IRIS PAYE-Master

Guide to Real Time Information (RTI) for PAYE

16/02/2015

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** towards the back and also an **FAQ** (Frequently Asked Questions) section.

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?**

Contents

What is RTI and how will it affect me?

Real Time Information (RTI) is a new 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. Also 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 will be 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?

- 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** or if appropriate, an **Employer Alignment Submission**

- 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**

What do I send to HMRC and when?

Employer Alignment Submission (EAS)	• Only ever once per company • For companies with greater than 250 employees or split schemes
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 no employees have been paid
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?

Prepare your data	➡	Enable RTI	➡	Submit EAS or FPS

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**, which highlights any missing information.

1. Print '**RTI Missing Data**' via **Reports | Reports Selector | RTI Missing Data** to see if any employees need updating

The report checks the following mandatory fields:

Company data

- **Tax District ***
- **Tax Reference ***
- **Accounts Office Number ***

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. Also, where known, include **Middle Name(s)**. HMRC will be using these as a secondary identifier when NI number is not present

- 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 is provided on **www.gov.uk – 'Check an employee's right to work documents'**
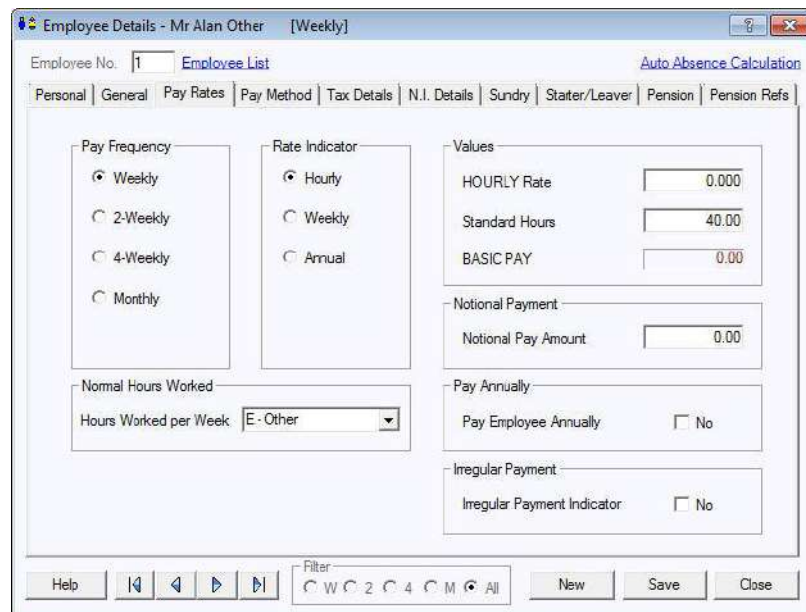
RTI fields

You may need to add certain employee data to the payroll system; **Irregular Payment Indicator**, **Hours Worked per Week**, **Passport Number**, **Receiving Occupational Pension**, **Trivial Commutation Payments**, **Country**, **On Strike & Employee Requested Zero Contracted Hours** and **Payment to a Non-Individual**

Irregular Payment Indicator

This field is important to complete for any casual or occasional 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 company.

This field will only be visible once you have **enabled RTI.**

Hours Worked per Week

This new 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 work out usual weekly working hours.

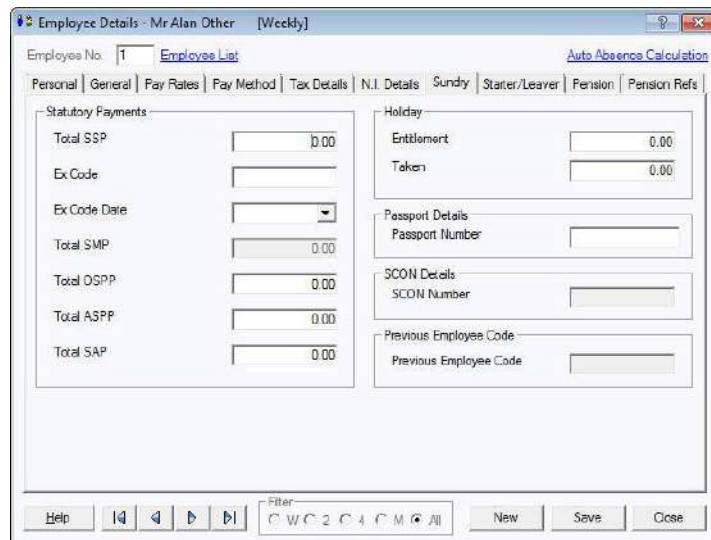This field will be used by HMRC to calculate eligibility for tax credits, so it is important you complete it.

There are bands for **Hours Worked per Week**. If an employee's hours are within the band width, it is not necessary to keep changing the band unless they fall into a different one. The bands available are:

- A – 0-15.99 hours
- B - 16–23.99 hours
- C – 24.00-29.99 hours
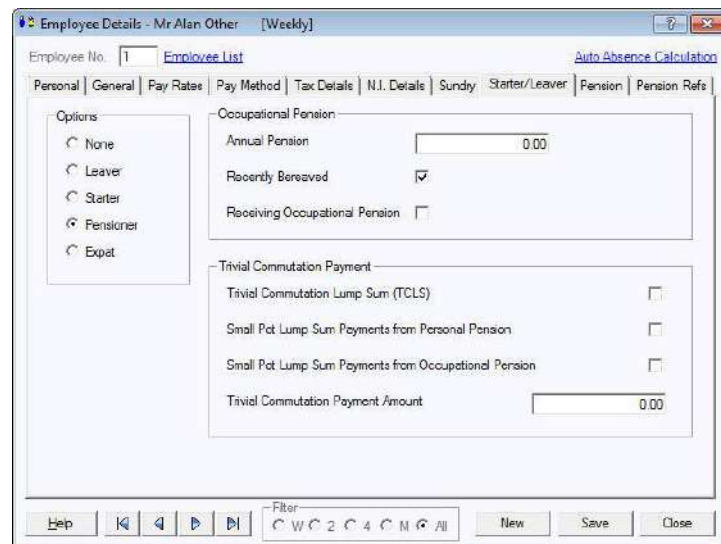- D – 30.00 hours or more
- E - Other

Passport Number

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

Occupational Pension

If an employee is receiving an Occupational Pension the **Receiving Occupational Pension** box must be ticked as HMRC require the information to be included in each FPS.

Trivial Commutation Payments

When paying pension payments you may be required to pay a **Trivial Commutation Payment**. These one-off lump sum payments may have a non-taxable proportion. The type of

Trivial Commutation Payment declared will be included on your FPS together the value of the payment.
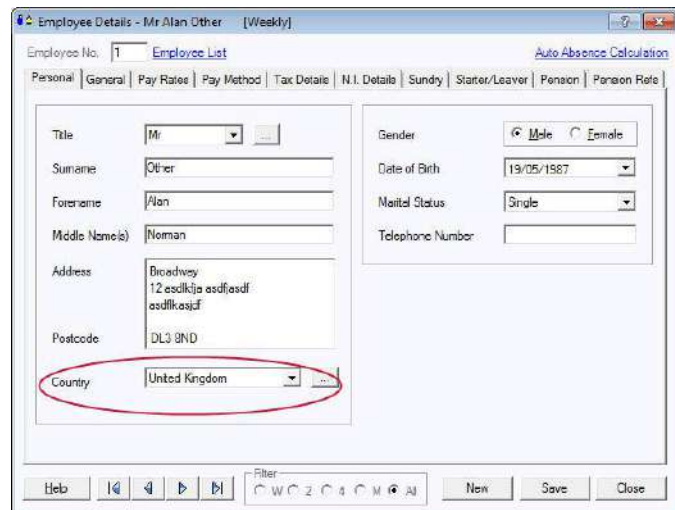
Further information regarding Trivial Commutation Payments can be found via the following links:

http://www.hmrc.gov.uk/payerti/payroll/pension-payments/special-situations.htm#1

http:/www.hmrc.gov.uk/manuals/rpsmmanual/RPSM09105085.htm

Country

Country needs to be included as part of an employee's address. The field will default to United Kingdom and you can add new countries.
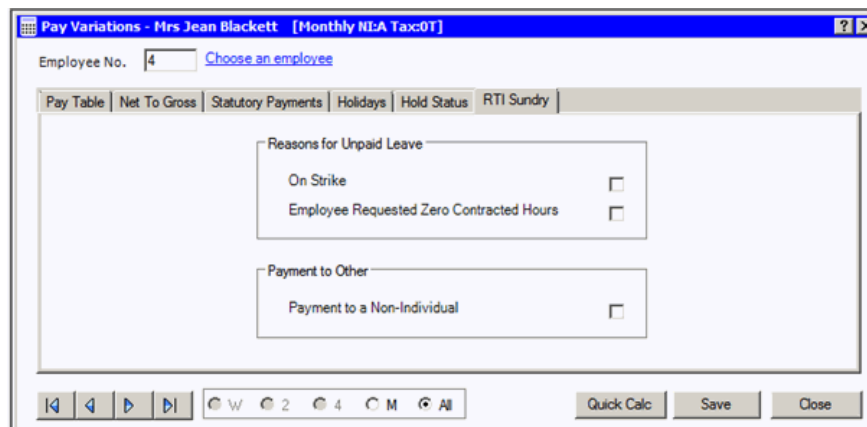
Reasons for Unpaid Leave

On Strike & Employee Requested Zero Contracted Hours

These fields are available from the **Pay | Variations | Enter Variations | RTI Sundry** 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 un-ticked.

Payment to a Non-Individual

This field should only be used if you are making a payment to a non-individual on behalf of the employee, for example to a charity. If this box is ticked the information will be included on the FPS and will stay ticked for any subsequent pay periods until un-ticked.

www.iris.co.uk/customer

Enabling RTI

To enable RTI

1. Go to '**Company | Details**', and on the **General Information** tab ensure that your **Tax District**, **Tax Reference** and **Accounts Office No** fields have been completed

2. Go to '**Utilities | RTI Options**' and select '**Enable RTI Submissions**'

Alignment Process - Submit EAS or FPS

An **Employer Alignment Submission** or **Full Payment Submission** must be sent to align your company's data with the data that HMRC hold.

If the company has more than 250 employees, you will need to send an **Employer Alignment Submission** before you start
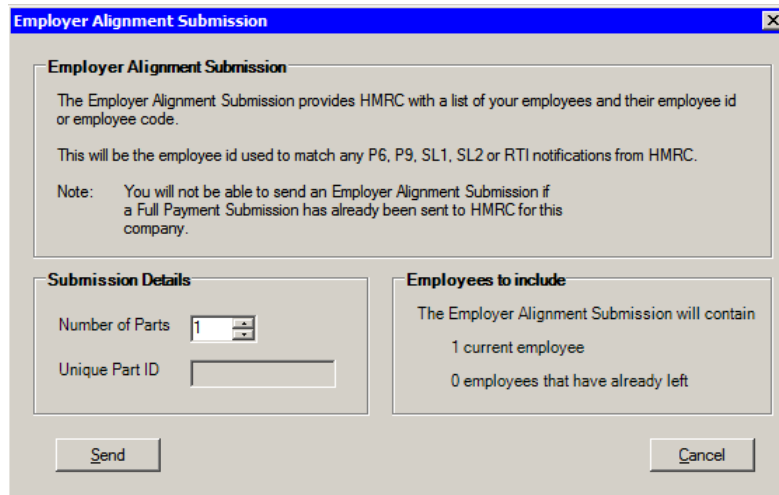
> If the company has fewer than 250 employees, you don't need to send an **EAS**; the **FPS** you send after running your first payroll will align your data

- The **Employer Alignment Submission** must only be sent once
- When the **EAS** has been submitted you will not be able to make amendments to it
- You will not be able to send an **EAS** if a **Full Payment Submission** has already been sent for a company

> Even if you send an **EAS**, your first **FPS** will contain all the current employees in the company, plus any employee paid during the tax year that has since left, in other words, all employees that would normally have a P14 printed. Each subsequent **FPS** will generally only include employees paid in any particular pay period.

To send an EAS:

1. Click on the '**RTI Online Services**' menu

2. Select '**Send Employer Alignment Submission**'

3. A screen showing the number of current employees and the number of leavers contained in the **EAS** will appear. Click **'Send'** if this information is correct or **'Cancel'** if you need to check anything
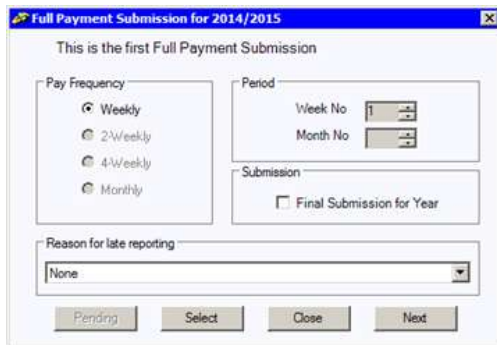
> **NOTE:** If you are running a **split scheme** you will need to send an **EAS** for each set of employees. Use the **Number of Parts** field to alter how many alignment submissions will be sent and also enter a **Unique Part ID**. A different **Unique Part ID** must be used for all alignment submissions.

4. If there are any problems with the submission, (printing the **RTI Missing Data** report first should help you avoid this) IRIS PAYE-Master will display a message

5. Click **'OK'** to view a screen containing the errors

6. Correct any errors and restart the process

Remember: Once you have sent a successful **EAS** you cannot amend it and you should not send another

www.iris.co.uk/customer

To send the FIRST FPS (after you have calculated your first payroll with RTI enabled):

1. Click on the '**RTI Online Services'** OR the **'Pay'** menu

2. Select '**Send Full Payment Submission'** or **'Send FPS'**

3. The screen will show **This is the first Full Payment Submission**

4. Select '**Pay Frequency'** and '**Period'**

5. Click '**Next'**

6. The **Final Confirmation Screen** will be displayed

7. Check details and '**Print Summary'** and/or '**Print Details'**. **Print Summary** gives a report showing the totals due. **Print Details** gives a breakdown of all employees

8. 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. 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.

The **Full Payment Submission** contains employee's 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:

Add Starters → Enter Variations → Calculate → Print Payslips and other Reports → Create BACS file and pay employees → Process Leavers → Submit FPS → Finalise
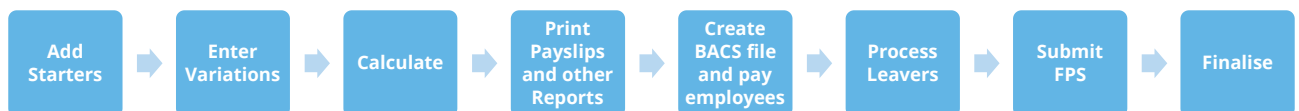
This makes sure that any leavers you have created are marked as such with their final payments.

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 '**RTI Online Services**' or '**Pay**' menu

2. Select '**Send Full Payment Submission**' or '**Send FPS**'

3. Select '**Pay Frequency**' and '**Period**'

4. Click '**Next**'

5. The **Final Confirmation Screen** will be displayed

6. 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

7. 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?

> **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 giving you a fine for a late submission.

What do I need to do each month?

Payments should be made to HMRC by the 19th/22nd of the following month as before.

If there are any changes to the payment that HMRC are expecting, or no employees were paid in the current month, resulting in no Tax and NIC liability, 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 also be sent if you are claiming **Employment** to offset up to £2,000 per year off your employer's NIC liability.

> **When you set the Employment Allowance Indicator to 'Yes', an EPS must be sent to notify HMRC you are claiming Employment Allowance. This only needs to be sent once.**

> **Employment Allowance allows an employer to offset up to £2000 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**
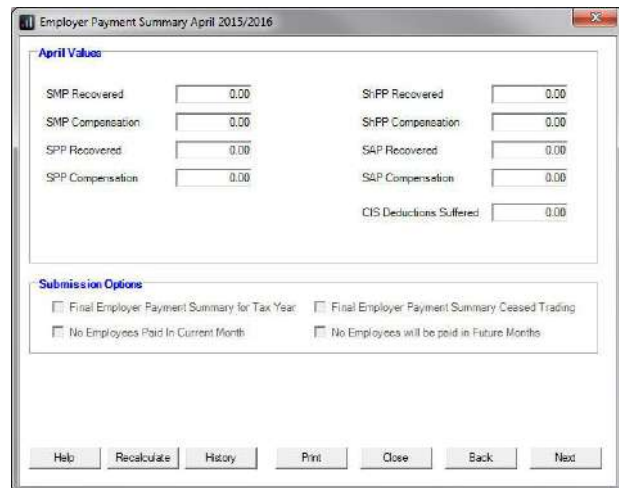
To submit an EPS:

1. Click on the '**RTI Online Services**' menu and select '**Send Employer Payment Summary**'

2. Select the relevant '**Month**'

3. If you are submitting an EPS because you have not paid any employees this month resulting in no payment being due to HMRC, 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 **No employees will be paid in future months**

> Please note: If you tick the option '**No Employees will be paid in future months**', this must start from the following month. For example if you are sending the EPS for June, the **Date From** would be 6th July

5. If this is the **Final Employer Payment Summary for Tax Year**, tick the box

6. Click **'Next'**

7. This screen shows the values calculated for the current month. These will be added to the year to date values and submitted on the **EPS**

8. 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

9. When you are happy with the values, click **'Print'** if you need a hard copy of the figures, then click **'Next'**

10. **Year to Date Values** are the current month values plus previous year to date values

11. No fields can be amended at this point; if you need to make changes click '**Back**'

12. When you are satisfied that everything is correct, click '**Send**'

Employment Allowance

> **Employment Allowance** allows an employer to offset up to £2,000 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.

To set up **Employment Allowance**

1. Go to **Pay | Employment Allowance** and select **'Yes'** from the dropdown

2. Enter the **Amount Remaining (Current Year)** if applicable – this will default to the standard £2,000 allowance and should only be changed if you are setting up the company part way through the year

3. Click '**Save**' then '**Close**'

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

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**
- **Date of Birth**
- **Join Date**
- **Starting Declaration (P46)**
- **Address** – first two lines and Postcode (or **Country** if Postcode not applicable)

Desirable information for new starters

- Middle Name(s)
- NI Number is desirable; however not knowing the NI number will not stop submission to HMRC. If you do not have the employee's NI Number, leave the field blank and HMRC will automatically search for it for you.
- 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 either **Employee Alignment Submission** or **Full Payment Submission**)
- **Passport Number**
- **Receiving Occupational Pension** (only applicable if you are running a pensioners' payroll)

How to process a new starter with a P45

1. Create new employee via **Employee** | **Details** then **New**

2. Click **'OK'** to confirm the new employee number

3. Enter mandatory employee information

4. Enter the to date figures from the P45 on the **Tax Details** tab | **Previous Employment** section

5. Enter the tax code from P45 on the **Tax Details** tab | **Tax Code** section

6. Select the **Starter/Leaver** tab

7. Choose either **Starter, Pensioner** or **Expat** and complete the required response/details

8. Tick **Student Loan Indicator**, if stated on P45

9. Click '**Save**' then '**Close**'

How to process a new starter without a P45

1. To create a new employee, from the **Employee** menu select '**Details**' then click '**New**'

2. Enter mandatory employee information

3. Leave the **Tax Code** on **Tax Details** tab | **Tax Code** section blank – this field will be automatically set based on the response given to the **Starting Declaration**

4. Select the **Starter/Leaver** tab

5. Click '**Starter**'

6. Tick the required response on the **Starting Declaration** or complete **Pensioner** details**

7. If required, tick '**Student Loan**'

8. 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 **Starting Declaration** to the best of your knowledge on their behalf. If P45 figures have not been entered and you have provided a response to the P46 questions, IRIS PAYE-Master will set the **Tax Code** as required.

Example

Option Selected	Tax Code set to ***
A	1000L Cumulative
B	1000L Week 1/Month 1
C	BR Cumulative
P46 not completed	0T Week 1/Month 1

*** The Tax Codes used in this table are based on Tax Year 2014/15

> 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, on the Starter/Leaver tab select 'Starter' then set the Employee Status to 'Existing Employee (This is not a new employee) to the company) and enter the Previous Employee Code on the Sundry tab

Receiving a P45 after the employees 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 your Tax Office 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 | Tax Details** tab **| Previous Employment**

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

1. Check the P45 figures are correct and enter the relevant tax code in **Employee Details | Tax Details** tab

2. Enter the **Gross Pay** and **Tax Paid** figures from the P45 in **Employee Details | Tax Details** tab **| Previous Employment**

Moving an Employee

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

1. In the **Employee Details | General**, enter the **Leave Date** (the date the employee transferred to the other company with the <u>same</u> PAYE reference)

2. Un-tick '**Include Leave Date in FPS**'

3. Click '**Save**' then '**Close**'

4. Create the new employee in other company under the same PAYE

5. On the **Starter/Leaver | Starter** screen, tick the option '**Existing employee (This is not a new employee)**'

6. On the **Employee Details | Sundry** tab, enter the **Previous Employee Code**

7. Click '**Save**', then **'Close'**

> **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**

How do I process a leaver?

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 an employee's final pay prior to finalising:

1. Click '**Pay**' | '**Variations**' | '**Enter Variations**'

2. Click '**Choose an employee**' then select the relevant employee

3. Enter the required adjustments to the employee's current pay period and click '**Save**' then '**Close**'

4. Click '**Calculate**'

5. Click '**OK**' to confirm calculation of payroll

6. Re-send the FPS

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

1. Select the employee and on the **Starter/Leaver** tab tick '**Payment After Leaving**'

2. The following message will be displayed:

3. Click '**Yes**' to continue then '**Save**' and '**Close**'

4. Click '**Pay**' | '**Variations**' | '**Enter Variations**'

5. Click '**Choose**' an employee then select the relevant employee

6. Enter the required adjustments to the employee's current pay period and click '**Save**' then '**Close**'

7. Click '**Calculate**'

8. Click '**OK**' to confirm calculation of payroll
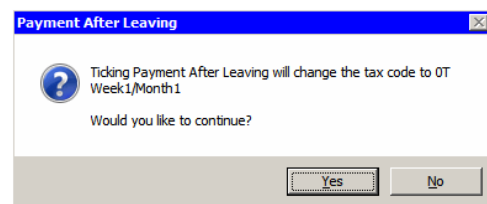
I have made the wrong employee a leaver and have sent the FPS

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. Select the employee

2. On the **General** tab, remove the **Leave Date**

3. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, the displayed message will appear:
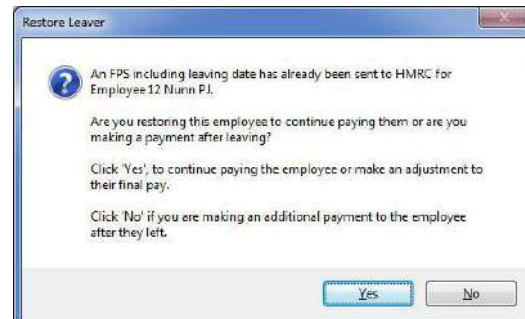
    Click **'Yes'** to restore the leaver and then continue to pay them as normal

If the FPS has not been sent, select the employee and remove the Leave Date are the only steps required.

What do I do at year end?

To print the **Year-end Guide** click '**Year-End | Year-end Guide'**

What if I cease trading?

If your company ceases trading, the **Scheme Ceased** date on the **General Information** tab of **Company Details** will be used by either the **EPS** or **FPS** process to identify 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 **Scheme Ceased** date should be set AFTER you have submitted your final **FPS**

If you DO NOT have to submit a final **EPS**, set the **Scheme Ceased** date BEFORE you send your final **FPS**

1. Select **Company | Details** and on the **General** tab enter the '**Scheme Ceased**' date
2. Click '**OK**' after entering the **Scheme Ceased** date and the following message will be displayed:
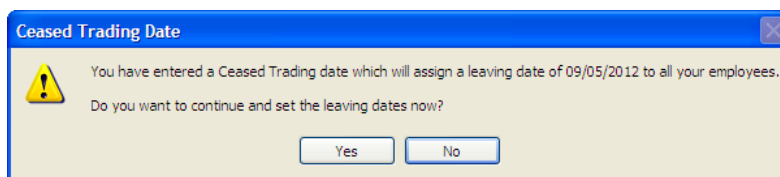
3. Click **'Yes'** to issue leaving dates to all employees

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**, IRIS PAYE-Master will automatically calculate the difference between previously submitted values and the new year-to-date values.

To submit an Earlier Year Update

There are three options when submitting an EYU allowing you to use the one that simplifies the process for you.

The data in the **EYU value** column is the information that will be sent to HMRC.
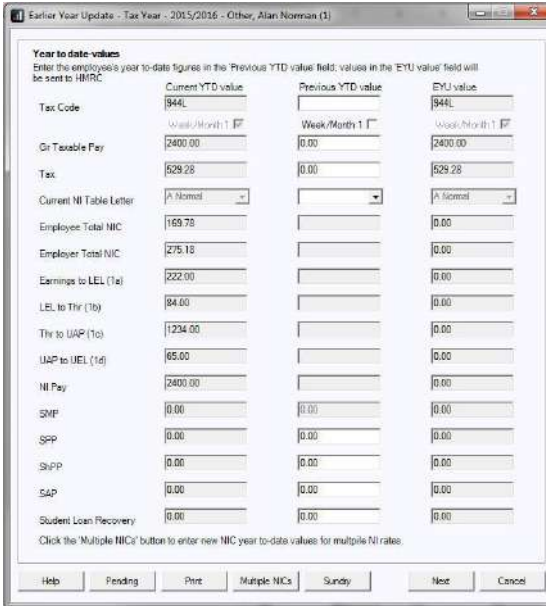
Option 1

1. Select **File | Year-End Data** (or follow your usual procedure to restore a backup, ensuring you first take a backup of the current year's data)

2. Check the title bar displays **Year-End Data** (or if a backup has been restored, the correct tax year)

3. From **RTI Online Services | Send Earlier Year Update** select '**Print Employee YTDs report**' to get the employee's existing year to date values which have already been submitted via an **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. Make any necessary amendments to the employee's year to date figures i.e. Gross Taxable Pay, Tax Paid etc by re-calculating the payroll or altering year to date values

5. Once the changes have been made, select '**RTI Online Services | Send Earlier Year Update**'

6. Select the relevant employee and click '**Next**'

7. Click '**Yes**' to the warning message to continue with the **EYU** or '**No**' to cancel

8. In the **Previous YTD value** column, enter the figures already submitted to HMRC via **FPS**

- The **Current YTD value** column displays the current year to date values from the **Employee Details**
- The **Previous YTD value** column is where you enter the year to date values previously submitted to HMRC via FPS
- The **EYU value** column shows the adjustment between the **Current YTD value** and the **Previous YTD value** – this is the value submitted to HMRC to adjust the year to date values accordingly

9. If the employee had more than one NI letter during the tax year, click '**Multiple NICs**' to enter the relevant breakdown, then '**OK**' to save the changes

10. Click '**Sundry**' to add any **Gross Pension Deductions**; **Net Pension Deductions** or **Trivial Commutation Payments**

   The **Sundry** screen also has a tick box, '**Enable Annual Pension & Recently Bereaved**', tick this box to enable **Recently Bereaved** and **Annual Pension Amount**. **Annual Pension Amount** will display the value held in **Employee Details | Starter/Leaver | Pensioner | Annual Pension**

11. Click '**Next**', this will display the '**Earlier Year Update – Final Confirmation**' screen

12. Click '**Print**' if you require a copy of the figures

13. Click '**Send**' to start the submission

14. Once complete, select **File** | **Back to Current Data**

Please Note: The Previous YTD value column needs to be completed for all values

Please Note: With **Enable Annual Pension** ticked and **Recently Bereaved** set to **Yes** or **No**, the **Annual Pension Amount** will be submitted on the EYU. **Annual Pension** is a year to-date field and will overwrite any previously submitted value

Option 2

Enter EYU values only

1. Select **RTI Online Services** | **Send Earlier Year Update**

2. Tick '**Enter EYU values only**' and highlight the relevant employee

3. Click '**Next**'

4. Click '**Yes**' to the warning message to continue with the EYU or '**No**' to cancel

5. In the **EYU Value** column, enter the difference between what was sent on the last FPS and what should have been sent (the **Current YTD value** and **Previous YTD value** columns will be disabled)

6. If the employee had more than one NI letter during the tax year, click '**Multiple NICs**' to enter the relevant breakdown then '**OK**' to save the changes

7. Click '**Sundry**' if you need to amend values for **Gross Pension Deductions**; **Net Pension Deductions** or **Trivial Commutation Payment**, then click '**OK**'

   The **Sundry** screen also has a tick box, '**Enable Annual Pension & Recently Bereaved**'; tick this box to enable **Recently Bereaved** and **Annual Pension Amount**. **Annual Pension Amount** will display the value held in **Employee Details | Starter/Leaver | Pensioner | Annual Pension**

8. Click '**Next**', this will display the **Earlier Year Update – Final Confirmation** screen

9. Click '**Print**' if you require a copy of the figures

10. Click '**Send**' to start the submission

11. Alter the employee's year to date values in the employee record i.e. Gross Taxable Pay, Tax Paid, Student Loan Recovery, Employee Total NIC then click '**Save**' then '**Close**'

Option 3

Populate EYU values with last period values for tax year

This option would primarily be used when the last FPS has not been sent for the last period of the year.

1. Select **RTI Online Services | Send Earlier Year Update**

2. Tick '**Populate EYU values with last period values for tax year**' (the **Current YTD value** and **Previous YTD value** columns will be greyed out)

3. Check the EYU values are correct

4. Click '**Next**', this will display the **Earlier Year Update – Final Confirmation** screen

5. Click '**Print**' if you require a copy of the figures

6. 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. Also used as an alignment before starting RTI by companies without split schemes or less than 250 employees
EAS	**Employer Alignment Submission**	Sent once before starting RTI, used by companies with split schemes or 250+ employees
EPS	**Employer Payment Summary**	Sent monthly to inform HMRC about adjustments made to the monthly payment
EYU	**Earlier Year Update**	Used to send an employee's amended year to date figures for the previous tax year on or after 20th April in the current tax year
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
Irregular Payment indicator		For any Casual or Occasional workers, particularly those who may not work for you for thirteen weeks 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 IRIS PAYE-Master but their Directors' payroll is run by a bureau or the company is split across two or more IRIS PAYE-Master companies

Glossary of Terms

FAQ

How do I get ready for RTI?

Will there be mandatory employee information required before being able to send RTI?

What do I do if I make a mistake?

How do I send a P45 or P46?

What happens if I re-run a payroll?

What information is included in an FPS?

Can I send the FPS more than once in a period?

How do I send my FPS if I have my Directors' payroll separate to the employees' payroll?

Do I make an employee a leaver before or after I have sent the FPS?

Do I need to send an EAS each time I get a new starter?

When do I have to submit an EPS?

When don't I have to submit an EPS?

Can I amend an EPS before I send it?

Can I print an EPS Submissions Summary?

What happens if an employee is on holiday and is paid for more than one period?

How are the numbers made up on the FPS submission screen?

Can I export the RTI reports?

Can I re-print a report for a previous period?

Do I have to carry out any additional procedures at year end?

Can I reuse an Employee Code when an employee has left?

How do I get ready for RTI?

See **What do I need to do first?**

Will there be mandatory employee information required before being able to send RTI?

Yes, there are some fields in the payroll software that are mandatory. Print the **RTI Missing Data** report as described on **page 5** to see what information you are missing.

What do I do if I make a mistake?

That depends on the mistake you have made!

- I have paid someone the wrong amount but I have already sent the FPS (I have not yet Finalised)

  - Pay and Calculate the employee with the correct amount
  - Send the FPS again just for that employee

  OR IF YOU HAVE FINALISED:

  - Correct the employee's pay in the next pay period
  - The year to date values will then be correct in the next FPS

> **Note**: You can submit corrections using an **FPS** up to the 19th of April following Year-end. If you need to make an amendment after this date you will need to use the **EYU**

How do I send a P45 or P46?

See **How do I process a Leaver?** and **How do I deal with a new starter?**

What happens if I re-run a payroll?

That depends on where you are in your payroll cycle. If you have not yet paid the employee or sent the **FPS** for that period, you can rerun as many times as you like. If you have done the **FPS** for that period and especially if you have leavers, you may have some issues. See **What do I do if I make a mistake?**

What information is included in an FPS?

- Payment & YTD information
- New Starter/Leaver details
- Payment after leaving indicator
- Irregular Payment indicator
- Hours worked
- Employee Name
- Address – needed for a new employee, if NI number is blank, or Address has changed
- Questions & Declarations (only required if it is the last **FPS** of the year or the company has ceased trading AND there are no adjustments to be made to HMRC via an **EPS**)
- Date of Birth
- Passport Number, if present

Can I send the FPS more than once in a period?

If an employee is re-run or undone, you can resend the FPS or wait until the next time as the cumulative figures will correct any issues. However, if the change affects amounts due to HMRC you need to make the correct FPS submission at the correct time.

How do I send my FPS if I have my Directors' payroll separate to the employees' payroll?

You need to send your FPS each time you pay your employees. It must be sent on or before the pay date. The FPS cannot be combined across separate IRIS PAYE-Master companies. Therefore you need to send the FPS when you pay your Directors and a subsequent FPS when you pay your employees.

Do I make an employee a leaver before or after I have sent the FPS?

You make an employee a leaver after you have done the payroll and ran BACS, but before the FPS. That way they are marked as a leaver on the FPS along with their final payment. If you make an employee a leaver after sending the FPS, they will appear in the next pay period's FPS.

Do I need to send an EAS each time I get a new starter?

No the EAS is only sent once, when a company with a split scheme or 250+ employees starts using RTI. New starters and leavers are reported via the FPS.

What information is included in an EPS?

- Employer References
- Related Tax Year
- Details of any SMP, SAP, SPP, ShPP reclaim or compensation (if applicable) in the month
- Notification if no payment is due because no employees have been paid, i.e. tax and NI liability is zero
- Questions & Declarations (only required on the last EPS of the year or the company has ceased trading AND there are adjustments to be made to HMRC). HMRC have now made this non-mandatory, however you will still need to complete the screen when presented. The announcement was made too late for us to change our software
- Employment Allowance Indicator

When do I have to submit an EPS?

- If any SMP, SAP, SPP, ShPP or compensation is due in the month
- If no employees have been paid in the current month i.e. tax and NI liability is zero
- By the 19th of the following month
- In the period you set the Employment Allowance Indicator to notify HMRC accordingly – only needs to be sent once

When don't I have to submit an EPS?

Payment is due to HMRC for the month but there are no adjustments to be made for reclaim or compensation figures. HMRC will calculate Tax, NI and Student Loan using the FPS. An EPS also needs to be sent if you select **Employment Allowance**.

Can I amend an EPS before I send it?

Yes, you can amend the values prior to sending the information to HMRC. This can be done if corrections are required for a previous month or if you are combining multiple companies to make a single submission. You can edit the **Current Month** and final/last **YTD** rows.

Can I print an EPS Submissions Summary?

The **EPS Submissions Summary** can be printed by selecting **RTI Online Services | Audit | Print EPS Summary**

What happens if an employee is on holiday and is paid for more than one period?

If you pay an employee for more than one period because they are on holiday, for example:

The employee receives normal pay for week 3, has holiday pay advanced for week 4 and is then paid normally in week 5

- The FPS in week 3 would be normal pay plus the advanced pay
- The FPS in week 4 would not include this employee
- The FPS in week 5 would include the employee's week 5 pay

How are the numbers made up on the FPS submission screen?

Employees Paid in ⸺ ⸺ ⸺ ⸺

New Employees - This is the number of employees paid in the selected pay period where there is new starter information to be included. If the new starter had a leave date as well, they would not be counted in the **New Employee** section, only in the **Leavers** section.

Current Employees - This is made up of the number of employees paid in the selected pay period that do not have either starter details or leavers details to be included in the file.

Leavers - The number of **Leavers** included is made up of the number of employees paid in the selected pay period where a leaving date is included in the file.

Total - This field gives you the sum of **New Employees**, **Current Employees** and **Leavers**.

Week (or Month) ⸺ ⸺ ⸺ .Totals

This section of the **Final Confirmation Screen** gives the following totals for all the employees paid in the selected period:

- **Tax**
- **Employees NI**
- **Employers NI**
- **Student Loan**

Submission Summary

Number of employees included in the file and paid in... will show the same number as the **Total** field under **Employees paid in...**

Number of employees included in the file but not paid in ... will show the number of employees included in the file without a payment record. This could be because the employee was not paid in the current pay period but was marked as a leaver after the last FPS was sent to HMRC.

Total Number of employees included in the file will show the sum of the **Number of employees included in the file and paid in…** and the **Number of employees included in the file but not paid in…**

Can I export the RTI reports?

Yes, if you click on **Print Summary** this will preview the report to screen. Click **Export** and choose from the export functions presented.

Can I re-print a report for a previous period?

No. We advise that if you require a printed copy of the summary, click **'Print Summary'** or **'Print'** during the **FPS** / **EPS** processes.

Do I have to carry out any additional procedures at year end?

Yes, full details are included in the Year-End Guide.

Can I reuse an Employee Code when an employee has left?

No. HMRC use the **Employee Code** as an identifier for that individual for the whole of the tax year. However, if you have made an employee a leaver because they are moving to another company with the same PAYE reference, for instance from your weekly payroll to your monthly payroll, or if you are moving from another payroll system to IRIS payroll, it is possible to use the same employee code – see **Moving an Employee**

Appendix - Examples of using RTI for different company scenarios

Company 1

This company has:

- Less than 250 employees
- All employees from the same tax reference in one IRIS PAYE-Master company
- One pay frequency

To get started:

Prepare your data	→	Enable RTI	→	Calculate first payroll & pay employees	→	Print Payslips & other reports	→	Submit first FPS
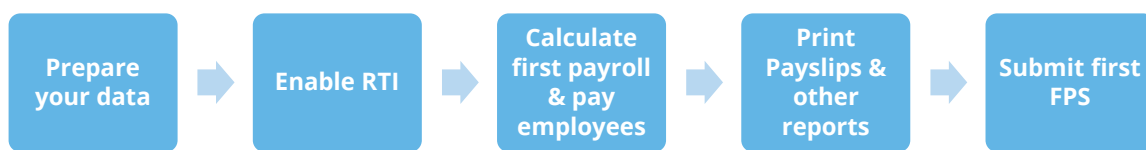
1. **Prepare your data**

    Make sure your IRIS PAYE-Master company has all the data necessary for RTI by printing the **RTI Missing Data** report.

    Complete any blank details and new fields as described **here**

2. **Enable RTI**

    Follow the instructions **here**

3. **Do first payroll**

    Run your payroll as normal. Pay the employees.

4. **Print payslips and other reports**

    Print payslips and reports as normal

5. **Submit first FPS**

    Follow the instructions **here**

    NOTE: The first **FPS** will include all information for all employees employed by you in the current tax year, even if you haven't run a payroll for them yet

Payroll process when Company 1 is up and running with RTI:

| Add Starters | → | Calculate Payroll | → | Print Payslips and other Reports | → | Create BACS file and pay employees | → | Process Leavers | → | Submit FPS | → | Submit EPS if required |
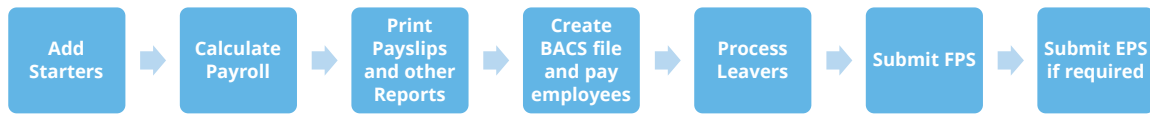
1. **Add Starters**

   Follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   Follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

7. **At month end submit EPS if required**

   Follow the instructions **here**

Company 2

This company has:

- More than 250 employees
- All employees from the same tax reference in one IRIS PAYE-Master company
- One pay frequency

To get started:

Prepare your data → **Enable RTI** → **Send EAS**

1. **Prepare your data**

   Make sure your IRIS PAYE-Master company has all the data necessary for RTI by printing the **RTI Missing Data** report

   Complete any blank details and new fields as described **here**

2. **Enable RTI**

   Follow the instructions **here**

3. **Submit EAS**

   Follow the instructions **here**

Payroll process when Company 2 is up and running with RTI:

Add Starters → **Calculate Pay** → **Print Payslips and other Reports** → **Create BACS file and pay employees** → **Process Leavers** → **Submit FPS** → **Submit EPS if required**

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

Follow the instructions **here**

NOTE: The first **FPS** will include all information for all employees employed by you in the current tax year, even if you haven't run a payroll for them yet

7. **At month end submit EPS if required**

Follow the instructions **here**

Company 3

This company has:

- More than 250 employees

- All employees from the same tax reference in one IRIS PAYE-Master company

- Multiple pay frequencies

To get started:

Prepare your data → **Enable RTI** → **Submit EAS**

1. **Prepare your data**

   Make sure your IRIS PAYE-Master company has all the data necessary for RTI by printing the **RTI Missing Data** report

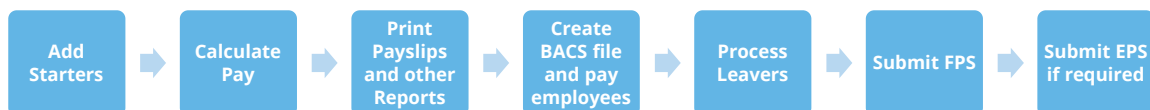   Complete any blank details and new fields as described **here**

2. **Enable RTI**

   Follow the instructions **here**

3. **Submit EAS**

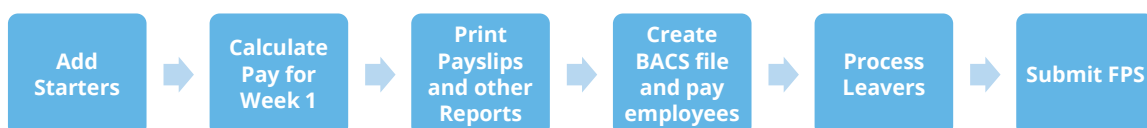   Follow the instructions **here**

Payroll Process for Company 3 when up and running with RTI:

For this example we have used weeks 1-4 and month 1

Week 1

Add Starters → **Calculate Pay for Week 1** → **Print Payslips and other Reports** → **Create BACS file and pay employees** → **Process Leavers** → **Submit FPS**

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

   NOTE: The first **FPS** will include all information for all employees employed by you in the current tax year, even if you haven't run a payroll for them yet

Week 2

Add Starters	→	Calculate Pay for Week 2	→	Print Payslips and other Reports	→	Create BACS file and pay employees	→	Process Leavers	→	Submit FPS

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

Week 3

Add Starters	→	Calculate Pay for Week 3	→	Print Payslips and other Reports	→	Create BACS file and pay employees	→	Process Leavers	→	Submit FPS

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**
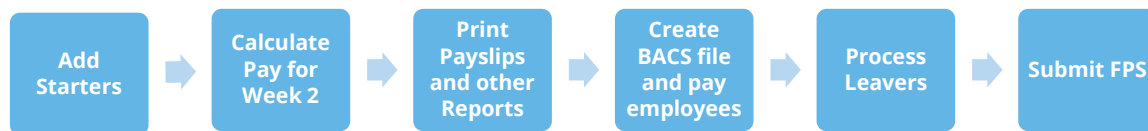
4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

Week 4

| Add Starters | → | Calculate Pay for Week 4 | → | Print Payslips and other Reports | → | Create BACS file and pay employees | → | Process Leavers | → | Submit FPS |

1. **Add Starters**

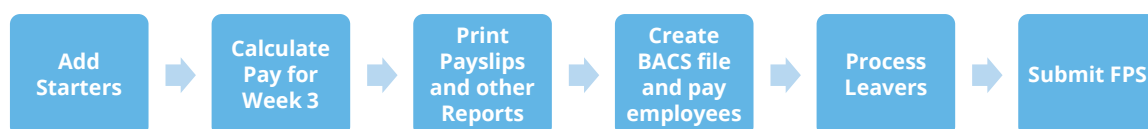   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

Month 1

| Add Starters | → | Calculate Pay for Month 1 | → | Print Payslips and other Reports | → | Create BACS file and pay employees | → | Process Leavers | → | Submit FPS | → | Submit EPS, if necessary |

1. **Add Starters**

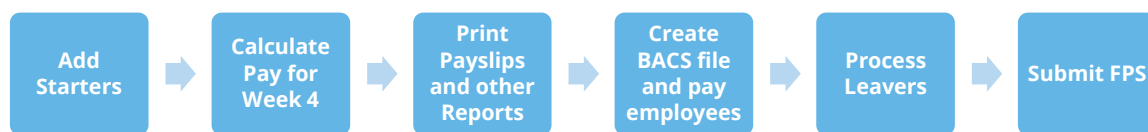   Add any new starters – follow the instructions **here**

2. **Run Payroll**

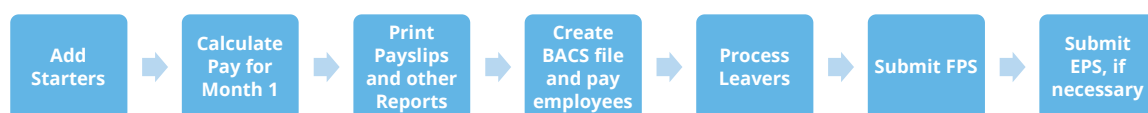3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

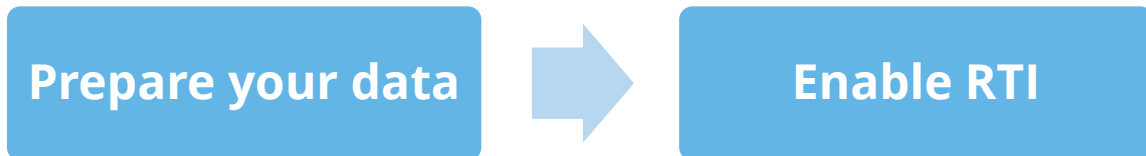   Follow the instructions **here**

7. **Submit EPS, if required**

   You have now run payroll for weeks 1-4 and month 1. If you have any statutory payment reclaim/compensation figures, follow the instructions **here** to submit an **EPS**.

Company 4

This company has:

- Less than 250 employees
- All employees from the same tax reference in one IRIS PAYE-Master company
- Multiple pay frequencies

To get started:

Prepare your data	➡	**Enable RTI**

1. **Prepare your data**

   Make sure your IRIS PAYE-Master company has all the data necessary for RTI by printing the **RTI Missing Data** report

   Complete any blank details and new fields as described **here**

2. **Enable RTI**

   Follow the instructions **here**

Payroll Process for Company 4 when up and running with RTI:

For this example we have used weeks 1-4 and month 1

Week 1

Add Starters	→	Calculate Pay for Week 1	→	Print Payslips and other Reports	→	Create BACS file and pay employees	→	Process Leavers	→	Submit first FPS

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit first FPS**

   Follow the instructions **here**

   NOTE: The first **FPS** will include all information for all employees employed by you in the current tax year, even if you haven't run a payroll for them yet

Week 2
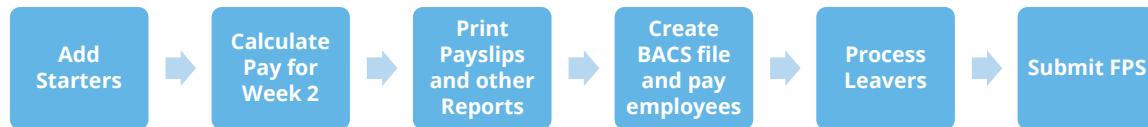
Add Starters → Calculate Pay for Week 2 → Print Payslips and other Reports → Create BACS file and pay employees → Process Leavers → Submit FPS

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

Week 3

Add Starters → Calculate Pay for Week 3 → Print Payslips and other Reports → Create BACS file and pay employees → Process Leavers → Submit FPS

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

| Add Starters | → | Calculate Pay for Week 4 | → | Print Payslips and other Reports | → | Create BACS file and pay employees | → | Process Leavers | → | Submit FPS |

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**
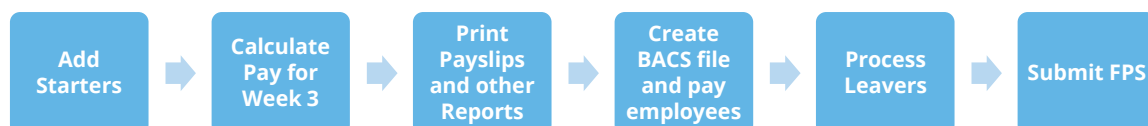
3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

Month 1

| Add Starters | → | Calculate Pay for Month 1 | → | Print Payslips and other Reports | → | Create BACS file and pay employees | → | Process Leavers | → | Submit FPS | → | Submit EPS, if necessary |

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**
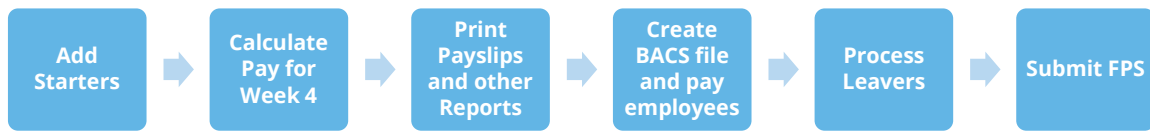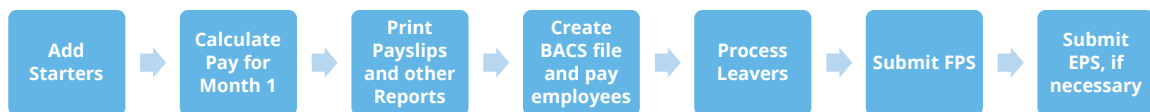
4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

7. **Submit EPS, if required**

   You have now run payroll for weeks 1-4 and month 1. If you have any statutory payment reclaim/compensation figures, follow the instructions **here** to submit an **EPS**

Company 5

This company has:

- Some employees from the same tax reference in a different IRIS PAYE-Master company (**Split Scheme**) (for example, all Weekly employees in one IRIS PAYE-Master company and all Monthly employees in another)

To get started:

For each company with the same tax reference:

Prepare your data	→	Enable RTI	→	Submit EAS

1. **Prepare your data**

   Make sure each of the IRIS PAYE-Master companies with the same tax reference have all the data necessary for RTI by printing the **RTI Missing Data** report in each one.

   Complete any blank details and new fields as described **here**
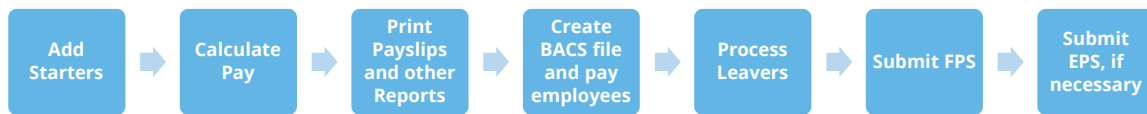
2. **Enable RTI**

   Follow the instructions **here**

3. **Submit EAS**

   Send the **EAS** - follow the instructions **here**

Payroll Process for Company 4 when up and running with RTI

In each IRIS PAYE-Master company with the same tax reference:

| Add Starters | → | Calculate Pay | → | Print Payslips and other Reports | → | Create BACS file and pay employees | → | Process Leavers | → | Submit FPS | → | Submit EPS, if necessary |

1. **Add Starters**

   Add any new starters – follow the instructions **here**

2. **Run Payroll**

3. **Print Payslips & Other Reports**

4. **Pay Employees**

5. **Process Leavers**

   To process leavers, follow the instructions **here**

6. **Submit FPS**

   Follow the instructions **here**

7. **Submit an EPS at month end**

   After running your payroll for each company in the **Split Scheme**, if you have any statutory payments, calculate any statutory payment reclaim/compensation figures. IRIS PAYE-Master calculates these figures automatically based on each individual company so manual calculation may be required.

   Combine the reclaim/compensation figures from the companies with the same tax reference and then on the **EPS** submission screen, enter the amended values.

   For continuity and audit purposes we recommend that you always send the **EPS** for the split scheme from the same IRIS PAYE-Master Company. See **To submit an EPS**: for further information

Software available from IRIS

IRIS Payroll Basics
Free, RTI compliant payroll software for companies with fewer than 10 employees

IRIS Payroll Business
Intelligent, easy to use payroll software for smaller businesses

IRIS Payroll Professional
Flexible payroll software for medium sized businesses

IRIS Bureau Payroll
Intelligent management for multiple payrolls

KashFlow Payroll
Cloud-based UK payroll software – accessible from anywhere on PC, Mac or tablet

IRIS P11D
The easy way to complete employee expenses and benefits returns

IRIS HR Manager
The easy way to keep employee data up-to-date

IRIS OpenPayslips
A secure web based solution that allows your employees to access, and download their e-payslips via an online portal

Stationery order line

Tel: 0844 815 5656

HMRC online service helpdesk

Tel: 0300 200 3600
Fax: 0844 366 7828
Email: helpdesk@ir-efile.gov.uk

HMRC employer helpline

Tel: 0300 200 3200

HMRC employer helpline** (for new business)

Tel: 0300 200 3211

Support

Tel: 0844 815 5661 (Option 1)
Fax: 0844 815 5665
Email: payroll@iris.co.uk

Call **0844 815 5656**, or visit **iris.co.uk** to find out more