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Newsletter - Real Time Information Scheme (RTI) Urgent Information for all Employers

HM Revenue and Customs are proposing a major revision to the PAYE Scheme from 2012/13, a scheme which has remained in its present form since 1944. At the moment the tax office does not receive information about an individual's total pay until after the year end when the P35 End of year return is filed.

The revised scheme means that the Tax Office will receive details of the payslips each time an employee is paid, giving the tax office immediate information for the new Universal Tax Credits (new means tested benefits from October 2013). The idea is that this new system will cut down on errors and fraud and ensure the right tax credits are paid.

Although some larger Employers are already involved in the Pilot Scheme **all employers** will be joined into the system between April and October 2013.

Key Changes/ Considerations:

1. Monthly submissions of payroll will have to be made **online**. Payroll software will be updated to allow this to happen automatically. However if the payroll continues to be manually operated, the Employer will have to use the Government Gateway to submit information online.
2. Personal information for each employee will have to be checked and aligned with the information held by the tax office to ensure names, addresses and dates of birth and NI numbers are correct. This is a one off exercise when the system starts.
3. Information sent to the tax office will mainly be the payroll information but will also include the number of hours an employee works and whether they are paid weekly monthly or irregularly.
4. Employees who do not pay tax or National Insurance will have to be included on the monthly submissions for the first time.
5. Monthly returns will have to be made even if there is no pay in that month.
6. End of year P35s will be phased out, as will starter and leaver forms (P46 and P45); this information will be included in the monthly submissions.

The system will mean there is little room for error, omission or amendment, once pay has been calculated and sent to the tax office.

More information

We can only give a brief overview here. There are several places where you can obtain more information:

Our website at www.pagekirk.co.uk where we have included links to the basic information set out below

RTI In introduction for Employers on HMRC website www.hmrc.gov.uk/rti

Sue Newman our payroll manager or Lesley Tooley our tax partner involved in the RTI issues on 0115 955 5500

Iain Barker in Solutions for Accounting who can advise on Sage products on 0115 840 5075

Please turn over for more details

Page Kirk LLP

Registered office: Sherwood House, 7 Gregory Boulevard, Nottingham, NG7 6LB

A list of members names is available at the above address.

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Getting ready for RTI; How does this affect you? How can we help you?

If you are an Employer and you already use our bureau

- We will assist in the change next year as it happens and keep you informed.
- You may need to verify and confirm your employees' personal details in advance of the new system to ensure a smooth changeover.
- You may have to change how or when you provide the information to help us meet the Tax Office regulations on time.

If you are an Employer and prepare your own payroll

- You may wish us to assist you with the initial enrolment
- You may wish us to assist with the preparation of your payroll and we would be happy to give you a quotation of our fees
- We can assist you in bringing your Sage software up to date.

If you are an Employer and still operate on a manual system

- We can advise you about Sage payroll
- We can advise you regarding our payroll bureau services and give you a quotation of our fees.

You may find it more cost effective and less stressful if you use our payroll bureau and we would be happy to discuss this with you.

September 2012