



Guide to Real Time Information (RTI) for PAYE

Earnie IQ

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How to use this Guide

This guide will give you an overview of what Real Time Information (RTI) for PAYE is as well as how it is going to work within the payroll software.

You can read it straight through or just jump to the section you are interested in using the links on the [Contents](#) page.

There is a **Glossary of Terms** towards the back in case you need an explanation of many of the new terms.

If text within the guide looks like **this** it is a link which will take you to more information on that topic.

We recommend you start with the sections **What is RTI and how will it affect me?** and **What do I need to do first?**

What is RTI and how will it affect me?

Real Time Information (RTI) is a system for reporting Pay, Tax, National Insurance and other details about your employees to HMRC.

It is thought that by collecting payroll data in real time, individuals' tax deductions will be more accurate throughout the year. This should also make the PAYE system easier to operate thus releasing the burden on employers and providing better tax administration to HMRC.

As an employer you are responsible for all tax deductions and calculations. HMRC require you to return year to date figures at the same time as payment is made to your employees, be that weekly, fortnightly or monthly.

What's involved?

- Employers and pension providers tell HMRC about Tax, National Insurance contributions and other deductions on or before pay day, be that weekly, monthly or any other period via a **Full Payment Submission**
- Any adjustments to the expected monthly payment that an employer is making to HMRC are reported via an **Employer Payment Summary**
- New starters and leavers are reported via the **Full Payment Submission**
- Adjustments to figures for the previous tax year are made via the **Earlier Year Update**

What do I send to HMRC and when?

Full Payment Submission (FPS)

- Every pay period on or before payday
- First FPS contains all current employees plus leavers paid this year

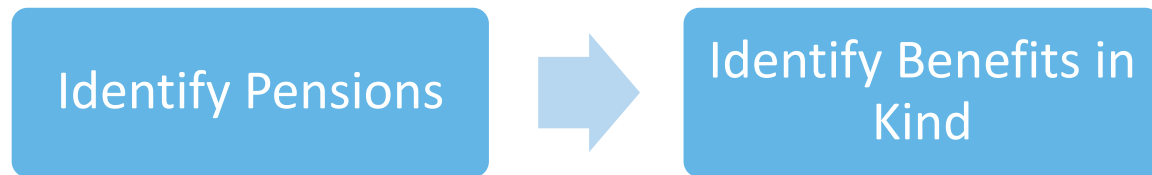
Employer Payment Summary (EPS)

- Only sent in months where you reduce the payment to HMRC for things like SMP recovered or because no employees have been paid
- Apprenticeship Levy due has been greater than zero in the tax year

Earlier Year Update (EYU)

- Used for reporting amendments to an employee's year to date figures in the previous tax year, if the date in the current tax year is on or after 20th April

What do I need to do first?

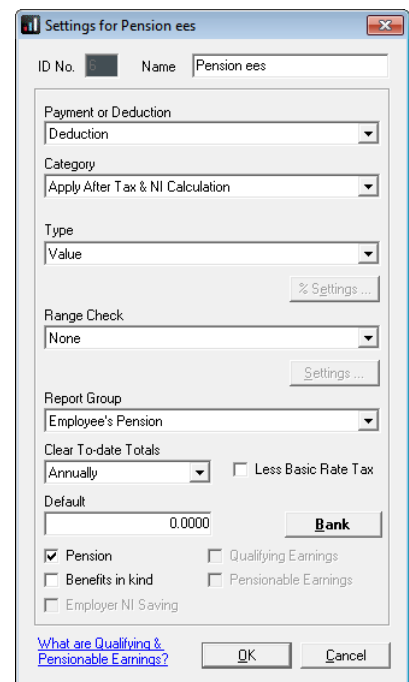


Identify Pensions

RTI requires Pensions to be identified on the FPS. To cater for this, a tick box has been added to the **Company Payments & Deductions** settings screen. You will need to make sure any pension deductions are marked as such. The box will not be ticked by default.

To do this:

1. Click on the **Company** menu and select **Alter Payments/Deductions**
2. Highlight the pension in the list and click the **Edit** button
3. Click the **Pension** box in the bottom left corner
4. Click **OK**
5. Repeat for all Employer and Employee Pension contributions including AVCs

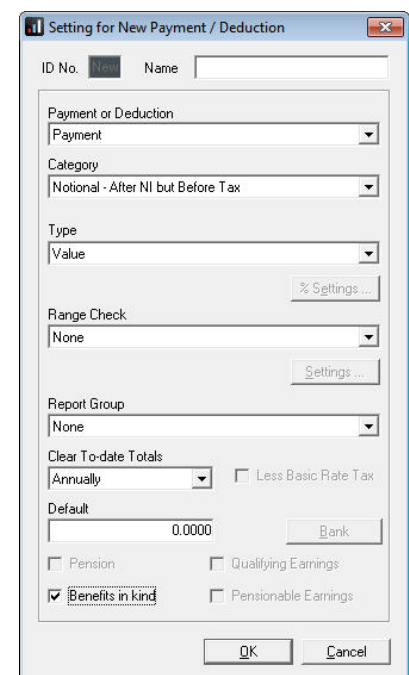


Identify Benefits in Kind

RTI also requires any payments which are a Benefit in Kind to be identified. For example, a company may charge the tax on private medical contributions through the payroll.

If you have any of these you will need to:

1. Click on the **Company** menu and select **Alter Payments/Deductions**
2. Highlight the Benefit payment in the list and click the **Edit** button
3. Click the **Benefits in kind** box
4. Click **OK**
5. Repeat for all Benefit type payments



What do I need to do each payroll run?

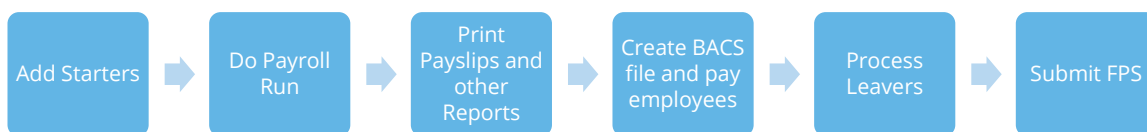
Each time you pay your employees you need to send a **Full Payment Submission** to HMRC via the Government Gateway. It should be sent for every payment on or before payday with few exceptions. HMRC allow up to 7 days to report PAYE in certain circumstances:

- Where payments are made on the day of work which vary depending on the work done
- Where it is impractical to report in real time – such as:
 - A crop picker paid in cash at the end of the day, when their pay is based on how much they have picked

Click [here](#) for HMRC information on Timing of Real Time Returns and [here](#) for HMRC information on paying Harvest Casuals and Beaters.

The **Full Payment Submission** contains employees' pay period and year to date figures, Forename, Surname, Birth date, address changes, Hours worked, details of **new starters** and **leavers**, the **Payment after leaving** indicator, and the **Irregular Payment** indicator.

We recommend the following as a payroll process:



This makes sure that any leavers you have created are marked as such with their final payments.

If an employee included on the **Full Payment Submission** has an incorrect or missing NI number, HMRC will automatically begin a search for the correct one or allocate a new one

To send an FPS:

1. Click on the **Online Services** menu
2. Select **Send Full Payment Submission**
3. Select **Employee Type & Period**
4. In **Who to Select**, click **All**
5. The screen will show **Last Full Payment Submission was for ...** This is the last **FPS** that was submitted
6. Select **Submission Type (Live or File only** – the **File only** option does not send the data to HMRC, it may be requested by Payroll Support if they ever need to assist you with your **FPS**)

Under the section **Submission**, there is **Reason for Late Reporting**. This is an optional field allowing you to decide if the FPS is late, and if so, which reason to select

7. Click **Next**
8. The **Final Confirmation Screen** will be displayed
9. Check details and **Print Summary** or **Print Details** (if required). **Print Summary** gives a report showing the totals due. **Print Details** gives a breakdown of all employees
10. Click **Send**

If you have a pending **FPS** submission that has not been sent for the company you will receive the following message:

'You have a previous Full Payment Submission where you have not received a response from HMRC. It is very important that these are completed before sending any new submissions. Do you want to complete the previous pending submission now?'

What do I need to do each month?

Payments should be made to HMRC by the 19th/22nd of the following month as before. You should still use the **Month End Summary** to help you with this.

If there are any changes to the payment that HMRC are expecting, no employees were paid in the current month, or Apprenticeship Levy due has been greater than zero in the tax year, you need to send an **Employer Payment Summary**. For example, you are paying an employee SMP so you have reduced your payment to HMRC by the **SMP Recovered** amount, and by the **Compensation** amount if you are a small employer.

An EPS must be sent if you are claiming **Employment Allowance** to offset up to £3,000 (from April 2016) per year off your employer's NIC liability.

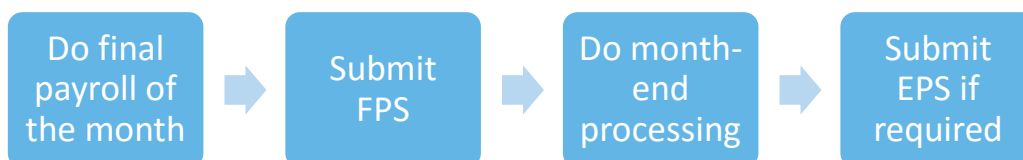
Employment Allowance allows an employer to offset up to £3000 per year of their Employer's NI against their liability to HMRC at the end of each month. **Employment Allowance** is per business and not for every separate PAYE reference. It can be split across more than one **Company**

Apprenticeship Levy

An EPS must be sent if you are paying Apprenticeship Levy. Once enabled, Month-end processing will calculate the **Apprenticeship Levy** due in each month. Monthly values will then be populated to the EPS screens at each pay period.

An **App. Levy** column can be found on the **Employer Payment Summary** screen, to the right of **CIS Suf**. You are able to enter/amend the value for Apprenticeship Levy in the **Current Month** row or the total row against the month itself, as with any other EPS values.

We recommend the following as your month-end process:



To submit an EPS:

1. Go to **Online Services** | **Send Employer Payment Summary**
2. Select the relevant **Month** and **Submission Type**
3. If you are submitting an EPS because you are not paying any employees (no Tax & NIC liability) tick the box
4. If you are submitting an EPS because you are not going to be paying any employees in future months then tick the **No employees will be paid in Future Months** box and enter the relevant dates
5. Tick the box if this is the final EPS for the year
6. Click **Next**
7. You will see the following reminder message:

'Do you want to populate the Current Month row with the month end values for (month name)? This will recalculate the cumulative year to date amounts.'

You are able to select **Yes**, **No** or **Cancel** in response to the message

8. Click **Yes** and the **Current Month** figures will be updated on the EPS screen. This will ensure the figures are correct after any alterations made, for example, during a rerun of the payroll
9. Click **No** and the figures will not be updated from the last time you ran month end processing
10. Click **Cancel** and you will be returned to the previous screen
11. This screen shows the year to date amounts for each month, as required for the EPS. The **Current Month** row contains the amounts which have been calculated for this month. These will be added to the year to date values and submitted. If you need to alter these figures, for example if you have other payrolls which are not run on this software, you can do so by typing directly into the relevant boxes **
12. When you are happy with the Current Month values, click **Print** if you need a hard copy of the figures, then click **Next**
13. Click **Back** if you want to amend anything, **Send** when you are finished

You may find that after doing month end processing and sending the EPS, you need to recalculate the payroll. If so, you will need to redo month-end processing and manually enter the newly calculated values onto the EPS screen and resubmit

Please note, if you start using Earnie IQ or enable RTI mid-year, you will need to manually enter any Statutory Payment year to date values. On the **EPS screen, enter the year to date values (inclusive of the current month figures) into the month that you have calculated payroll for. For example, if you start using RTI in July and have a year to date value for SMP Recovered in June of £450, then in July SMP recovered of £100, enter £550 as the year to date value in the July row.

Employment Allowance

Employment Allowance allows an employer to offset up to £3000 per year of their employer's NI against their liability to HMRC at the end of each month. **Employment Allowance** is per business and not for every separate PAYE reference.

To set up **Employment Allowance**:

1. Go to **Company | Alter Company Options | Company** tab and tick **Employment Allowance**
2. Enter the **Maximum Employer Allowance** applicable
3. Click **OK**

When you set up **Employment Allowance**, an **EPS** must be sent in that period to notify HMRC accordingly, even if you have no other reason to send an EPS

Important Reminder: If you are claiming Employment Allowance, you must do Month-end Processing each Month in order for the Employment Allowance amount to accumulate correctly

How do I process a new starter?

New starters are reported to HMRC via the **Full Payment Submission**.

Mandatory information for new starters

- **Surname**
- **Forename 1**
- **Date of Birth**
- **Date Started**
- **Starter Details (P46)**
- **Address** – first two lines and **Postcode**

Desirable information for new starters

- **Forename 2**
- **NI Number** is desirable; however not knowing the NI Number for some of your employees will not stop submission to HMRC. If you do not have the employee's NI number, leave it blank and HMRC will automatically search for it for you
- **Normal Hours Worked Per Week**

Information required for new starters in certain circumstances

- **Irregular Payment Indicator** (if applicable to an employee, requires completion prior to your first RTI alignment being carried out by **Full Payment Submission**)
- **Passport Number**
- **Receiving Occupational Pension**

How to process a new starter with a P45 (in the current tax year)

1. Create new employee via **Employee | Add New Employee**
2. Enter mandatory employee information
3. Enter the to-date values from the P45 in **To-Date** tab | **Previous Employment** section
4. Enter the **Tax Code** from the P45 onto the **Tax/NI** tab
5. Click **Starter Details**
6. Tick the required response on the **Starting Declaration** or complete **Pensioner** or **Expat** details
7. Tick **Student Loan Deduction** if required
8. Click **OK**

How to process a new starter with a P45 in the previous tax year

1. Create new employee via **Employee | Add New Employee**
2. Enter mandatory employee information
3. Apply the uplift for the current tax year to the **Tax Code** from the P45 and enter it onto the **Tax/NI** tab e.g. 1100L becomes 1150L
4. Click **Starter Details**
5. Tick the required response on the **Starting Declaration** or complete **Pensioner** or **Expat** details
6. Tick **Student Loan Deduction** if required
7. Click **OK**

How to process a new starter without a P45

1. Create new employee via **Employee | Add New Employee**
2. Enter mandatory employee information
3. Leave the **Tax Code** on **Tax/NI** tab blank – this field will be automatically completed based on the response given to the **Starter Declaration** (unless the new starter will be receiving a pension, in which case follow the guidance on HMRC website [here](#))
4. Click **Starter Details**
5. Tick the required response on the **Starting Declaration** or complete the **Pensioner** or **Expat** details **
6. Tick **Student Loan Deduction** if required
7. Click **Save** then **Close**

** If you haven't received the employee information in time for their first pay day you must still notify HMRC by completing the information on **Starter Details** to the best of your knowledge. If P45 figures have not been entered and you have provided a response to the P46 questions, Earnie IQ will set the Tax Code as required.

If you are setting up a new employee record for an individual who is not a new starter, for instance transferring from another PAYE system, select the **Starter Details** option, **This is not a new employee**

Receiving a P45 after the employee's first payday

If a new starter gives you a P45 after their first payday, but you have already submitted the FPS for that pay period and you have already received the employee's Tax Code from HMRC you should:

1. Disregard the tax code on the P45
2. Continue to use the tax code received from HMRC
3. Enter the **Gross Pay** and **Tax Paid** figures from the P45 in **Employee Details | To-Date** tab | **Previous Employment**

However, if you haven't yet received a tax code from HMRC for the employee:

1. Confirm the figures on the P45 are correct and enter the relevant tax code in **Employee Details | Tax/NI** tab
2. Enter the **Gross Pay** and **Tax Paid** figures from the P45 in **Employee Details | To-Date** tab | **Previous Employment**

How do I process a leaver?

The process of creating a leaver via **Issue P45** or **Automatic Actions** remains the same as before RTI.

However, leavers are now reported to HMRC via the **Full Payment Submission**.

We recommend that you process your leavers after you have run the BACS for their last pay period, but before you have submitted the **Full Payment Submission** for that period. This is because when an employee leaves, the leaving date **MUST** be included with their final payment on the **Full Payment Submission**

How do I make a payment after leaving?

If you are recalculating the employee's final pay:

1. Click on the **Employee** menu
2. Select **P45 Routines**, then **Restore Leavers**
3. Select the relevant employee from the list and click **OK**
4. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, a warning message will appear:

'Are you restoring this employee to continue paying them or are you making a payment after leaving?

Click 'Yes' to continue paying the employee or make an adjustment to their final pay

Click 'No' to make an additional payment to the employee after they left'

5. Click **Yes** to restore the leaver
6. Make adjustments as required to the employee's current pay period
7. Remember to recreate the leaver in the system, by returning to **Issue P45** and using the original leave date, before you send the FPS

If you are making an additional payment after the employee's leave date:

1. Click on the **Employee** menu
2. Select **P45 Routines**, then **Restore Leavers**
3. Select the relevant employee from the list and click **OK**
4. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, a warning message will appear:

'Are you restoring this employee to continue paying them or are you making a payment after leaving?

Click 'Yes' to continue paying the employee or make an adjustment to their final pay

Click 'No' to make an additional payment to the employee after they left'

5. Click **No** and the following message will appear:

'A Full Payment Submission including the leave date has already been sent to HMRC for this employee. Since you have indicated you are making a payment after leaving, the employee's Tax Code will be set to 0T week1/month1.'

6. Click **OK** and the system will allow you to restore the employee but change their **Tax Code** to 0T week 1/month 1

7. Pay the leaver as needed in the current pay period
8. Remember to recreate the leaver in the system, by returning to **Issue P45** and using the original leave date
9. The employee will appear in the next FPS and their payment will be flagged as a **Payment After Leaving**

I have made the wrong employee a leaver and have sent the FPS

If the wrong employee has been made a leaver and the FPS has been sent, in the current tax year, you can restore the leaver and continue to pay them by taking the following steps:

1. From the **Employee** menu, select **P45 Routines** then **Restore Leaver**
2. Select the relevant employee
3. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, this message will appear:

'Are you restoring this employee to continue paying them or are you making a payment after leaving?
Click 'Yes' to continue paying the employee or make an adjustment to their final pay
Click 'No' to make an additional payment to the employee after they left'
4. Click **Yes** to restore the leaver and then continue to pay them as normal

Moving an Employee

If an employee is moving from one company to another, where the PAYE reference is the same, moving an employee can be done without reporting the starter/leaver details via the FPS:

1. From the **Company** menu select **Alter Company Options** then **Starting and Leaving**
2. Tick **Display Send Leave Date?** on **Issue P45 Screen** and click **OK**
3. From the **Employee** menu select **P45 Routines** then **Issue P45**
4. Select the required employee and click **OK**
5. Enter the **Leaving Date** (the date the employee transferred to the other company with the same PAYE reference)
6. Un-tick **Send Leave Date?**
7. Click **OK**
8. Create the employee in the other Earnie IQ company (with the same PAYE)
9. On the **Tax/NI** tab of the **Employee Details**, click the **Starter Details** button and on the **New Starter** tab tick **This is not a new employee** and enter their **Previous Employee Code**

Please note: The **Previous Employee Code** must be entered prior to sending the FPS. This field can also be used where you are transferring payroll data from another payroll system

These fields should **ONLY** be used when you are transferring an employee to another company with the same PAYE reference or if you are moving from another payroll system to IRIS Software and are using different employee codes

What do I do at year end?

To print the **Year-end Guide**, from the **Year-end** menu select **Year-end Guide**

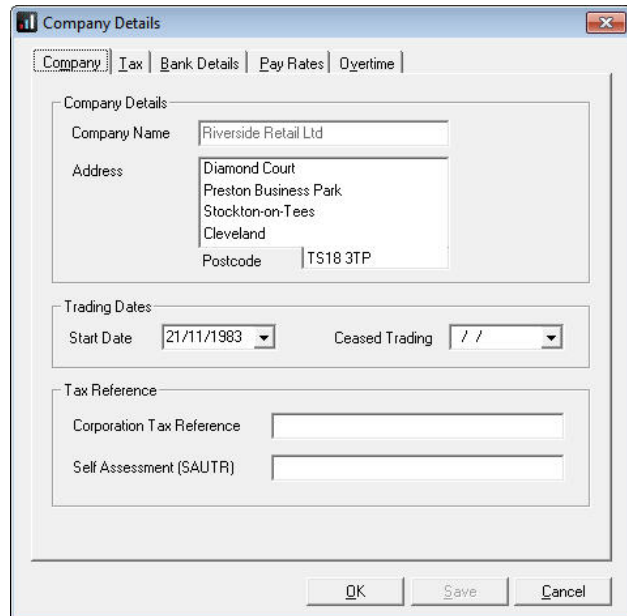
What if I cease trading?

If your company ceases trading, the ceased trading date will be used by either the **EPS** or **FPS** process for identifying the final submission.

The process for a company that has ceased trading depends on whether you have to complete an **EPS** or not.

If you are submitting an **EPS**, the ceased trading date should be set **after** you have submitted your final **FPS**.

If you do not have to submit a final **EPS**, set the ceased trading date **before** you send your final **FPS**.



1. Go to **Company | Alter Company Details** and on the **Company** tab enter the **Ceased Trading** date
2. Click **OK** after entering the **Ceased Trading** date and the following message will be displayed. Click **Yes** to issue leaving dates to all employees



Earlier Year Update (EYU)

An **Earlier Year Update** is used to send an employee's amended year to date figures for a previous tax year. HMRC only accept these changes via an **FPS** prior to the 20th April in the current tax year. If the date is on or after 20th April, use the **Earlier Year Update** facility to submit the new details to HMRC.

The **Earlier Year Update** can only be sent for a single employee at a time, you cannot select multiple employees.

Use the **Earlier Year Update** to enter the original year to date values sent via an **FPS**; Earnie will automatically calculate the difference between previously submitted values and the new, year to-date values.

To Submit an Earlier Year Update

1. Make a copy of the company in the previous tax year
2. Use this copied company to record the values originally sent, to make the required amendments to payroll and to record the new values
3. In your current company, make sure you are in the current tax year
4. From the **Online Services** menu, select **Earlier Year Update**
5. As the screen says, enter the difference between the employee's original YTD values and new YTD values in the relevant fields
6. Click **Next** to see the figures that will be transmitted to HMRC and if you are happy with them, click **Send**

The tick box **Populate EYU Values from the final pay period of the previous year. (Use this option when you did not send the final FPS on time)**

will not be visible if the employee does not have a payment record in the previous tax year

Glossary of Terms

RTI	Real Time Information	Collection of PAYE information as it happens instead of at month end or year end
FPS	Full Payment Submission	Sent every payroll. Also used as an alignment after first payroll on RTI by companies without split schemes or less than 250+ employees
EPS	Employer Payment Summary	Sent monthly to inform HMRC about adjustments made to the monthly payment
EYU	Earlier Year Update	Used for reporting amendments to an employee's year to date figures in the previous tax year, if the date in the current tax year is on or after 20th April
DPS	Data Provisioning Service	This is the system HMRC uses to send messages to your payroll
YTD	Year To Date	The FPS and EPS always send Year to Date values to HMRC
Irregular Payment indicator		For any Casual or Occasional workers, particularly those who may not work for you for three months or more. It informs HMRC that the individual is still employed by your company
Payment after leaving indicator		This is needed if an employee has appeared as a leaver on an FPS but you need to pay them again
NINO	National Insurance Number	
Split Scheme		Where a company's payrolls are split, e.g. a company runs its own payroll on Earnie IQ but their Directors payroll is run by a bureau or the PAYE company is split across two or more Earnie IQ companies

Additional Software and Services Available

IRIS AE Suite™

The IRIS AE Suite™ works seamlessly with all IRIS payrolls to easily manage auto enrolment. It will assess employees as part of your payroll run, deduct the necessary contributions, produce files in the right format for your pension provider* and generate the necessary employee communications.

IRIS OpenPayslips

Instantly publish electronic payslips to a secure portal which employees can access from their mobile phone, tablet or PC. IRIS OpenPayslips cuts payslip distribution time to zero and is included as standard with the IRIS AE Suite™.

IRIS Auto Enrolment Training Seminars

Choose from a range of IRIS training seminars to ensure you understand both auto enrolment legislation and how to implement it within your IRIS software.

Useful numbers

HMRC online service helpdesk	HMRC employer helpline
Tel: 0300 200 3600	Tel: 0300 200 3200
Fax: 0844 366 7828	Tel: 0300 200 3211 (new business)
Email: helpdesk@ir-efile.gov.uk	

Contact Sales (including stationery sales)

For IRIS Payrolls	For Earnie Payrolls
Tel: 0844 815 5700	Tel: 0844 815 5677
Email: sales@iris.co.uk	Email: earniesales@iris.co.uk

Contact support

Your Product	Phone	E-mail
IRIS PAYE-Master	0844 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0844 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0844 815 5661	ipsupport@iris.co.uk
IRIS Payroll Professional	0844 815 5671	payrollpro@iris.co.uk
IRIS GP Payroll	0844 815 5681	support@gppayroll.co.uk
IRIS GP Accounts	0844 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0844 815 5671	support@earnie.co.uk