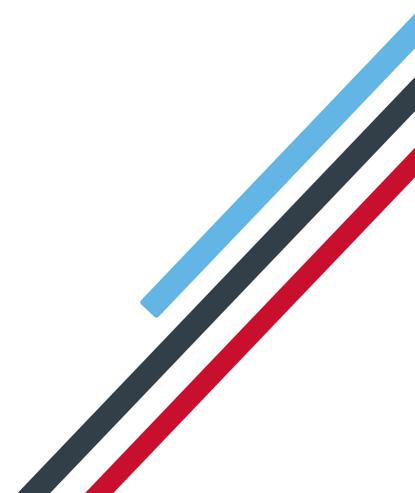




Guide to Real Time Information (RTI) for PAYE

IRIS GP Payroll

April 2017



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

There is a [Glossary of Terms](#) at the back of the guide.

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 [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 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.

What's involved?

- All employers must go through a one-off 'alignment' process in order to synchronise their data with HMRC. This is achieved by sending the first **Full Payment Submission**
- Employers and pension providers will tell HMRC about Tax, National Insurance contributions and other deductions on or before pay day, via a **Full Payment Submission**
- Any adjustments to the expected monthly payment that an employer is making to HMRC will be reported via an **Employer Payment Summary**
- New starters and leavers will be reported via the **Full Payment Submission**

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
- When no employees are paid in the month
- Or Apprenticeship Levy due has been greater than zero in the tax year

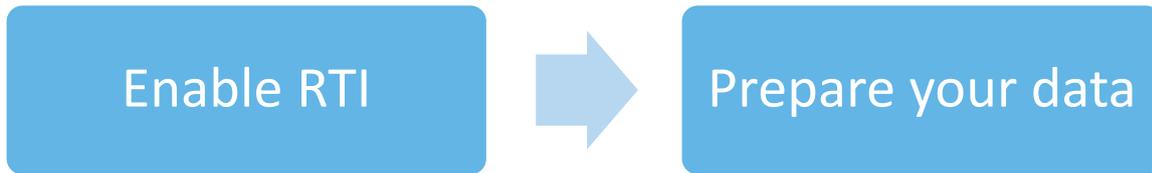
NINO Verification Request (NVR)

- Only if you want to trace an NI number before you pay an employee
- Tracing process is automatic if you include an employee with a blank NI number on the FPS

Earlier Year Update (EYU)

- Only if you need to make amendments to an employee's year to date values in a previous tax year
- Can only be sent on or after 20th April for previous tax year

What do I need to do first?



Enabling RTI

To enable RTI,

1. Go to **Setup/ Options** and select **3 - Practice PAYE Details** tab and ensure that your **Tax Office name, Accounts Office reference and Tax Office reference number and reference** fields have been completed
2. Next select **Enable RTI submissions**
3. We suggest you leave **RTI validation enabled** ticked. However, if you are having speed issues sending data to HMRC this can be un-ticked. This is only likely with large practices.

Please ensure that if you have new employees to add to the payroll that you enable RTI before creating them. Alternatively if you have created new employees prior to enabling RTI, ensure that you have submitted a P46 starter

Prepare your data

HMRC require accurate employee data for RTI. You need to make sure your **Employee Details** include these fields. A report is available, **RTI Missing Data Report**, which highlights any missing information. To print the report:

1. Select **Missing Data Report** from the **RTI Submissions** button on the main menu screen
2. Click **Yes** to print the **Missing Data Report** to see if any employees need updating

Mandatory fields that the report checks include:

Practice data

- Tax Office Number *
- Tax Office Reference *
- Accounts Office Reference (Account No) *

Employee data

- Surname
- Forename
- Date of Birth
- **Address** – first two lines and Postcode (this is required if the NI Number field is blank)
- **NI Number** HMRC will be using **NI Number** as the main identifier for employees, so it's important to complete the field, however it will not stop an FPS from being accepted

* This information can be found on your P30BC 'Payment booklet' or the P30B 'Paying electronically'

Please Note: You need at least **Surname, Forename** and **Date of Birth** in all **Employee Details** or you will not be able to send a **Full Payment Submission**.

It is also important to make sure that:

- **Forename** field is completed with employees' given names, for example Catherine rather than Kate or Matthew rather than Matt. HMRC will use the **Forename** as a secondary identifier when NI number is not present. Where known, also include any middle name in the **Other Name(s)** field
- An individual's correct date of birth should always be recorded, not a default or fictitious date

According to HMRC, over 80% of PAYE data quality issues are caused by incorrect information about an individual's name, date of birth or National Insurance number. It is important you ensure the information you receive from your employee is accurate and complete by checking the validity of this information using official documentation.

For further information on checking documentation, a guide **Check a job applicant's right-to-work documents** is provided on www.gov.uk.

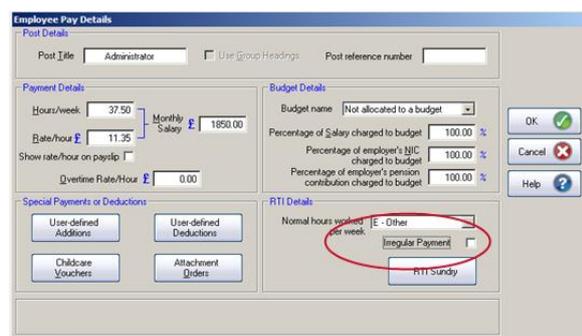
Employee Data

You may need to add certain employee data to the payroll system: **Irregular Payment, Normal hours worked per week, Passport Number, Other Name(s), Country, Reasons for unpaid leave and Payment to a Non-Individual.**

Irregular Payment

This field is important to complete for any relief workers you may have, particularly those who may not work for you for 13 weeks or more. It informs HMRC that the individual is still employed by your practice.

If you have employees who have their **Employment Type** set to **3 (Staff – Relief, not paid every month)**, the **Irregular Payment** field needs to be ticked. For all other **Employee Types** the **Irregular Payment** field needs to be un-ticked.



Normal hours worked per week

This field should contain the normal hours worked in a week by an employee. Normal hours aren't always the same as contracted hours and need to be calculated.

An explanation of what counts as working hours can be found on the website

www.hmrc.gov.uk. It also provides an

explanation of how to calculate average weekly hours. This field will be used by HMRC to calculate eligibility for tax credits, so it is important you complete it.

There are bands for **Normal hours worked per week**. Therefore if an employee's hours fall within the band width, it is not necessary to keep changing the calculated value unless they fall into a different band. The bands available are:

- A – 0-15.99 hrs
- B – 16-23.99 hrs
- C – 24.00-29.99 hrs
- D - 30 hrs or more
- E – Other

Passport Number

This only needs to be used for employees who are unable to provide you with an NI number, such as foreign nationals.

Other Name(s)

You can now enter another name for an employee, such as a middle name.

Country

Country needs to be included as part of an employee's address. The field will default to UK and you can add new countries by typing directly into the box.

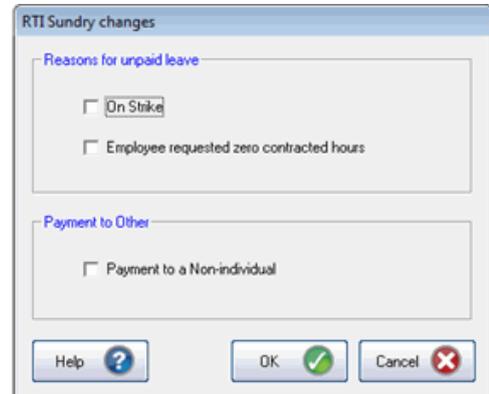
RTI Sundry

Reasons for unpaid leave

These fields are available when clicking the **RTI Sundry** button in **Payroll Calculations** and should only be used if the employee is not being paid for one of these reasons:

- On Strike
- Employee requested zero contracted hours

Reasons for unpaid leave will be included on the FPS and will stay ticked for any subsequent pay periods until unticked.



The screenshot shows a dialog box titled "RTI Sundry changes". It has two main sections. The first section, "Reasons for unpaid leave", contains two checkboxes: "On Strike" and "Employee requested zero contracted hours". The second section, "Payment to Other", contains one checkbox: "Payment to a Non-individual". At the bottom of the dialog box, there are three buttons: "Help" (with a question mark icon), "OK" (with a green checkmark icon), and "Cancel" (with a red X icon).

Payment to a Non-individual

Payment to a Non-individual, under the **Payment to Other** section, should only be completed if you are making one on behalf of an employee, for example to a charity. If **Payment to a Non-individual** is ticked, the information will be included on the FPS for any subsequent pay periods until unticked.

BACS

If you use Bank software or upload to a banking website your procedure will be unaffected and you do **NOT** need to select the new RTI BACS file format, continue as normal with your direct banking.

If you use a BACS accredited software supplier (BASS) or a BACS accredited bureau service, you will need to contact your service provider to ensure the BACS software is up to date.

Switching to the latest software can take time (in some cases weeks), so make sure you give your provider and bank plenty of notice.

If you are not aware if you use a BACS accredited software supplier, click [here](#) to view a list.

If you use a BACS accredited software supplier or a BACS accredited bureau service, you need to select the **RTI BACS** file layout. To select the new **RTI BACS** take the following steps:

1. Select **Setup/ Options** from the main screen
2. Choose **7 – Direct Banking**
3. Select **RTI BACS** from the **Select Bank System** dropdown
4. Click **OK**

This **RTI BACS** format will ensure that a **Random Number** is created allowing the **FPS/BACS** to be cross-referenced by HMRC.

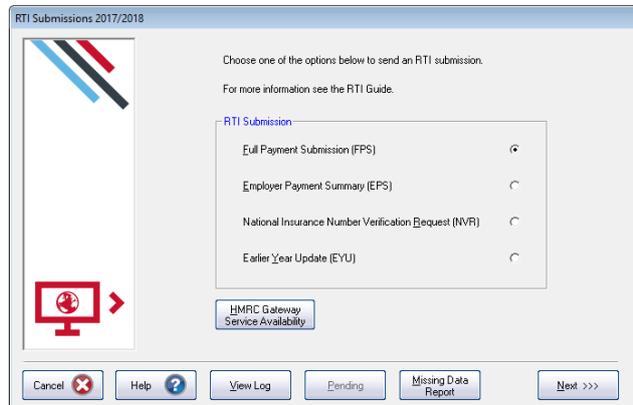
* If you use APT, for their correct format you will need to select **Bankline BACSTEL-IP (RTI)**

Available RTI BACS formats

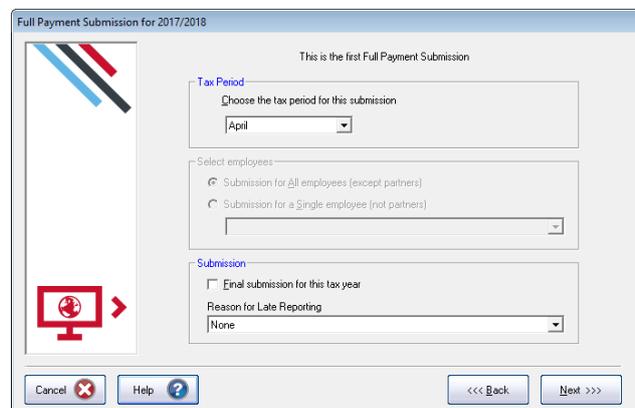
- RTI BACS
- RTI BACS Bottomline (matches RTI BACS format with the inclusion of the processing date at the end of the file)
- Bankline BACSTEL-IP (RTI)
- Danske Bank BACS (RTI)
- Clydesdale/Yorkshire/Co-Op for RTI

Sending your first FPS (after you have run your first payroll)

1. Click on **RTI Submissions** from the main menu screen
2. Select **Full Payment Submission (FPS)**
3. Click **Next**
4. You will receive the following message when submitting your first FPS. If this is the first FPS being sent for this company click **Yes**. If one has been sent previously, click **No**



5. The screen will show **This is the first Full Payment Submission**
6. Select the **Tax Period** for the submission
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**



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.

Generally FPS submissions should be sent on or before the pay date with few exceptions.

Click [here](#) for HMRC information on Timing of Real Time Returns.

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.

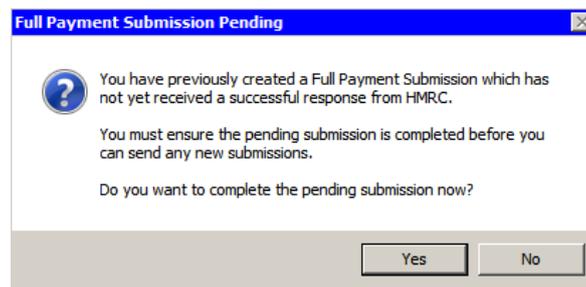
If an employee included on the **Full Payment Submission** has an incorrect or missing NI number, HMRC will automatically begin a search for the correct one or allocate a new one.

To send an FPS:

1. Click **RTI Submissions** from the main menu screen
2. Select **Full Payment Submission (FPS)**
3. Select **Tax Period**
4. In **Select Employees**, click **Submission for All employees (except partners)**
5. The screen will show **Last Full Payment Submission was for ...** this is the last FPS that was submitted

Please note: the field **Reason for Late Reporting** is an optional field allowing you to select the reason an FPS is sent after the pay date. Click on the drop-down list for available reasons for late submissions. This could avoid HMRC fining you for a late submission.

6. Click **Next**
7. The **Final Confirmation Screen** will be displayed
8. 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
9. Click **Send**
10. If you have a pending **FPS** submission that has not been sent for the practice you will receive the following message:



Click **Yes** to complete the pending FPS or **No** to continue with the current FPS. It is very important that you complete outstanding FPS submissions before sending new ones.

Please note: when using **Re-arrange Employee Order**, if you have not sent an FPS since the last time the employee order was changed then you should not use this feature. Changing the order of employees more than once in a pay period will cause duplicate records to be created by HMRC when the FPS is sent.

What do I need to do each month?

Payments should be made to HMRC by the 19th/22nd of the following month. You can use the **Monthly Summary & P32** 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 (EPS)**. 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.

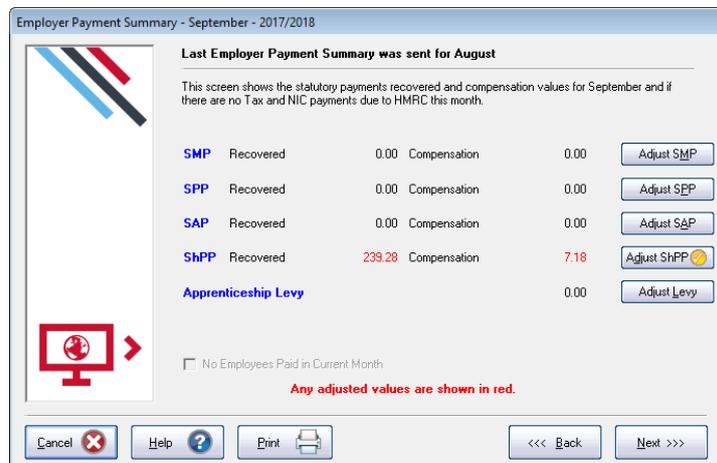
Employment Allowance allows an employer to offset up to £3000 per year of their Employer's NI against their liability to HMRC at the end of each month. An EPS must be sent once when you set the **Employment Allowance** indicator to notify HMRC you are claiming this.

You can include **Practice Bank Details** on the EPS; HMRC will use this information if a refund is due. To include this information go to **Setup/ Options | 7 - Direct Banking** and tick the option **Use in EPS**. This field will only be visible if [Click here to switch on the direct banking facilities](#) is selected.

To submit an EPS:

1. Click on **RTI Submissions** from the main screen and select **Employer Payment Summary (EPS)**
2. Click **Next**
3. Select the relevant **Month**
4. If you are submitting an EPS because you are not paying any employees, tick the box **No Employees Paid in Current Month** and enter the **Date From** and **Date To** accordingly
5. If you are submitting an EPS because you are not going to be paying any employees in future months then tick **No employees will be paid in future months** and enter the **Date From** and **Date To** accordingly. **No employees will be paid in future months** can be for a period of up to 12 months
6. If this is the **Final Employer Payment Summary for tax year**, tick the appropriate box
7. Click **Next**

- This screen shows the statutory payments recovered and compensation values for the current month. If required, you can adjust the current month figures which have been calculated for this month. These will be added to the year to date values and submitted. **



Category	Type	Amount	Compensation	Amount	Action
SMP	Recovered	0.00	Compensation	0.00	Adjust SMP
SPP	Recovered	0.00	Compensation	0.00	Adjust SPP
SAP	Recovered	0.00	Compensation	0.00	Adjust SAP
ShPP	Recovered	239.28	Compensation	7.18	Adjust ShPP
Apprenticeship Levy				0.00	Adjust Levy

- Click **Print** if you need a hard copy of the figures then click **Next**
- The **Final Confirmation** screen will then be displayed; again click **Print** if you need a hard copy of the figures
- Click **Back** if you want to amend anything, **Send** when you are finished



Category	Type	Amount	Compensation	Amount	Action
SMP	Recovered	0.00	Compensation	0.00	Adjust SMP
SPP	Recovered	0.00	Compensation	0.00	Adjust SPP
SAP	Recovered	0.00	Compensation	0.00	Adjust SAP
ShPP	Recovered	518.44	Compensation	15.56	Adjust ShPP
Apprenticeship Levy		6.00	App. Levy Allowance	0.00	Adjust Levy
Employment Allowance				3000.00	

**** Please note**, if you start using IRIS GP Payroll or enable RTI mid-year, you will need to manually enter any Statutory Payment year to date values. On the **EPS** screen shown, enter the year to date values (inclusive of the current month figures). For example, if you start using IRIS GP Payroll 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 using the **Adjust SMP** button. Adjusted figures will show in red.

Employment Allowance

Employment Allowance allows an employer to offset up to £3,000 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.

You should check eligibility with HMRC prior to enabling **Employment Allowance** as the majority of GP Practices are unable to claim this.

To set up **Employment Allowance**

1. From the main menu, go to **Setup/ Options | 12 – Tax/NI Parameters**
2. Select **Yes** from the drop-down for **Employment Allowance**
3. Enter the **Emp. Allowance Amount** applicable
4. Click **OK**

The **Emp. Allowance Amount** field should only be edited if you start using IRIS GP Payroll mid-year or have received some or all of your **Employment Allowance** or wish to split your allowance over more than one PAYE reference. This field should show the amount remaining for the tax year

When you set up **Employment Allowance**, an **EPS** must be sent in that period to notify HMRC accordingly

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 difference between previously submitted values and the new year to-date values.

To submit an Earlier Year Update

1. From the main screen, select **RTI Submissions** (we recommend you take a backup of your current data first)
2. Select **Earlier Year Update (EYU)** and click **Next**
3. Select the employee and click **Employee YTD Values** to print a record of the employee's year to date values that have already been submitted via **FPS**

It is essential that you have the employee's year to date values that you have already submitted via **FPS** before altering any values

4. Either recalculate the payroll for the employee for month 12 or click **Change Employee Details | Cumulative Figures** then select **View/Change the cumulative figures for tax, NIC, SSP, SMP in any month** and enter the amended year to date figures
5. Manually calculate the difference between the year to date values originally submitted via **FPS** and the new year to date values
6. From the **RTI Submissions** button on the main screen, select **Earlier Year Update** and click **Next**
7. Select the tax year and the employee from the drop down lists and click **Next**
8. Click **Yes** to confirm that the correct tax year and employee have been selected, **No** to cancel and return you to the **Select Employee** screen
9. Enter the difference between the employee's original year to date values and new year to date values in the **EYU value** fields

10. If the employee had more than one NI letter during the tax year, click **Multiple NICs** to enter the differences between the original year to date values and the new year to date values then click **OK** to save the changes

11. Click **Sundry** if you need to amend values for **Gross pension deductions; Net pension deductions** or **Trivial commutation payment**

The **Sundry** screen also has a tick box, **Enable Annual Pension & Recently Bereaved**; tick this box to enable **Recently Bereaved** and **Annual Pension Amount**. Enter the full amount in **Annual Pension Amount** as opposed to the EYU value.

There is also a **Flexible Drawdown** section where you can select **Flexibly Accessing Pension** and **Pension Death Benefit**. Here you can enter the values for **Flexible Drawdown Taxable Payment** or **Flexible Drawdown Non Taxable Payment**.

There is also a **Flexible Drawdown** section where you can select **Flexibly Accessing Pension** and **Pension Death Benefit**. Here you can enter the values for **Flexible Drawdown Taxable Payment** or **Flexible Drawdown Non Taxable Payment**.

12. Click **Print** to obtain a report containing the details entered. This will include any **Gross Pension Deductions To-Date** and **Net Pension Deductions To-Date**

13. Click **OK**

14. If required, click **Print** to obtain the **Earlier Year Update – Submitted values for <current tax year>** report then **Next**

15. The **Final Confirmation** screen will be displayed, click **Send** to start the submission

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
EPS	Employer Payment Summary	Sent monthly to inform HMRC about adjustments made to the monthly payment
NVR	NINO Verification Request	Sends a request for a National Insurance number to HMRC
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
EYU	Earlier Year Update	Used to send an employee's amended year to date figures for the previous tax year on or after 20 th April in the current tax year
Irregular Payment indicator		For any relief staff, particularly those who may not work for you for 13 weeks or more. It informs HMRC that the individual is still employed by your practice
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	

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	gpsupport@iris.co.uk
IRIS GP Accounts	0844 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0844 815 5671	earniesupport@iris.co.uk