



Release Notes

IRIS Payroll Professional

April 2016



Dear Customer

Welcome to your software update for Tax Year 2016/2017. This update of the software includes some new features and enhancements as well as the legislative changes required. These notes provide information on all the improvements. For information on the legislation behind the changes, read the **PAYE Legislation Guide**.

If you encounter any difficulties please visit: <http://www.iris.co.uk/support/contact-support>.

The minimum system requirements can be found on our website [here](#).

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PAYE Legislation Changes

The rates for tax, NI etc., have been updated for 2016/2017. The following changes have also been made:

Tax

Scottish Tax Regime

Scottish Rate of Income Tax (SRIT) has been added to the software including, from April 2016, the tax code prefix 'S' which is the Scottish Tax Regime indicator. The tax code prefix in **Employee Details | Tax/NI** will determine which tax rates/bands are used during payroll calculation.

- The Scottish Rate of Income Tax rates and bands have been added to **File | Print Tax/NI/Pension Rates**
- The **'Payment after Leaving?'** message has been updated to display **SOT** in the text if the employee is on a tax code starting with 'S'

Budget Amendments

In **Year-end | Budget Amendments**, a new **Include** frame has been added. Here the drop-down will provide the following options:

- All Employees
- Scottish Tax Codes Only
- Rest of UK Tax Codes Only

This drop-down will default to **All Employees**. This feature allows you to uplift certain categories of tax codes only, for instance **Scottish Tax Codes Only** would amend tax codes beginning with 'S'.

Student Tax

The function that changed a tax code automatically to 0T W1/M1 for students on NT or NI tax code, when the threshold was reached, has been removed.

National Insurance

As contracted out schemes have been abolished, and a new NI letter introduced for Apprentices, several changes have been made to National Insurance in the software.

Company Details

- The **ECON No** field has been removed from **Company Details | Tax** tab

Company Payments & Deductions

- On the **Range Settings** screen, **NI Upper Accrual Point** has been renamed to **NI Upper Earnings Limit**

Employee Details

- The new NI Rate H has been added for apprentices under 25 and all COSRS rates have been removed
- NI Letters for tax year 2016/2017 and onwards are:
 - A – Normal
 - B – Reduced
 - C – No Ee's
 - H – Apprentice U25
 - J – Deferral
 - M – Normal U21
 - W – Ee's Only
 - X – None
 - Z – Deferral U21
- **SCON No.** has been removed from **Employee Details | Tax/NI** tab
- **NI Earnings 1d** has been removed from **Employee Details | To-Date** tab
- A new field, **Apprent. End** (Apprenticeship Ends) has been added to the **Employee Details | Tax/NI** tab. When your pay date is after the **Apprent. End** date, and the employee is 21 or over, the NI rate will change automatically from H to A. If the employee is under 21 the NI rate will change to M

NI Adjustment

You are now able to change an employee's NI Rate from J to C part way through the tax year, as long as they were on the deferral rate from the first pay period.

Payroll Run

- Employers' NI will not be due up to the Apprentice Upper Secondary Threshold (AUST) for NI Rate H
- Employees on NI Rate H will have their age checked. If the employee is aged 25 or over, payroll run will automatically change their NI Rate
- **Apprentice Upper Secondary Threshold (AUST)** has been added to the payroll preview screens beneath **NI Earnings 1c for** tax years 2016/2017 onwards. It will only be displayed for employees on NI Rate H
- **NI Earnings 1d** has been removed from the payroll preview screens for tax years 2016/2017 onwards

Year-end Restart

During the **Year-end Restart** any employees on a contracted out letter will be changed automatically as detailed below:

2015/2016 COSR NI Letter	2016/2017 Equivalent NI Letter
D – Contracted Out	A – Normal
E – Reduced Contracted Out	B – Reduced
L – Contracted Out Deferral	J – Deferral
I – Under 21 Contracted Out	M – Under 21
K – Under 21 Contracted Out Deferral	Z – Under 21 Deferral

Employee Debug and Global Changes

The following fields have been removed from **Tools | Employee Debug** and **Tools | Global Changes**:

- Ee's NI Rebate Current Month
- Er's NI Rebate Current Month
- Initial Employees NI Rebate YTD
- Initial NI Earnings 1d YTD
- Initial NI Employer's Rebate YTD

Statutory Payments

Additional Statutory Paternity Pay

All references to **Additional Statutory Paternity Pay (ASPP)** have been removed from the software or replaced with ShPP. ASPP has been abolished and is therefore no longer required from 6th April 2016.

Student Loans

A new Student Loan Plan Type 2 has been introduced with effect from April 2016. This is in addition to the existing student loan repayment (now known as Plan 1). Student loan deductions can only be made on one plan type at any time and can change between plan types in-year. Employees with both plans will complete repayment of one before repayment of the subsequent one begins. There are several changes to the software to cater for this.

Employee Details

On the **Employee Details | Tax/NI** tab, on the **Student Loan** button, the **Plan Type** drop-down now includes **1** and **2**. After installing the April update, employees with existing Student Loan deductions will be automatically updated to **1**.

Student Loan Rates

The annual thresholds for Plan Type 1 and Plan Type 2 have been added/updated on the **File | Print Tax/NI/Pension Rates** report. The annual thresholds are:

- Plan Type 1 - £17,495
- Plan Type 2 - £21,000

Payments & Deductions

Flexibly Accessing Pension Rights and Pension Death Benefit

In **Company | Alter Payments & Deductions | Configure Payments & Deductions | Add New**, the following new payments have been added to the **Category** drop-down:

- **Payment – Flexibly Accessing Pension Rights**
- **Payment – Pension Death Benefit**

These payments can be taxable or non-taxable and will appear on the Full Payment Summary (FPS).

Direct Earnings Attachments (DEAs)

A new higher rate DEA has been introduced. To cater for this a new Payments and Deductions **Category** has been added to **Company | Alter Payments/Deductions | Add New | Settings for...** screen called **Direct Earnings Attachment – Percentage (High Rate)**. It will also be available when using the Wizard to create a new deduction.

Council Tax

The council tax calculation has been updated so that any pension deduction, i.e. any deduction with the Pension box ticked on the **Company | Alter Payments/Deductions | Edit | Settings for...** screen, is deducted from pay before calculating the council tax deduction.

Earnings Arrestment (Scotland)

New parameters have been added to the software to cater for changes to Earnings Arrestment (Scotland) from 2016/2017 tax year.

Alter Payments/Deductions

We have added a new tooltip, displaying the calculation order position of a Payment or Deduction when hovering over the item, to the **Company | Alter Payments/Deductions** screen.

The tooltip will also appear in **Employee Details | Pay/Deds** when hovering over the entry in the **No** column, and in the **Input/Edit Payroll Details** screen. This will help our support team should you need to contact us with any issues relating to Payments & Deductions.

RTI Changes

Full Payment Submission (FPS)

The FPS schema has been updated in line with legislation. Changes include:

- The removal of the Questions & Declarations. In tax year 2015/2016 the Questions & Declarations are visible but you cannot edit them. The Questions & Declarations have been removed for 2016/2017 tax year as they are no longer required
- Removal of ECON and SCON along with NI letters D, E, L, I and K
- Addition of NI letter H
- Inclusion of tax code prefix S for Scottish Tax Regime
- Removal of E – Micro Employer Using Temporary On Or Before Relaxation from the list of reasons for late filing

Employer Payment Summary (EPS)

The EPS scheme has been updated in line with legislation. In tax year 2015/2016 the Questions & Declarations are visible but you cannot edit them. The Questions & Declarations have been removed for 2016/2017 tax year as they are no longer required.

Earlier Year Update (EYU)

The EYU schema has been updated in line with legislation. Changes include:

- Renaming OSPP to SPP
- Renaming ASPP to ShPP
- Dummy SCON number no longer accepted
- The addition of NI letters M, Z, I and K

Employment Allowance

- From tax year 2016/2017 the maximum amount of **Employment Allowance** that can be reclaimed has increased from £2,000 to £3,000. This will automatically update as part of the **Year-end Restart**; if you have been claiming **Employment Allowance** it will remain ticked, you will not need to do anything
- Changes made to the **Employment Allowance** and **Maximum Employment Allowance** fields on **File | Alter Company Options | Company** tab are now recorded if **Log** is enabled in **Admin**

RTI BACS Bottomline

A new BACS output file, RTI BACS Bottomline, has been added to the list of available BACS files. The new format matches RTI BACS with 'Processing date' added as field 12, i.e. the end of the file.

Reports

Any references to NI Employers' and NI Employees' Rebate have been removed from reports due to the abolition of contracted-out NI numbers. Reports have also been amended to cater for the addition of AUST and the removal of the UAP. In addition ECON and SCON numbers have been removed from reports.

There are some new reports in the library to cater for the new IRIS Holiday Pay module. If you print these reports without purchasing the module they will appear blank.

P60 & P35 Reports

- The **P35 report** has been renamed **Employers Annual Summary**. A new **Employer NI Allowance** field has been added to this report
- The **P60** and **P35** reports have been updated in line with legislative changes. These changes include the renaming of:
 - **Ordinary Statutory Paternity Pay** to **Statutory Paternity Pay**
 - **Additional Statutory Paternity Pay** to **Additional Statutory Paternity Pay/Shared Parental Pay**

Please Note: After doing **Year-end Restart** for your payroll companies, you need to reselect the reports you use regularly from the Library, to ensure they are up to date.

Pensions

Automatic Enrolment

Pension Parameters for automatic enrolment have been updated for 2016 – 2017.

Re-enrolment

From April 2016 we have introduced **Re-enrolment** into the software. The process of automatically putting workers back into pensions is known as 'automatic re-enrolment'. Re-enrolment occurs approximately three years after staging and then every three years after that.

You can set your **Re-enrolment Date** to be any time within the re-enrolment window, which is three months before and three months after the third anniversary of your staging date.

At the **Re-enrolment Date**, automatic enrolment assessment will occur for all the employees that previously opted out or ceased contributions more than a year before the re-enrolment date.

Also:

- A re-enrolment employee cannot be postponed
- If the re-enrolment employee is an eligible jobholder within the pay reference period when re-enrolment occurs, they will be automatically enrolled
- If the individual is not an eligible jobholder within the relevant pay reference period, no further action will be taken until the next re-enrolment date
- For re-enrolment a new letter type L1R will be published to the IRIS OpenEnrol element of the IRIS AE Suite™

Re-enrolment Date & Previous Enrolment Date

- Two new fields, **Re-enrolment Date** and **Previous Re-enrolment Date**, have been added to the software. These fields are in **Pension | Configure Auto Enrolment | Pensions**
- If the **Staging Date** field is blank, the **Re-enrolment Date** and **Previous Re-enrolment Date** fields will be disabled
- If you run the year-end restart process more than 3 months after your re-enrolment date, the software will automatically move the **Re-enrolment Date** to the **Previous Re-enrolment Date** field
- When logging into a company, if the re-enrolment window end date is approaching, a warning will be given that the **Re-enrolment Date** field is blank
- If the last day of the Pay Reference Period is on or after the last possible day of the Re-enrolment window and a **Re-enrolment Date** is not entered, the payroll will stop running

Declaration of Compliance

Employers are required to submit a new declaration of compliance at the re-enrolment date. The Declaration of Compliance report has been amended and if a re-enrolment or previous re-enrolment date is entered, this date will be used instead of the staging date to produce the details required.

Pension Output Files

NEST

When using the Automatic Enrolment Configuration Tool, if you are using NEST you must tick **Use existing scheme** and select the NEST fund already created in the system from the drop down list. This will then add the pension deductions to the existing NEST fund.

NOW Pension

If NOW is your pension provider and is also providing pension communications to your employees, you need to ensure that:

- You have a **Pay Code** set up in the **Pension Fund**
- The **Output File** is set to include **All Employees** or **This Fund + No Fund**

To do this:

1. From the **Pension** menu select **Configure Pension Fund**
2. Select your NOW **Pension Fund** and click **Edit**
3. On the **Output Files** tab ensure:
 - a. **File Output** is set to **NOW**
 - b. **Include** is set to **All Employees** or **This Fund + No Fund**
 - c. The correct **Pay Code** is entered

Scottish Widows

- The **Scottish Widows V3** output file has been updated in line with Scottish Widows requirements
- A new **Scottish Widows Contribution File** has been added to the list of available pension output files. This file format is usually used for Scottish Widows Online Services

Exclude from Output files extended

The time period that an employee can be excluded from a pension output file has been extended from two months to three months.

Pension Output File Confirmation screen

On the final confirmation screen when creating a pension output file:

- The '**Number of Employees with Excluded Contributions**' has been removed for all output file types except NEST and Standard Life G2G Payments
- The '**Number of Employees with Reduced Contributions**' will now be displayed for NEST, Friends Life, Aviva, Peoples Pension and Standard Life file types

Pension Deductions

Moving from Entitled Worker to Eligible Jobholder status

Employer Contributions

Where an employee is:

- An Entitled Worker
- A Member of a Qualifying Scheme (box is ticked)
- AND subsequently becomes an Eligible Jobholder

If the employer contribution amount for the fund selected in **Employee Details | Auto Enrol** is less than the default in the **Pension Fund**, it will now automatically update to match that default amount.

Employee Contributions

Where an employee is:

- An Entitled Worker
- A Member of a Qualifying Scheme (box is ticked)
- AND subsequently becomes an Eligible Jobholder

If the employee contribution amount for the fund selected in **Employee Details | Auto Enrol** is less than the default in the **Pension Fund**, it will now automatically update to match that default amount.

Pensionable Earnings Deduction

A new '**Pensionable Earnings Pension**' percentage deduction **Type**, calculated on the items you tick on **Step 7** of the **Automatic Enrolment Configuration Tool**, or in **Pension | Configure Earnings | Pensionable Earnings**, has been added to the software.

When this deduction is assigned to an employee, during payroll run the software will calculate the pensionable earnings then apply the employee and employer percentage deduction to those earnings.

The employee pension deduction will be deducted from the employee's pay before or after tax and/or NI depending on what type of pension you have configured.

To add a pension deduction of this **Type** using the **Automatic Enrolment Configuration Tool**:

1. From the **Pension** menu, select **Automatic Enrolment Configuration Tool**
2. Click on the arrow beside **Step 6**
3. Complete the details of the Pension deduction
4. Click **Next**
5. Tick the items you want to be included in **Pensionable Earnings**
6. Click **Close**

To add it using **Alter Payments/Deductions**:

7. From the **Company** menu, select **Alter Payments/Deductions**
8. Click **Add New**
9. Click **No** (or **Yes** if you prefer to use the Wizard to set up the deduction)
10. From the **Type** drop-down list, select **Pensionable Earnings Pension**
11. Complete other fields as required
12. Click **OK**

NOTE: Current pension deductions will not be affected. If you have a pension set up with **%Settings** configured on the **Settings** screen, these pensions will not change. The **Configure Earnings** screen allows you to set particular Rates as pensionable but not Factors; **%Settings** does allow this.

Teachers' Pensions

Teachers' Pension Rates

Teachers' Pension Rates have been updated for 2016 – 2017

Tier Calculation

The pension tier is established by adding together any salary, basic hours and statutory payments in the pay period and multiplying this by the relevant number of periods to get an annual figure. Some payments such as Living Allowance also need to be included in the tier calculation but are excluded from the actual pension deduction.

To cater for this, we have added an **Include in TP Tier Calc** tick box to the Pay/Ded **Settings** screen.

If you need to include items in the tier calculation:

1. From the **Company** menu select **Alter Payments/Deductions**
2. Select the relevant Pay/Ded, and click **Edit**
3. Tick the **Include in TP Tier Calc** box and click **OK**

Other Improvements

IRIS Holiday Pay Module

We have developed the Holiday Pay module to assist companies with applying the new Holiday Pay calculations that have arisen due to recent employment tribunals.

The IRIS Holiday Pay Module provides a flexible solution, allowing the user to define how the payment should be calculated. Individual pay elements can be selected, future-proofing the solution, should other payment elements be affected in the future. This gives the user full control over the calculation. For more information please contact Sales.

There are two new reports in the library, **Average Weekly Earnings** and **Holiday Entitlement**. These will only print correctly if the IRIS Holiday Pay module is enabled, otherwise they will be blank.

Import Data

The, **This is not a new Employee** field on the **Employee Details | Tax/NI | Starter Details | New Starter** tab, has been added to the **Import** and **Global Changes** procedures.

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 calculations, 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