?

A: Assuming that the five positions are treated as separate employments and tax and National Insurance are calculated separately for each employment, as each finishes a leaving date should be sent as part of the relevant FPS. HMRC will, if necessary, issue a code each time.

If the earnings from all five jobs are accumulated and tax and National Insurance are calculated as one employment (i.e. there is one tax code in operation) no additional action needs to be taken until the last employment ceases.

Q: Reclaiming tax in previous tax years - can you clarify the use of Earlier Year Updates (EYUs) against the FPS for a previous tax year? What would you expect for reclaims greater than two

years? For six years following implementation will we still need to do P14 submittals for the non-RTI years which can be claimed on?

A: The **EYU is needed to correct details of previous RTI years** - you will only be able to use it for the tax years where you were required to operate PAYE using RTI. An FPS can only be sent up until 19th April following the end of a tax year - after this any corrections need to be made on an EYU.

Non-RTI years will still be corrected via amended P35/P14s as per the existing PAYE arrangement.

Q: Reclaiming overpayment of tax - will we still need to do adjustments for previous years at the end of each tax year or can this be done throughout the year? Each time we do a mini adjustment to the employee, how are we reclaiming the tax?

A: Adjustments can be made throughout the year with the final FPS showing the correct Year-To-Date (YTD) figures. If adjustments relate to previous RTI tax years then the EYU is needed to show the correct details.

Q: I have claimed 'CIS deductions suffered' on my EPS. Can I have a refund of any excess?

A: Yes you can have a refund at the year end, and if there are no outstanding debts.

Q: Date of leaving. What date should be entered on the FPS?

A: The date to enter is the date the employment ended. The exact date of this is for the employer to decide.

2.3 What will not Change Using RTI?

Q: What will not change using RTI?

A: The following will remain unchanged:

- **PAYE** - PAYE remains the same using RTI. It is only the reporting that changes.
- **Coding notices** - using RTI employers will still be able to choose how they receive coding notices; as they do now.
- **Reporting a change to HMRC e.g. updating employee's new name or addresses for HMRC records** - an RTI submission will not update HMRC records. It remains the responsibility of the individual employee to notify HMRC of changes of name, address, etc.
- **HMRC messages to employers using RTI** - HMRC will continue to use the Data Provisioning Service (DPS) and EDI outbound message services.
- **Payment dates using RTI** - payment dates to HMRC will remain the same using RTI.
- **Forms P60** - P60s will remain using RTI.
- **Forms P11D** - HMRC are not planning to change the requirement to complete a deductions working sheet (or electronic equivalent).

Q: Will RTI change the Construction Industry Scheme (CIS) payment and reporting process?

A: RTI is not changing the existing CIS process. Employers will continue to complete and file monthly returns due under the existing CIS arrangements.

2.4 Employee Information

Q: How do I deal with the fact that I don't have a National Insurance number?

A: Evolution will allow for the National Insurance number field to be left blank if the National Insurance number is not known, but you must provide the employee's address. However where possible, you should ensure that you obtain the correct National Insurance number for your payroll records.

Q: Is a default date of birth, (01.01.1901), in such scenarios is still acceptable?

A: You should not use a default date of birth. You should make every effort to obtain the correct date of birth for the individual, especially for new pensions coming into payment. Where, despite these efforts, it's not been possible to obtain the correct details, please continue to use the date of birth currently held on the payroll.

Q: What guarantees can HMRC provide about the accuracy of National Insurance number information that they will send to providers?

A: HMRC will attempt to validate National Insurance numbers provided by checking with the DWP. In cases where there is a discrepancy, or where the employer has not provided a National Insurance number, HMRC will inform the employer.

If the annuitant (a person who is entitled to receive benefits from an annuity) queries the National Insurance number provided by HMRC, the annuitant should contact HMRC to resolve the query.

The more accurate and comprehensive employee data the employer gathers and maintains, the more likely it is that the National Insurance number provided will be correct.

Q: Whilst employers and pension providers may request sight of a passport occasionally to verify age, do I now need to request to see the passport number?

A: The passport number will only have to be provided if the employer or pension provider collect it as part of their checks that the employee or pension recipient is entitled to work in the UK or receive a UK based pension.

Q: Why is it important to check the details I hold about my employees are accurate?

A: It has always been important to make sure the information that you send HMRC about your employees is accurate to help ensure that your employees pay the correct Income Tax and NICs. Improving the accuracy of the information you hold and send to HMRC will help match the information to the correct HMRC record. This could save you money by helping to reduce the number of employee enquiries you receive.

This is not just important for tax and NICs. From October 2013, RTI will support **Universal Credit** by providing the DWP (Department for Work and Pensions, formerly the Benefits Agency) with up to date information about claimants' employment income. Ensuring your employee information is correct will help to ensure they receive the right amount of credit.

As part of the process for an employer joining RTI, HMRC will align the records of employees held on the NPS system (**N**ational Insurance and **P**AYE **S**ervice, is a single national computer system introduced by HMRC in July to replace the 12 regional databases that previously handled PAYE processing) and the records held by employers.

In the meantime HMRC recommends that you start to prepare for RTI by checking the information you hold.

2.5 RTI and Individual Employees

Q: How does RTI affect me as an individual?

A: Generally, employees probably won't see much, if any, difference in their working day. However, using RTI, employers and pension providers will need to ensure that their employee records are up to date. They will also send information to HMRC when or before they pay their employees. This better quality, more up-to-date information will mean that, over time, more people will pay the correct tax in-year.

HMRC will also have the RTI needed to support the introduction of the DWP's Universal Credit in October 2013. Universal Credit will need up to date information about employment and pension income from RTI so that the DWP can adjust claimants' welfare payments to reflect their circumstances.

Q: How does RTI support the payment of Universal Credit?

A: RTI will support Universal Credit when it is introduced by providing DWP with up to date information about claimants' employment income.

Q: What happens if I leave my job?

A: Using RTI employers will still give leaving employees a form P45 showing their pay and the tax deducted.

Q: What happens if I start a new job?

A: Using RTI employees still need to give their new employer the form P45 given to them by their previous employer so they can operate the correct tax code. Employees will also need to answer some new starter questions. Getting this information right is paramount as it will help make sure the employee pays right amount of tax is paid, and receives correct amount of credit for the NICs they pay.

Q: What happens if I don't have a P45?

A: This has not changed. The employer will ask employee some new starter questions similar to completing a form P46 so they are able to operate the correct tax code.

Q: What additional information does the employee need to give to the employer?

A: Using RTI there is little change to the information given to your employer. To help get employee's tax right and make sure they get credit for the NICs that they pay, they should provide:

- **National Insurance number** shown on the card or letter issued by the DWP. A National Insurance number consists of two letters followed by six numbers, followed by one letter - A, B, C or D.
- **Full formal name** (surname and forename) must be obtained. It is important that full forename and not just the initials (for example, John Smith and not J Smith), are provided by employees.
- **Date of birth**
- **Gender**

The employer needs to verify the above information from an official source, such as employee's birth certificate, passport, driving licence or official documents from HMRC or the DWP.

3 EXPECTED RTI BENEFITS

3.1 To Employers

- Simplify and improve PAYE processes
- Reduce HMRC queries
- No more year-end submission of P14s and P35. RTI data transmission will be done before or on the payment date.
- Help improve PAYE compliance procedures and reduce visits from HMRC

Note: All of the above will also help reduce costs.

3.2 To HMRC

- Easier to identify and deal with non-compliant employers, hence reduced costs and manpower
- Easier to detect and deal with employee under and overpayments
- Improve collection of payments, debts and reduce incurred costs
- Identify and pursue late payments more effectively
- Support the payment of Universal Credits (from October 2013)
- Help reduce errors and fraud

3.3 RTI Processes

- Employee information on payroll must be cleansed and aligned with HMRC (see Employer Alignment Submission)
- You should report employee data problems, such as wrong date of birth to HMRC's Employer Helpline as soon as identified
- Once employer's data is aligned with HMRC data, employee codes must not be changed as this will create new employee records on HMRC's system
- Once HMRC is informed of leavers, if the employee returns back to their job, they must be set up on the system with a new employee code
- There will be HMRC penalties for late submissions, payment of liabilities or incorrect submissions

4 RTI DATA VALIDATION

HMRC recommends that all employers validate their employee records prior to any employee alignment submission being carried out ahead of RTI implementation. The following information must be checked:

- **Full official Name (Mandatory)** – employee’s **surname** and **forename** must be entered in full. Check for correct spellings and make sure they are entered in the correct places.
- **Current residential address** – confirm the current full address. It is recommended that this is validated against a utility bill, driving licence or any other valid document.
- **Sex (Gender) (M)** – confirm gender ‘male or female’
- **Date of birth (M)** – The date of birth for all employees must be validated against their birth certificate or passport with an entry format of **DD/MM/YYYY**
- **National Insurance Number** – must be entered correctly. The number must begin with two letters, followed by six numbers and end with letter A, B, C or D. If at the time of submission the correct NINO is not known, it should be left blank.
- **Establish right to work in UK** – HMRC said that if a copy of an employee’s passport is made as part of the process to establish entitlement to work in UK, then they would like to be informed of the passport number too.

New employees – The above information must also be checked when a new employee starts.

5 RTI SUBMISSION TYPES

Please note that on EAS, FPS and NVR submissions the employee code will be prefixed with the Evolution company number. E.g. employee 'ABC' in company 1 will be submitted to HMRC as '01-ABC'.

5.1 Employer Alignment Submissions (EAS)

All PAYE Schemes must go through an alignment process before joining RTI. Data alignment is a process to be performed between the employer and HMRC to ensure that their employees' data agree. This is the first step of moving onto the Real Time Information and is known as the Employer Alignment Submission (EAS).

Once the first EAS is sent and received successfully by HMRC it will be considered that the Company has joined the RTI system and no further EAS submissions will be accepted.

If HMRC has an employee record that was not provided with the employer's payroll, the employee HMRC record will be closed down. However, if employer's payroll shows an employee record that is not currently held by HMRC a new employee record will be created on HMRC's system. All other identified employee discrepancies will be electronically notified to the employer.

Data should be cleansed before the alignment to reduce the chance of any data validation errors on the EAS and subsequent FPS submissions.

5.2 Full Payment Submission (FPS)

At the end of each pay period the company should send an FPS to HMRC with details of the employees paid within the period. This will include all tax and NI details and also deal with new starters and leavers. The FPS should be submitted on or before the date the employees are paid.

5.3 Employer Payment Summary (EPS)

The Company needs to send this report to HMRC to inform them of any recoverable Statutory Payments, NICs compensation on Statutory Payments and CIS deductions suffered within the tax month. This information will be used by HMRC to check against the figures on FPS submissions. EPS can also be used to notify HMRC of periods of inactivity where no FPS has or will be sent.

An EPS should only be submitted after the end of the tax month for those months where statutory payments have been recovered or to inform HMRC if there are no FPS submissions for the previous or future tax periods. For any recovered values to apply to a specific month, the EPS should be submitted before your payment to HMRC is due on the 19th of the following month.

5.4 NINO Verification Request (NVR)

This is sent to verify a National Insurance number (NINO) for an employee.

6 EVOLUTION PAYROLL – RTI ENHANCEMENTS

6.1 RTI Setup Prior to Going Live

6.1.1 Employees

- **Date of Birth** (mandatory)
- **National Insurance Numbers** (not mandatory but advisable)
- **Employee Names** are correct including forenames in full and no invalid characters (the only allowed characters in names are **alpha** (A-Z, a-z), hyphen, apostrophe and **space** (as long as first character is not space))
- Normal **Hours Worked** are set correct on each employee (See section 7.4.2 for further details)
- **Country (if not UK)** field on the employee's address is only populated if not UK (if UK, leave this field blank)

6.1.2 Pension Tables

Employee Pension deductions must be setup using Maintenance > Pension Tables and not using a Pay Text / Description.

See section 7.6 "Maintenance → Pension Tables" for further details.

6.1.3 Holiday Schemes

Holiday Schemes are now **subject to NI** and therefore **all employees must have a holiday scheme table setup and "Deduct N.I. When Paying" is set as a default.**

See section 7.7 "Maintenance → Holiday Scheme" for further details.

6.1.4 Pay Texts

Pay Texts used for **benefits paid through the payroll** have a **new field setting** added which must be set before submitting the first FPS.

See section 7.4 "Maintenance → Personnel Details" for further details.

6.1.5 Leavers

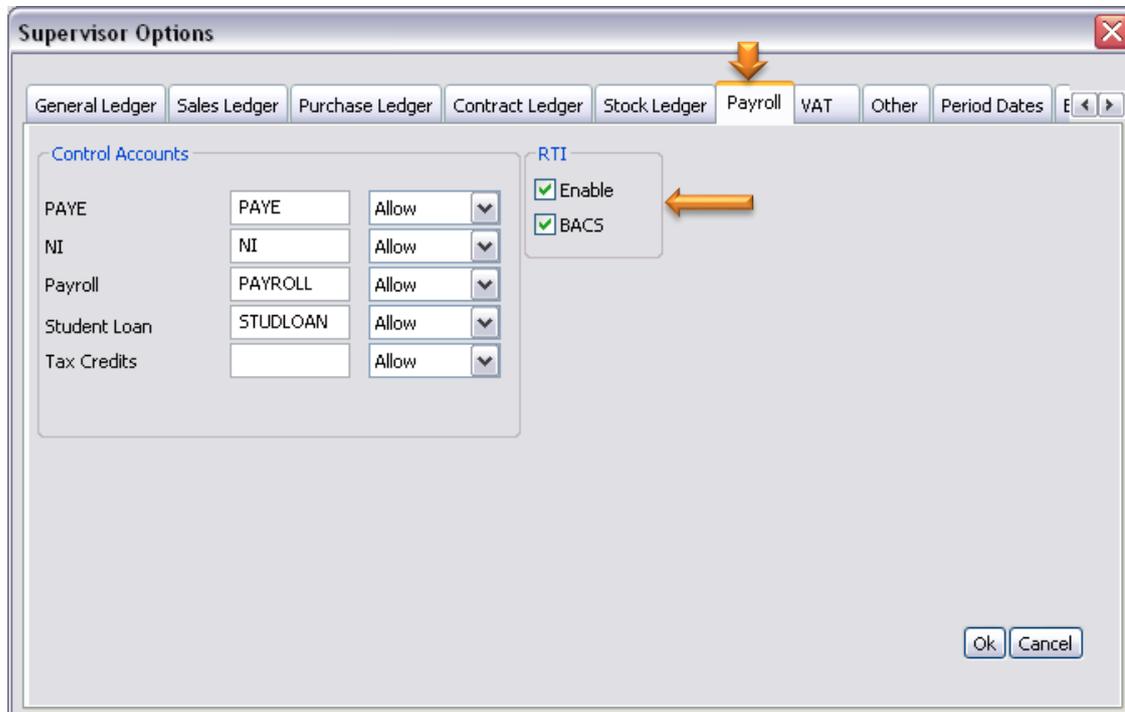
All leavers for the 2012-13 tax year should be submitted to HMRC before clearing the payroll.

6.1.6 Supervisor > HMRC Details and User Details

Store your Corporation Tax, Self Assessment UTR, HMRC Sender ID and ECON number and allow non-Access Level 99 users to do FPS Submissions. See sections 7.2 "Supervisor → Company Details → HMRC Details" and 7.3 "Supervisor → User Details" for further details.

7 SOFTWARE CHANGES

7.1 Supervisor → System Defaults → Payroll



The new “RTI” switch is in the Payroll tab and is only available for UK systems. Evolution will only support RTI submissions from PAYE year 2013-14, so it’s important that ‘Enable’ is not ticked until you have done a Payroll year end for year **2012-13**.

Note that there is also a “BACS” switch. This should be ticked if you have your own BACS SUN (Service User Number). **Do not switch on RTI BACS if you do not have your own BACS SUN**. This will then generate a random 4 digit *cross reference* that will appear on the BACS output file and on **the FPS** to tie the two submissions together, i.e. one submission to the Bank and the other to HMRC.

If you do have your own SUN reference, then everything must be paid through the payroll (including expenses, etc.), to ensure the net pay in the BACS file agrees with the net pay calculated on the FPS.

If you do require this option then it should only be done once you have ticked the Enable RTI switch above and you have completed all payroll BACS payments relating to the 2012-13 tax year. You will also need to ensure that the payment method on each employee is set to BACS. (The Pay Method will show on the EAS report, see section 8.1.1 Employer Alignment Submissions).

Click OK > OK (and Done if prompted) to save these details away.

7.2 Supervisor → Company Details → HMRC Details

The above screen has been amended to store your Corporation Tax UTR, Self Assessment UTR (if applicable), your HMRC Sender ID and your ECON (if applicable). The first time you go into Company Details and arrive on the HMRC Details screen (return through the Bank Details), the system will automatically copy the 'UTR' number into the 'Corp. Tax UTR' for you, which can be amended afterwards if needed.

You can also key in your HMRC Sender ID and your ECON number in the same screen which means you don't have to enter it each time when sending submissions.

7.3 Supervisor → User Details

If you have Evolution users that need to be able to send FPS submissions that don't have an Access Level of 99 (which is the default requirement for the FPS submission), then you will need to tick on the 'Allow FPS' switch, followed by either 'FPS Weekly' or 'FPS Monthly' (or both), to grant the user this ability.

NB: The 'Allow FPS' switch used in isolation will grant access to both Weekly and Monthly FPS submissions.

7.4 Maintenance → Personnel Details

All of these new fields will be available immediately after version 7.4 is installed, even if the RTI switch remains OFF in Supervisor > System Defaults.

7.4.1 Personal Tab

The screenshot shows the 'Personnel Details' window with the 'Personal' tab selected. The window contains the following fields and options:

- Name:** Title (Ms), Forename (Lillian), Initials, Surname (Yates)
- Address:** 59 Eastfield Avenue, Woking, Surrey, GU1 1BE
- Phone:** 01522 887200, Country(if not UK) (highlighted with an orange arrow)
- Date of Birth:** 18/02/1947, E-Mail: lincolncall@integrity-support.co.uk
- Sex:** Male, Female
- Status:** Single, Married
- Type:** Employee, Director, SubContractor, Pro-Rata Weeks

Buttons at the bottom include 'Notes', 'Set SSP Average', 'OK', and 'Cancel'.

Country(if not UK)

This is the only new field on this particular tab. Leave blank if the country is UK.

7.4.2 Payment Tab

The screenshot shows the 'Personnel Details' window with the 'Payment' tab selected. The employee information is: ID 01, Department 003, Name Ms Lillian Yates. The 'Payment' tab contains several sections: 'Cash Amount' (empty), 'Pay Method' (radio buttons for Cash, Cheque, Giro, BACS), 'To Be Made' (radio buttons for Hourly, Weekly, Bi-Weekly, 4 Weekly, Monthly), and 'Calculate' (radio buttons for Weekly, Monthly). The 'Normal Hours Worked' dropdown is set to 'c) 30 hrs or more'. At the bottom, there are buttons for 'Notes', 'Set SSP Average', 'Ok', and 'Cancel'.

Normal Hours worked

These are the hours most appropriate to this employee for the hours you expect them to normally work in a week. This does not need to be reduced if the employee is on statutory leave or sick etc.

The default is **30 hrs or more** but should be changed for any employee that does not normally work 30 hours or more.

Other options are:

0 – 15.99 hrs

16 – 29.99 hrs

Other (This is used for occupational pension schemes)

7.4.3 Tax and NI Tab

Personnel Details

01 003 Ms Lillian Yates

Personal Payment **Tax and NI** Holiday GMB Other Pension To Date Bank Previous Additional

Week/Month 1 Scottish Variable Rate Tax Student Loan
Loan Start Date

Tax Code 990 Cumulative
Suffix L (NT & D Codes)

NI Table A
NI No AB123456A
 Contracted Out

Sender ID
Password
Sender Type Employer
Submit NVR

Notes Set SSP Average Ok Cancel

National Insurance Verification Requests (NVRs) are submitted on an individual basis from within Personnel Details. There are new fields added onto the above screen to allow for the entry of the HMRC Sender ID (if not already entered in Supervisor > Company Details > HMRC Details), Password and your Sender Type to submit an NVR. Note this should **only be used from the 2013-14 tax year** and submissions will fail if they are used for 2012-13.

7.4.4 Other Tab

The new fields on this screen should only be used from 2013-14 and subsequent years, once RTI is live, and not for the remainder of the 2012-13 tax year.

FPS This must be ticked on new starters after entering their Date Joined. Every new starter also needs to answer a starter declaration, please see below.

The 2nd half of the screen is split into two sections, **Partner's ASPP Details** and **New Starters from April 2013**.

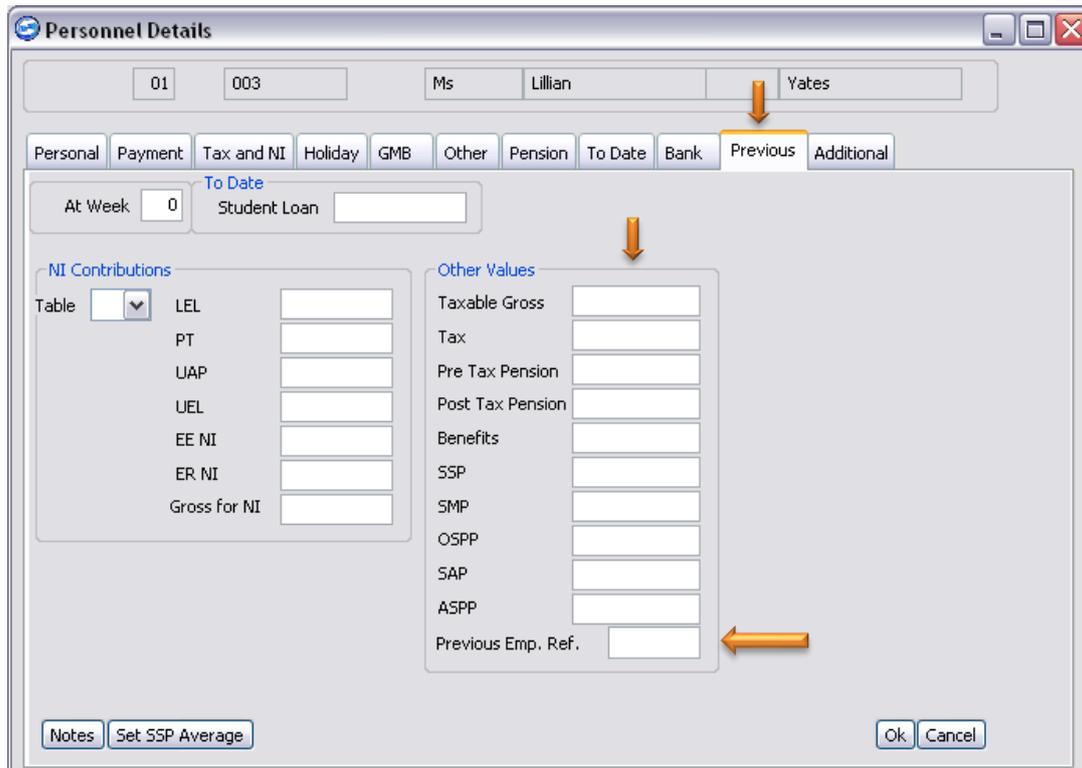
Partner's ASPP Details These details will only need to be entered if an employee has received a payment of Additional Statutory Paternity Pay

New Starter's Declaration This **Starting Declaration** needs to be completed on every new starter in 2013-14 and subsequent years. The starter will need to confirm whether:

- A. This is their first job since the start of the tax year**
- B. This is currently their only job**
- C. They have another job or pension**

New occupation pensioners and seconded employees do not have to complete a new starter declaration, so for these employees Option D should be selected.

7.4.5 Previous Tab (New)



The 'Previous' tab has been altered so that you can key in specific payroll elements from a previous system into the 'Other Values' column. Note that you should only use this if you are new to Evolution during a tax year, so will not affect existing users.

There is also a new "Previous Emp. Ref." which must be used if the employee payroll reference on the previous system is different to the reference in Evolution.

This can also be used if an employee has changed from a Weekly calculation to a Monthly calculation (or vice versa) and you have setup a new reference for this purpose. We advise against changing calculation methods during a tax year wherever possible as this could affect NI calculations.

On submissions to HMRC the employee code will be prefixed with the company number so this will need to be included when entering any "Previous Emp. Ref."

E.g. Employee 'ABC' in company 01 will be submitted as '01-ABC'. If that employee is setup with a new code 'DEF' (assuming they have not left the company and re-joined) they will now be '01-DEF' so HMRC will need to be informed that the "Previous Emp. Ref." was '01-ABC'.

7.4.6 Additional Tab (New)

This **Additional** tab will only be used once RTI is live and will be submitted on each FPS, when applicable.

New starters from April 2013 who are seconded to work in the UK will need to tell of their intentions to stay in the UK along with whether they are a European Economic Area Citizen and whether this is a EPM6 (Modified) scheme. This information would previously be completed on form P46-Expat. These details are entered on the **Seconded Employees Only** section, tick on the relevant fields as required.

The following fields can be entered before RTI is live if they are applicable on any existing employees as they will be included on the EAS. These will also need to be selected on any new starter in 2013-14 and subsequent years when applicable:

Passport Number

This is not a mandatory field, but HMRC would like the passport numbers to be included, where possible.

SCON

Enter the employee's scheme contracting-out number here if you operate an occupational contracted-out scheme, Contracted-out Salary Related (COSR) or Defined Benefit (DB) scheme.

Irregular Payments

Should be ticked if the employee is paid on an irregular basis e.g. casual/seasonal worker or is on long term maternity or sick leave. It is used to prevent HMRC assuming that they have left their employment after three

months of non-payment. If a new starter is to receive irregular payments or an existing employees changes to receive irregular payments after the EAS is submitted, this option should still be ticked so it will be included next time an FPS is submitted.

Aggregated Earnings

This should be ticked if earnings from more than one job have been added together to calculate National Insurance contributions.

Occupational Pension Being Paid

This should be ticked if the employee is being paid an Occupational Pension.

Ex Pat.

This should be ticked if the employee is seconded to work in the UK. (New starters seconded to work in the UK will be notified in the starter section).

Payments made to Non-individual

This should be ticked if payments are made to a third party or non-individual e.g. Personal Representative or Trustee.

Remove from EAS

This should only be ticked on those records that are not genuine employees – i.e. if you have a dummy employee record that you use to create genuine employees from. These will not be submitted to HMRC as part of the EAS.

The following fields should only be used in 2013-14 and subsequent years and relate to the current period only. When applicable these should be selected prior to submitting the relevant FPS to HMRC and then unselected prior to the next period:

Reduced payment in period indicators Select if the employees pay for the period has been reduced due to them being **On Strike** or **Unpaid Absence**. **Unpaid absence** should also be set if the employee requests that their contracted hours are reduced to zero for a period of time, exceeding one pay period. In this case, **unpaid absence** needs to be selected on the final FPS before their unpaid absence.

New occupational pension cases only Enter the annual value of the new pension in the **Annual Amount of Occ Pen** field. Tick the **Occupational pension paid due to a recently bereaved spouse** box if this is a new Occupational Pension Scheme where they are drawing the pension of a recently bereaved spouse/civil partner.

Trivial Commutation Payment

Indicate one of the following if a lump sum is paid in place of a small pension:

- A. Trivial Commutation lump sums**
- B. Lump sum from personal pension scheme**
- C. Lump sum from occupational pension scheme**

The value of the lump sum payment also needs to be entered.

7.5 Maintenance → Personnel Details → Pay Rules

From 2013-14, when RTI is in use and when employees have been paid, it is vital that the following fields are not changed once set against the Pay Texts / Descriptions in the Pay Rules section:

- Addition
- Deduction
- Taxable
- Counts for N.I.
- Benefit

If you need to do this for any reason, please create a new Pay Tax / Description.

The 'Benefit' option is new to Personnel Details > Pay Rules screen, as highlighted below. The field will appear once version 7.4 of Evolution is loaded (even if RTI has not yet been activated in Supervisor > System Defaults) to allow this to be set on all applicable pay descriptions before the 2013-14 tax year.

This field is used for FPS output only and will not affect any payroll calculations. This must be set on each applicable pay description before running the first FPS for 2013-14.

Benefit

This switch is used for any taxable benefits that are paid via the Payroll. Again, this is just for submissions to HMRC and does not affect any payroll calculations. **This must only be used where you have a prior agreement with HMRC for payroll benefits and should not be set on any other pay rules.**

7.6 Maintenance → Pension Tables

From the 2013-14 tax year, employee Pension deduction information will need to be reported to HMRC as part of the FPS submission. This means that all employee Pensions need to be setup via a Pension Table in Maintenance and not via a Pay Text / Description. If you currently use Pay Text / Description for Pension purposes then you will need to prepare for 2013-14 by setting up Pension tables and assigning them to the relevant employees.

When setting up a new Pension table always ensure that the “Pension on Lower Limit” option is ticked and that the “Upper Limit” field is 999999.99. Tick on “Deduction after Tax” if it is to be applied after tax, or leave it un-ticked if it should be applied before tax, complete the Band, Company Cont. / Employee Cont. section and then the Nominals section. See examples below.

Pension taken after tax

The screenshot shows the 'Pension Table' configuration window. At the top, the 'Company' is set to '1', 'Pension Reference' is 'PENSIONA', and 'Title' is 'AFTER TAX PEN'. The main area is divided into a table for contribution rates and a section for 'Nominals' and limits.

Band	Company Cont.	Employee Cont.
9999999.99	5.00 %	2.00 %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %
	✓ %	✓ %

Nominals

- Employer Cost: DWPEN
- Director Cost: DIRPEN
- Collection: PENSION

Limits and Options

- Lower Limit: [Empty]
- Upper Limit: 999999.99
- Pension on Lower Limit
- Employer Con. Out to Pen.
- Deduction after Tax:

Buttons: Delete, Ok, Cancel

Pension taken before tax

The Pension Table dialog box shows the following configuration:

- Company: 1
- Pension Reference: PENSIONB
- Title: BEFORE TAX PEN
- Table with columns: Band, Company Cont., Employee Cont., and checkboxes for each.
- Nominals:
 - Employer Cost: DWPEN
 - Director Cost: DIRPEN
 - Collection: PENSION
- Lower Limit: (empty)
- Upper Limit: 999999.99
- Options:
 - Pension on Lower Limit
 - Employer Con. Out to Pen.
 - Deduction after Tax (highlighted with an orange arrow)

After setting up the tables you will need to add them to the relevant employees in **Personnel Details > Pension**:

The Personnel Details dialog box shows the following configuration:

- Employee: Ms Lillian Yates
- Personal: 01, 003
- Tabs: Personal, Payment, Tax and NI, Holiday, GMB, Other, Pension (selected), To Date, Bank, Previous, Additional
- Pension Scheme Reference: PENSIONA
- AVC: (empty)
- Options:
 - %
 - %

Finally, you will need to ensure that you tick the “Pensionable” switch on the relevant Pay Text / Description for which the pension applies:

The Pay Rules dialog box shows the following configuration:

- Description: BASIC PAY
- Rate: 15.000 %
- Options:
 - Addition
 - Before
 - Deduction
 - After
- Nominal: (empty)
- Loan: (empty)
- Repaid/Saved: (empty)
- Options:
 - Taxable
 - Counts for N.I.
 - Pensionable (highlighted with an orange arrow)
 - Use in CIS
 - Benefit
- VAT:
 - Primary
 - Secondary
 - No VAT
- Cost the Payroll:
 - Cost by Hours
 - Cost by Value
 - Not Costed

7.7 Maintenance → Holiday Scheme

Due to changes in October 2012, all holiday schemes are now subject to NI. In order to ensure this is the case, all new holiday scheme tables will automatically default to “Deduct NI When Paying”:

Existing schemes will change once they have been written away, so you will need to select each scheme and click OK before calculating any pay for the 2013-2014 tax year.

You can also no longer enter figures in the “Holiday Pay” screen in Calculate Pay (either in the Average Pay or the Holiday Pay fields) if the employee is not part of a Holiday Scheme:

The following warning is displayed:

You will need to click cancel and then assign a Holiday Scheme to the employee in Personnel Details > Holiday.

NB: This does not affect holiday pay setup via a pay description.

7.8 Starters and Leavers

These are now dealt with on the FPS submissions, so there is no longer a requirement to do “In Year Submissions” for P45s or P46s. P45 forms should still be printed for left employees. When RTI is activated in Supervisor, “Efile Mid-Year” will be removed from your Payroll > Maintenance menu.

In order to reflect these correctly on the FPS, you will need to make sure the starters and leavers are set correctly.

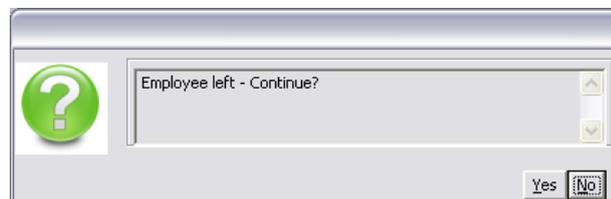
7.8.1 Starters

All of the starter information needs to be submitted on the first FPS for that employee, i.e. the first time they are paid and not before. When adding a new employee, the Date Joined should be entered, the FPS field must be ticked and the New Starter Declaration set (on Personnel Details – Other tab).

7.8.2 Leavers

The leaving date for any employee should be submitted on the last FPS they are being paid rather than in any period after they have left. However, if the employee is set as a leaver after the FPS for the final pay period has been submitted, their leaving date will be included on the FPS for the next period.

If you need to make a further payment to an employee after you have informed HMRC they have left, then when using the **Call Up Employees** option in **Calculate Pay**, if selecting a left employee the screen below is now displayed:



If you select Yes, then the employee can be paid as normal and will be submitted on the FPS for the period, with an indicator to HMRC that this employee is being paid after leaving. This can only be done if the further payment after leaving is paid in the same tax year as the employee left.

IMPORTANT NOTE: If a left employee comes back, they should always be setup as a new employee rather than repaying the previous employee.

8 REAL TIME INFORMATION MENU

Once “RTI” is enabled in Supervisor > System Defaults > Payroll, **RTI Processing** will be automatically added to the Payroll menu:

RTI Processing will be used for the EAS, FPS and EPS submissions.

The Full Payment (FPS) routine has also been added to the main Payroll menu beneath the Payroll Summary option.

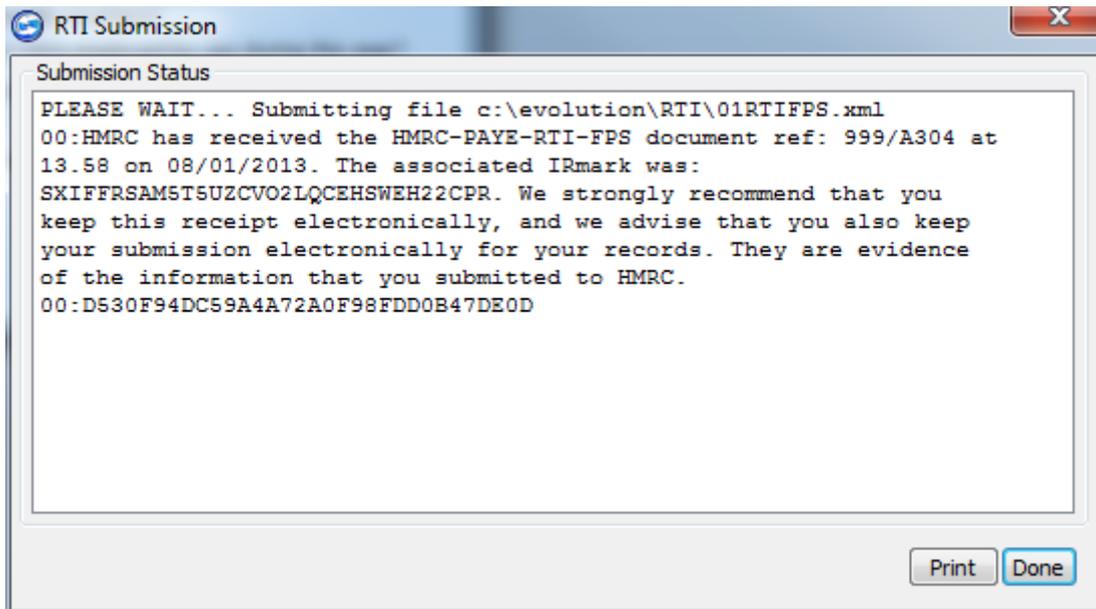
8.1 Submission Types

As a default, only users with an Access Level of 99 can send FPS submissions to HMRC. If you wish to grant users with an access level of lower than 99 this ability, then please see section 7.3 on page 15.

The submission process for each is very similar and will display messages received from HMRC on screen which can be printed. Once a successful message is received from HMRC, the submission is complete. If an error is received from HMRC, for whatever reason, this will need correcting, usually in Personnel Details, and the submission process repeated until it is successful.

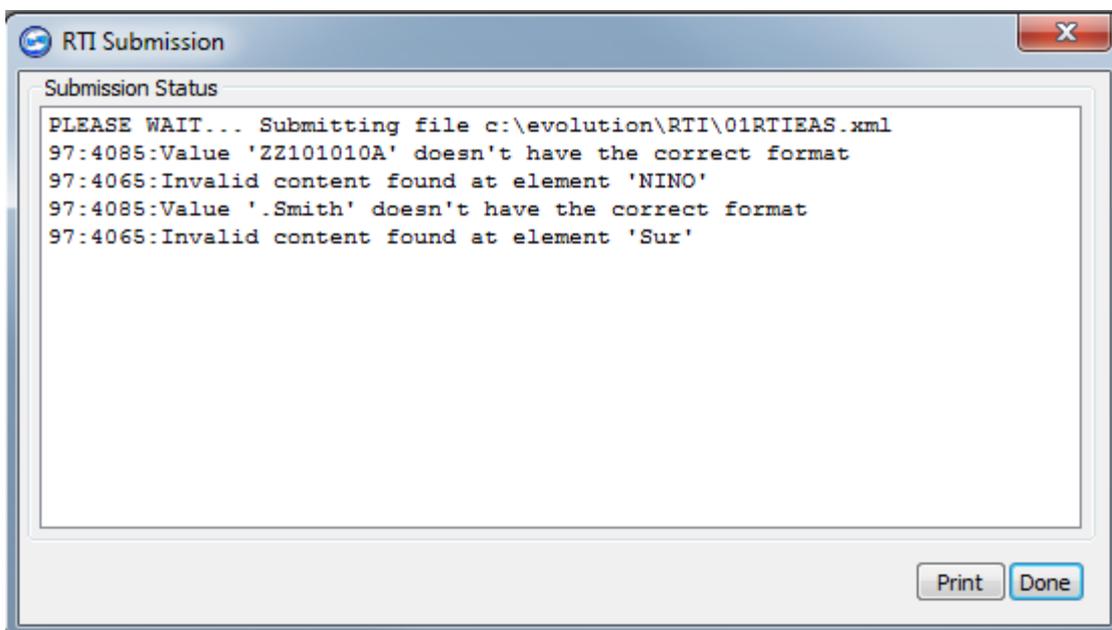
Overleaf are examples of successful and unsuccessful messages received from HMRC.

Successful message received from HMRC:



We would advise printing and keeping any successful message received.

Unsuccessful message received from HMRC:



The reason for the failed submission is shown on screen. In the example above, a NINO has an invalid prefix and a surname has been entered with an invalid character (".").

8.1.1 Employer Alignment Submissions (EAS)

The EAS itself should only be performed when you have completed your Payroll year end for tax year 2012-13 and the employee's information (Names, NINO, DOB etc.) have been checked.

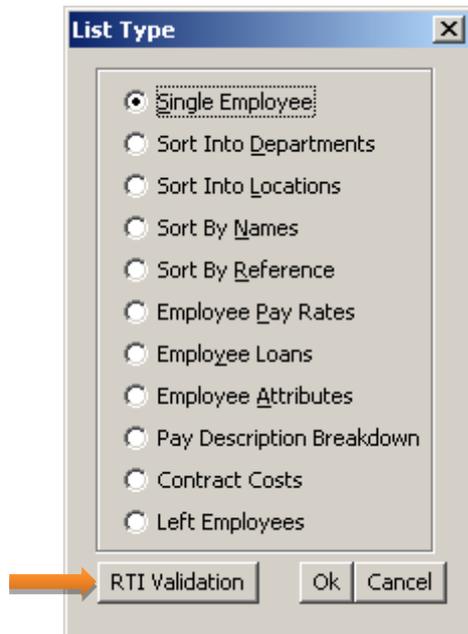
HMRC have said that the EAS should only be submitted on or after 6th April 2013 and should be at least 24 hours before the first FPS.

However, once version 7.4 has been installed you, will be able to validate your data prior to the EAS itself.

To clarify, the following fields must be checked to ensure the EAS will pass HMRC's validation:

- Date of Birth must be present
- Any name field should only contain letters, apostrophe, hyphen or space (first character cannot be a space)
- If a NINO is not entered then at least the first two address lines should be completed

To validate the data prior to submission, you need to select **Payroll > Personnel Details > List** and click on "RTI Validation":



This will launch the EAS routine, but only with the Report option available:



Simply click Report and then View and the system will validate the data, highlighting any potential issues in red:

Reference	Employee Name	Employee Address	Pay Method	NI No.	Date of Birth
WK24	Mrs W Director Over 65 - no ni		Cash	DT112315A	1942/01/01
*** Name contains invalid characters					
WK25	Mr W Director with Pension	Mr	Cash	DL456971A	1970/01/01
*** Potentially invalid DOB					
WK25L	Mr W Director on BR - > UAP - 5		Cash		1964/01/11
*** Requires either an NI number, or two address lines; Name contains invalid characters					
WK26	Mr W Director with Pension 'F'		Cash	DR415477A	1970/01/01

Note that Evolution’s default date of birth is 1st January 1970, so this is highlighted as potentially incorrect. Reference WK24 is also incorrect because of the hyphen and WK26 is an example of a reference missing both an NINO and the first two lines of address. All of these issues should be corrected in **Personnel Details**. Personnel Details will also now ask you to confirm if the Date of Birth of 1st January 1970 is correct (i.e. if isn’t changed from the default) and it will also validate Forename and Surname for any invalid characters.

The Pay Method has been included so you can check to see that this is also correct (e.g. if you have your own BACS Service User Number (SUN) and need to confirm that the relevant employees are set to BACS). This is not submitted to HMRC on the EAS.

Once all entries highlighted in red have been corrected, you are ready for the actual EAS.

Evolution will include all current employees within this company (unless “**Remove from EAS**” has been ticked – see page 22) and payroll groups will be ignored. If you process another payroll for the same company with the same tax reference, within a different Evolution company, or externally, then these will need to be uniquely identified.

Select Employer Alignment (EAS) from the RTI Processing menu:

You will need to enter your HMRC Sender ID (if it hasn't already been entered in **Supervisor > Company Details > HMRC Details > Sender ID**), followed by the Password, Sender Type, No. of Parts and Unique Part ID (see below for more information) and then click Report, an example of the report is shown below (exactly the same as the RTI Validation report mentioned above):

Sender ID: isv304		Accounts Office Reference: 123PA12345678	
Tax Reference: 999a304		Number of Parts: 1	
Sender Type: Employer		Unique Part ID:	

Reference	Employee Name	Employee Address	Pay Method	NI No.	Date of Birth	Tax Code	Week One Tax Code	Gender	Ex/Pat / Seconded	Occupational Pension Case	Payment to Non-Individual	Paid Irregular Payments
003	Ms Lillian Yates	Address 1 Address 2 Address 3 Address 4	Cash	5101112A	1980/05/22	810L	Yes	F	No	No	No	Yes

Only when you have viewed or printed the report will the Submit option be available to send to HMRC:

Clicking Submit will send the EAS to HMRC (for all Payroll groups in the current company). If you receive a successful message from HMRC then the EAS submission is complete.

If the submission fails, then any error given by HMRC will need correcting and the EAS will need to be submitted again.

8.1.1.1 EAS Parts

HMRC need to know how many EAS parts you will be submitting per tax company and if there is more than one each part needs to have a unique ID.

For most users, who will do the company's entire payroll within the single Evolution company, there will be only one EAS submission, so the number of parts will be 1 and the unique ID is not required.

If you have payrolls in different Evolution companies with the same tax reference, (e.g. company 1 has weekly payroll, and company 2 has a monthly payroll) then an EAS will need to be submitted for each company. The number of parts entered on each EAS will be 2 and the ID may be the company number (1 or 2) or a brief description of the payroll (weekly or monthly).

Similarly, if you have one Evolution company for a weekly payroll and a second payroll is done externally by your accountants, then the number of parts will be 2 on the EAS submitted from Evolution and your accountants will also send an EAS, again entering the number of parts as 2.

Once HMRC have received the number of EAS parts specified each with a different ID, then no further EAS will be accepted.

You will need to enter your HMRC Sender ID and Password along with the number of parts and part ID then click Report then Submit to send to HMRC.

8.1.2 Full Payment Submissions (FPS)

This will be done per company and will include all employees within the selected payroll date (payroll groups will be ignored).

FPS should be submitted before the employees are paid and a Payroll Summary **must** be run first.

Select Full Payment (FPS) from the RTI Processing menu:

RTI Full Payment Submission

Payroll Date: 06/04/13
Tax Week: 0
Tax Month: 0

Weekly
 Monthly

OK

Extra Submission Info

SenderID:
Password:
Sender Type: Employer
Employer's ECON:
(Only populate if you use an employer's contracted-out pension scheme)

Report Submit Cancel

Final Submission

Final Submission Cessation date: 00/00/00 (Enter if ceased trading during tax year)

Did you make any free of tax payments to an employee?

Did anyone else pay expenses or in any way provide vouchers? or benefits to any of your employees while they were employed by you during the year?

Did anyone employed by a person or company outside the UK work for you in the UK for 30 days or more in a row?

Have you paid any of an employee's pay to someone other than the employee? eg, to a school.

Completed forms P11D and P11D(b) are due?

Are you a Service Company?

Enter the Payroll Date (from 06/04/13) and select either Weekly or Monthly and click OK, at which point the Report button will become available:

RTI Full Payment Submission

Payroll Date: 06/04/13
Tax Week: 1
Tax Month: 1

Weekly
 Monthly

OK

Extra Submission Info

SenderID:
Password:
Sender Type: Employer
Employer's ECON:
(Only populate if you use an employer's contracted-out pension scheme)

Report Submit Cancel

An example of the report is shown below, we would advise printing this and keeping a copy:

Sender ID: isv304 Tax Reference: 999a304 Sender Type: Employer Accounts Office Reference: 123PA12345678			ECON: Contact Name: Phone:											
Employee Details			This Period				Year to Date							
Reference	Surname	Normal Hours Worked	Taxable Gross	Tax	Student Loan	Gross for NE	E'ee NI	E'Br NI	Taxable Gross	Tax	Student Loan	Gross for NE	E'ee NI	E'Br NI
003	Yates	30 hrs or more	650.00	98.81	0.00	650.00	60.48	69.83	1150.00	167.62	0.00	1150.00	102.96	118.96
Total number of employees: 1														

Only when the report is viewed or printed will the Submit button be available:

You will need to enter your HMRC Sender ID (if not already entered in Company Details > HMRC Details), Password, the Sender Type and ECON (Employer’s Contracted Out Number), if applicable (and if not entered in Company Details > HMRC Details), before clicking Submit.

Only tick **Final Submission** and complete the remaining fields for the final FPS or EPS of the 2013-14 tax year (i.e. in March/April 2014).

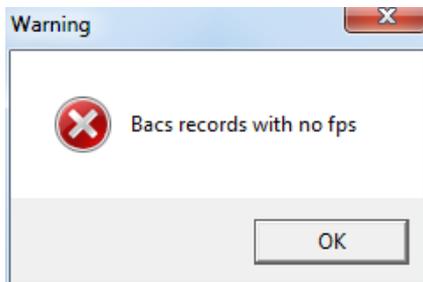
8.1.2.1 FPS and BACS

If you have your own BACS SUN (Service User Number) then the RTI BACS option should be enabled in Supervisor before your first FPS and employees should have the correct payment method set. Once the FPS has been submitted successfully you should run the normal “Bacs Create” routine which, for those supported BACS formats, will have a 4 digit cross reference in position 32-35 on the BACS file. This is used to tie together the BACS payment instruction sent to your bank and the FPS submitted to HMRC. This cross reference will also show on the listing report when running “Bacs Confirm” under the column ‘HASH’ as shown below:

PAYEE	SORT CODE	A/C NO	QUOTE	VALUE	HASH
ab	99-99-99	11111111	Pay 1/ 1	378.88	/1P3
abc	88-88-88	22222222	Pay 1/ 1	544.68	/W34
abcd	77-77-77	33333333	Pay 1/ 1	676.68	/WE9



An FPS should be sent to HMRC before employees are paid, so you will not be able to run 'Bacs Create' before submitting your FPS to HMRC and attempting to do so will give the following message:



If you do have your own SUN reference, then everything must be paid through the payroll (including expenses, etc.), to ensure the net pay in the BACS file agrees with the net pay calculated on the FPS. Similarly, BACS files once output from Evolution should not have their values amended before submitting to your bank

If you have your own BACS SUN you may need to contact your Bank or Bacs Approved Software Supplier (BASS) to confirm if an update to the BACS submission software is required.

If you do not have your own BACS SUN then you should **not** enable the RTI BACS option in Supervisor and there is no change to the BACS files created from Evolution.

8.1.2.2 FPS and recalculations

We would strongly advise against changing an employees pay once an FPS has been submitted, particularly if you have your own BACS SUN and the RTI BACS options is enabled in Supervisor. Doing so could give a difference between what is being submitted to HMRC on the FPS and what is being submitted to your Bank. We would advise that any changes to employees paid should be made in the next payroll period.

8.1.3 Employer Payment Summary (EPS)

The Employer Payment Summary is not always required, unless there are recoveries, such as SMP, to be made since the last EPS (or a declaration of Future Period of inactivity or No payments in this or previous period to be made to HMRC).

Select Employer Payment (EPS) from the RTI Processing menu and the following screen is displayed:

Values entered will be retained for any future EPS generated, as they are all year to date totals.

If you are indicating a **future period of inactivity** then the dates will be validated that they are not before today's date.

If you are indicating that there have been **no payments in this or a previous period** then the dates will be validated that they are prior to today's date.

Once the necessary values have been entered along with the HMRC Sender ID (if not already entered in Company Details > HMRC Details), Password and Tax Sender Type then click Submit to send to HMRC.

The **Zeroise YTD values** button can be used to reset all figures to zero.

Only tick **Final Submission** and complete the remaining fields section for the final EPS or FPS of the 2013-14 tax year (i.e. in April/May 2014).

8.1.4 NVR (NINO verification request)

This is done on an individual basis from Maintenance > Personnel Details rather than a separate item on the menu. Only a request is submitted and nothing is received back from HMRC into Evolution.

8.1.5 Earlier Year-End Update (EYU)

This will be used to send adjusted values to HMRC relating to the previous RTI tax year. As the first RTI year on Evolution will be 2013-14, the first EYU adjustments will be available from mid-April 2014.

More information regarding EYU will be released towards the end of the 2013-14 tax year.

Useful Links

HMRC, **Payroll reporting is changing - operating PAYE in real time**. Available at:

<http://www.hmrc.gov.uk/rti/index.htm>

HMRC, **Real Time Information An Overview - On YouTube**. Available at:

http://www.youtube.com/watch?v=P1vpj7D_BsU

Improving your payroll data. Available at: www.hmrc.gov.uk/rti/dip/index.htm

HMRC, **Operating PAYE in real time**. Available at: <http://www.hmrc.gov.uk/payerti/index.htm>