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**
<table>
<thead>
<tr>
<th>What do I send to HMRC and when?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full Payment Submission (FPS)</strong></td>
</tr>
<tr>
<td>• Every pay period on or before payday</td>
</tr>
<tr>
<td>• First FPS contains all current employees plus leavers paid this year</td>
</tr>
<tr>
<td><strong>Employer Payment Summary (EPS)</strong></td>
</tr>
<tr>
<td>• Only sent in months where you reduce the payment to HMRC for things like SMP recovered</td>
</tr>
<tr>
<td>• When no employees are paid in the month</td>
</tr>
<tr>
<td>• Or Apprenticeship Levy due has been greater than zero in the tax year</td>
</tr>
<tr>
<td><strong>NINO Verification Request (NVR)</strong></td>
</tr>
<tr>
<td>• Only if you want to trace an NI number before you pay an employee</td>
</tr>
<tr>
<td>• Tracing process is automatic if you include an employee with a blank NI number on the FPS</td>
</tr>
<tr>
<td><strong>Earlier Year Update (EYU)</strong></td>
</tr>
<tr>
<td>• Only if you need to make amendments to an employee's year to date values in a previous tax year</td>
</tr>
<tr>
<td>• Can only be sent on or after 20th April for previous tax year</td>
</tr>
</tbody>
</table>
What do I need to do first?

Enable RTI  ➡️  Prepare your data

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](http://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.

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.
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:

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:

    ![Full Payment Submission Pending](image)

    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
8. 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. **

9. Click **Print** if you need a hard copy of the figures then click **Next**

10. The **Final Confirmation** screen will then be displayed; again click **Print** if you need a hard copy of the figures

11. Click **Back** if you want to amend anything, **Send** when you are finished

** 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

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

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

www.iris.co.uk/customer
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

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RTI</strong></td>
<td>Real Time Information</td>
</tr>
<tr>
<td></td>
<td>Collection of PAYE information as it happens instead of at month end or year end</td>
</tr>
<tr>
<td><strong>FPS</strong></td>
<td>Full Payment Submission</td>
</tr>
<tr>
<td></td>
<td>Sent every payroll</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>Employer Payment Summary</td>
</tr>
<tr>
<td></td>
<td>Sent monthly to inform HMRC about adjustments made to the monthly payment</td>
</tr>
<tr>
<td><strong>NVR</strong></td>
<td>NINO Verification Request</td>
</tr>
<tr>
<td></td>
<td>Sends a request for a National Insurance number to HMRC</td>
</tr>
<tr>
<td><strong>DPS</strong></td>
<td>Data Provisioning Service</td>
</tr>
<tr>
<td></td>
<td>This is the system HMRC uses to send messages to your payroll</td>
</tr>
<tr>
<td><strong>YTD</strong></td>
<td>Year To Date</td>
</tr>
<tr>
<td></td>
<td>The FPS and EPS always send Year to Date values to HMRC</td>
</tr>
<tr>
<td><strong>EYU</strong></td>
<td>Earlier Year Update</td>
</tr>
<tr>
<td></td>
<td>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</td>
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<td><strong>Payment after leaving indicator</strong></td>
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</tr>
<tr>
<td><strong>NINO</strong></td>
<td>National Insurance Number</td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>HMRC online service helpdesk</th>
<th>HMRC employer helpline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tel:</strong> 0300 200 3600</td>
<td><strong>Tel:</strong> 0300 200 3200</td>
</tr>
<tr>
<td><strong>Fax:</strong> 0844 366 7828</td>
<td><strong>Tel:</strong> 0300 200 3211 (new business)</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:helpdesk@ir-efile.gov.uk">helpdesk@ir-efile.gov.uk</a></td>
<td></td>
</tr>
</tbody>
</table>

**Contact Sales (including stationery sales)**

<table>
<thead>
<tr>
<th>For IRIS Payrolls</th>
<th>For Earnie Payrolls</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tel:</strong> 0844 815 5700</td>
<td><strong>Tel:</strong> 0844 815 5677</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:sales@iris.co.uk">sales@iris.co.uk</a></td>
<td><strong>Email:</strong> <a href="mailto:earniesales@iris.co.uk">earniesales@iris.co.uk</a></td>
</tr>
</tbody>
</table>

**Contact support**

<table>
<thead>
<tr>
<th>Your Product</th>
<th>Phone</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRIS PAYE-Master</td>
<td>0844 815 5661</td>
<td><a href="mailto:payroll@iris.co.uk">payroll@iris.co.uk</a></td>
</tr>
<tr>
<td>IRIS Payroll Business</td>
<td>0844 815 5661</td>
<td><a href="mailto:ipsupport@iris.co.uk">ipsupport@iris.co.uk</a></td>
</tr>
<tr>
<td>IRIS Bureau Payroll</td>
<td>0844 815 5661</td>
<td><a href="mailto:ipsupport@iris.co.uk">ipsupport@iris.co.uk</a></td>
</tr>
<tr>
<td>IRIS Payroll Professional</td>
<td>0844 815 5671</td>
<td><a href="mailto:payrollpro@iris.co.uk">payrollpro@iris.co.uk</a></td>
</tr>
<tr>
<td>IRIS GP Payroll</td>
<td>0844 815 5681</td>
<td><a href="mailto:gsupport@iris.co.uk">gsupport@iris.co.uk</a></td>
</tr>
<tr>
<td>IRIS GP Accounts</td>
<td>0844 815 5681</td>
<td><a href="mailto:gpaccsupport@iris.co.uk">gpaccsupport@iris.co.uk</a></td>
</tr>
<tr>
<td>Earnie or Earnie IQ</td>
<td>0844 815 5671</td>
<td><a href="mailto:earniesupport@iris.co.uk">earniesupport@iris.co.uk</a></td>
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</table>