



IRIS Payroll

Year-end Guide

April 2020

IRIS. Look forward

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Dear Customer

Welcome to your guide to completing payroll year-end 2019.

The guide contains:

- Year-end preparation – what you need to do before starting year-end procedures
- Year-end help – step-by-step instructions for completing and submitting your final **Full Payment Submission/Employer Payment Summary** for the tax year and moving companies into the new tax year
- **Company checklist** - you can print a checklist for EACH company and use it along with the **Year-end Guide**, ticking each step as you complete it

Year-end preparation

Before you start your year-end procedures, there are some important checks to make:

Have you got enough of the correct year-end forms?

You only need to give P60s to current employees; you do not need forms for employees who have left.

IRIS has produced a variety of forms specifically designed for your software. Please contact us for details on 0344 815 5656 or click [here](#) to order your stationery online. You can also email us at stationery@iris.co.uk.

Alternatively, you can print the P60s on plain A4 paper using the **Plain Paper P60** – click on the **Reports** menu, click **Year-end Reports** and select **Plain Paper P60** from the menu (if it is not included in the menu you need to select it using the **Report Manager** first).

You can also order P60 forms from HMRC - order P60 Single Sheet forms for 2019/2020.

Forms must be PORTRAIT LASER style. Remember to order well in advance

Have you downloaded and installed the year-end update?

The version number in the title bar along the top of the screen should read 2.23.*.

Have you read this guide through carefully?

Familiarise yourself with the year-end process before you start.

Are you ready to back-up your data?

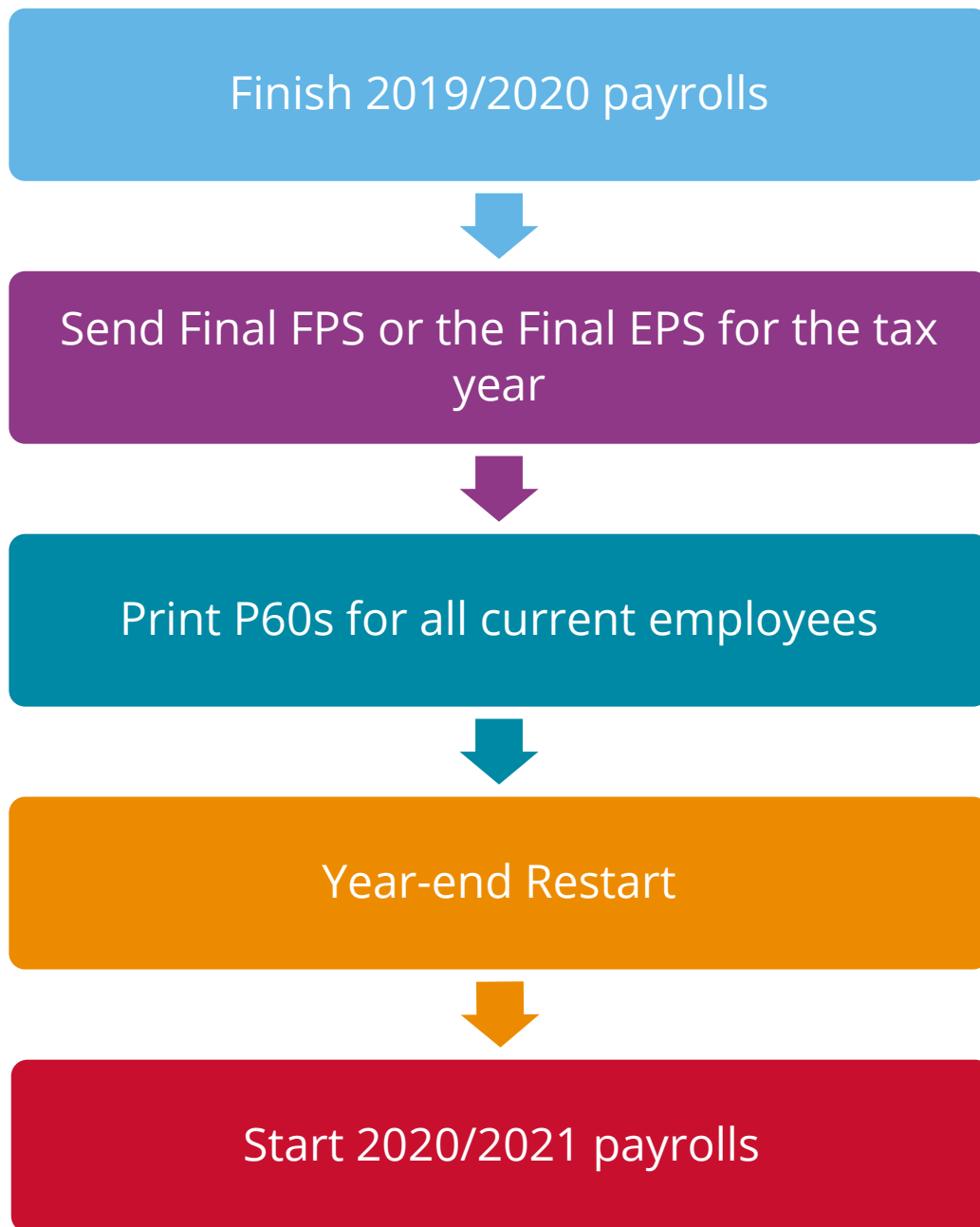
Make sure you know your back-up procedure.

HMRC's Gateway is ready now for your submissions – you do not need to wait until 6 April to file your Final FPS/EPS.

*

Remember to install your update, version 2.23.* first

Overview of sending your year-end return and starting the 2020/2021 tax year



Checklist - Complete year end and start 2020/2021 tax year

Use this checklist if you plan to send your final RTI submissions before you start running payrolls in the 2020/2021 tax year.

Company name	
Company number	
Completed by	
Date	

Before you start make you sure you download and install version 2.23.*

- Step 1** Calculate and finalise all the payroll periods up to the end of 2019/2020
- Step 2** Issue outstanding P45s for the 2019/2020 tax year
- Step 3** Check year-to-date NI for Directors if you started using the payroll software part of the way through the tax year
- Step 4** Back up your 2019/2020 data. Use the space below to keep a record of where you saved it and when you did this:
Back up details
Location/filename _____
Date/Time _____
- Step 5** Submit the Full Payment Submission. If you do not need to submit an EPS for March, tick **Final Submission for the year**

Please note: It is not essential that you **Finalise** prior to submitting your Full Payment Submission, however we recommend you **Finalise** prior to taking your final backup of the year

- Step 6** Submit your Final Employer Payment Summary for year, if required, to HMRC
- Step 7** Print P60 forms and give to your employees by 31 May 2020
- Step 8** Run the Year-end Restart process
- Step 9** If the company newly qualifies as a small employer, tick the **Small Employer Relief** box

Make sure you know about changes to the software and payroll legislation – click on **Help** and select **Release Notes**.

Note: If you need to start payrolls in 2020/2021 before you have printed P60s for the employees, you can return to last year's data and print the P60s for 2019/2020. Click on the **Year-end** tab and select **Use Last Year's Data**. Check that the year shown in the title bar at the top of the window is 2019/2020. To return to the 2020/2021 data, click **Year-end | Close Last Year's Data**. Check that the year shown in the title bar at the top of the window is 2020/2021.

Using Last Year's Data

During the **Year-end Restart** process the payroll software makes a copy of your company's 2019/2020 data – this will be known as **Last Year's Data** once you start using the 2020/2021 data.

You can access last year's data at any time after you run the **Year-end Restart**: Click on the **Year-end** tab and click **Use Last Year's Data**. This will temporarily restore the 2019/2020 data for your company. When **Use Last Year's Data** is in use, the title bar at the top of the screen will show tax year 2019/2020.

You can use last year's data just as you would your current year's data – you can amend employees, take backups, and print reports and so on. Any changes you make are saved, so if you re-instate your current year's data then return to last year's data again, the changes you made to last year's data are still there. If you make changes in the 2019/2020 tax year that alter the year to dates, you can resend an **FPS**.

If you want to return to the current year's data you can click **Close Last Year's Data** (this replaces the **Use Last Year's Data** button while you are using last year's data). The current year's data is also re-instated if you change company or close the payroll software.

You can check which year's data you are using at any time by looking at the tax year displayed in the title bar.

Final Submission of the tax year

Carry out steps 1 to 10 for each company you have in the payroll software.

Before you start make you sure you download and install version 2.23.*

Step 1 Do payroll runs

Calculate and finalise all the pay periods up to the end of the 2019/2020 tax year. This would usually be week 52 or month 12 (unless you have a week 53, 54 or 56).

If necessary, process your payroll for week 53, 54 or 56. You will have a week 53 (54 or 56 for two weekly or four weekly payrolls) when you have calculated and finalised week 52 and the next payment that you are due to make is on 4th/5th April 2020.

It is the date your employees are paid that determines whether you need to process a week 53, 54 or 56; when the work was carried out is irrelevant.

IRIS Payroll will automatically know if you have a week 53, 54 or 56 in the payroll and will guide you through the process.

Step 2 P45s

Issue P45s for employees you do not intend to pay in the 2020/2021 tax year.

Step 3 Check Directors' NI calculation

If the company was set up in the payroll software part of the way through the 2019/2020 tax year, and you have some employees set up as Directors (i.e. with the **Director** box ticked on the **Employee Details | Tax & NI** tab), you must check their year-to-date NI calculations.

To calculate Directors' NI, you can do one of the following:

- use the calculation described in HMRC's leaflet **CA44 National Insurance for Company Directors**, which you can access by clicking on the **HMRC** tab and clicking **Tax & NI Books**
- use HMRC's National Insurance Calculator - Director's Annual Earnings Period 2019/2020 which you can find on their website **here**

Step 4 Backup your data

Backup the 2019/2020 data. Click on the **Application Button**, select **Backup & Restore | Backup Company Data** or follow your standard back up routine.



Step 5 Send Final FPS for the tax year (if no EPS needs to be sent for March)

If you intend to send an **Employer Payment Summary** to HMRC to indicate any adjustments due to statutory payments reclaimed/recovered, or no employees have been paid this month, go to **Step 6**

- 5.1 Go to **Online filing | Send Full Payment Submission**, tick **Final Submission for the tax year** from the FPS Selection screen then click **Next**
- 5.2 Check the figures on the **Full Payment Submission – Final Confirmation** screen. Click **Print Summary** and/or **Print Details** to print a copy for your records
- 5.3 Click **Send** to submit the Full Payment Submission. Go to **Step 7**

Please note: it is not essential that you **Finalise** prior to submitting your Full Payment Submission, however we recommend you **Finalise** prior to taking your final backup of the year

Step 6 Send FPS then Final Employer Payment Summary for year

Complete this step if you need to send a **Final Employer Payment Summary for year** to indicate adjustments due to statutory payments reclaimed/recovered in the final pay period, **No employees paid in Current Month**, or **No employees will be paid in Future Months**:

- 6.1 Following your normal procedures, ensure you have sent an FPS for the final pay period with **Final Submission for the tax year** unticked
- 6.2 Click **Online filing | Send Employer Payment Summary** and from the selection screen tick **Final Employer Payment Summary for year** then click **Next**
- 6.3 Check the figures on the **Employer Payment Summary Values** screen and amend the values if necessary. For example, if you pay some employees in a company via IRIS Payroll software and some in another payroll system and the company has the same tax reference in each, the EPS values must be combined before submitting. Click **Next**
- 6.4 Check the values on the **Employer Payment Summary – Confirm year to-dates values** screen and click **Print** if you require an **EPS Confirmation report**. Click **Send** to submit to HMRC

Important Note: You will receive an email from HMRC telling you that your submission was successful. It may take some time to arrive, depending on how busy the Gateway is. It is important to keep this email in case there are any disputes about your submission.

Step 7 Print P60 year-end forms

Make sure you have selected the correct report for the forms you are using: click on the **Reports** tab and click **Report Manager** then select the **Year-end** category, highlight the report you want to use and click the arrow button to include it in the list of **Year-end Reports**. Click **Save**, then **Close**.

If you are using pre-printed P60 forms, make sure your printer is loaded with forms designed for the current tax year. Click on the **Year-end** menu then click **Print P60s** and select the report you want to use from the list.

Please note: P60s are given to each employee who was working for the company on the last day of the tax year (5 April). Employees should receive them before 31 May 2020

If you experience difficulties aligning your forms, use the **Margins** button on the **Report Preview** screen to adjust the size of the margins - this will shift the text left/right or up/down. If you continue to have problems printing the P60s, try using the HP LaserJet 2100 printer driver with your printer. You can install it via Windows.

Step 8 Year-end restart

Click on the **Year-end** tab and click **Year-end Restart**.

On the **Company | Company Details | HMRC** tab, if you have **Employment Allowance** selected, the following message will appear:

Year-End Update

Employment Allowance

Employment Allowance

Employment Allowance (EA) rules are changing. From April 2020, employers with a Class 1 secondary National Insurance liability of £100,000 or more in the preceding tax year are no longer eligible for the Employment Allowance.

The EA was introduced to support businesses to grow and hire new staff. At present, big businesses get the same benefit as small businesses. However, for larger businesses the benefits of this £4,000 are small relative to their total employment costs and unlikely to encourage them to take on more staff.

To focus business support to those who need it the most, the relief will be restricted to help smaller businesses with the costs of taking on more staff.

What is changing?

This project seeks to remove EA from employers whose (secondary) Class 1 NICs liability was £100k or more in the tax year prior to the EA claim. As a result of the changes, approx. 100k larger employers who currently claim EA will no longer be eligible to claim in future.

Targeting EA in this way means it is now considered to be a type of de minimis state aid. This is because it is essentially placing some businesses in an advantageous position over other businesses on a selective basis which could potentially distort competition and trade within the European Union (EU).

As a result of these reforms the EA will be given from the 2020/21 tax year as de minimis state aid and HMRC will be responsible for ensuring customer compliance with those rules. Therefore, the EA application process needs to change to take account of the rules on de minimis state aid.

Next Cancel

This screen will only appear if you are currently claiming Employment Allowance

Click **Next**

From the **Employment Allowance** screen select from the options:

- **Claim Employment Allowance**

Continue to claim Employment Allowance. My Employer's NI bill for 2019/2020 was below £100,000 for the previous tax year

- **Do not claim Employment Allowance**

Stop claiming Employment Allowance

Year-End Update

Employment Allowance

Employment Allowance

You are currently claiming EA and must indicate what you would like to do for tax year 2020/2021 onwards

Claim Employment Allowance

Continue to claim Employment Allowance. My Employer's NI bill for 2019/2020 was below £100,000

If de minimis state aid rules apply to your business, you must make sure that receipt of the full £4000 allowance in the claim year, when added to any other de minimis state aid already received or allocated in the claim tax year and the previous 2 tax years, would not result in you exceeding the de minimis state aid threshold for your trade sector(s). If you do not know the value of de minimis state aid now, you can enter the value later in Company Options. You must enter the value before submitting your first EPS in the new tax year.

If you do not know what your Employer's NI bill is for 2019/2020 you can pick either option now and amend it later in Company Details if necessary.

Do not claim Employment Allowance

Stop claiming Employment Allowance

Back OK

Click **OK**

If you select to continue to claim Employment Allowance, select the relevant **De minimis state aid** option from:

- De minimis state aid does not apply
- Agriculture
- Fisheries and Aquaculture
- Road Transport
- Industrial

Click **OK**

A message appears explaining what will happen and asking you to confirm. Click **Yes**. A second message appears warning you that the tax calendar will be updated and asking you to confirm again. Click **Yes**.

The **Year-end Restart** process automatically takes a copy of the company (this will now be known as **Last Year's Data**), removes old data and applies changes for the new tax year. If the company qualified for small employer relief in 2019/2020 a message appears asking if you want to continue in the new tax year. If you respond **No**, the payroll software will un-tick the **Small Employer Relief** setting for you.

Please note: The copy of the company data made during the **Year-end Restart** is overwritten each year, so it is NOT a substitute for your end-of-year backup. You may need your end-of-year backup up to seven years in the future

After you have completed the **Year-end Restart** you can still access **last year's data**.

Step 9 Small Employer Relief

If the company NEWLY qualifies as a small employer for the 2020/2021 tax year, you need to click **Company | Company Details | HMRC** tab and tick the **Small Employer Relief** box.

The definition of a small employer for tax year 2020/2021 is one who paid, or was liable to pay, total gross employees' plus employer's Class 1 National Insurance contributions of £45,000 or less during the 2019/2020 tax year. Companies who qualify for small employer relief can claim extra compensation for statutory payments.

Make sure you know about changes to the software and payroll legislation by reading the **Release Notes** – click on **Help** tab | **Release Notes**.

Year-end Restart in Detail

The **Year-end Restart** process is automatic however, you may be interested to know exactly what happens.

1. A backup is made and stored in the **LastYear** folder
2. The year-to-date figures are cleared. This includes:
 - the to-date figures you can access from the **Employee** menu when you click **To-date History**
 - the figures on the **Employee Details | To-Dates** tab
 - the **To-date** figures for **Pay Elements** such as **Rates** and **AEOs** (the to-date figures for a Pension are cleared only if the **Clear Totals** field for the Pension is set to **Annually**)
3. Your employee tax codes are updated, if required, in line with the Budget

4. If you specified a tax code in the **Default Employee** screen, and that tax code is affected by the budget changes, the payroll software updates the default employee tax code too
5. For all employees, the **Week 1 / Month 1** box (in the **Employee Details | Tax & NI** tab) is unticked – i.e. the tax code basis for all employees is set to cumulative
6. The **Payroll Calendar** is updated:

If you have a weekly payroll, the payroll software will create payroll dates in the new year on the same day of the week as the previous year's dates. For example, if you pay your employees weekly each Friday, the payroll dates in 2019/2020 were Friday 12 April, Friday 19 April and so on. In 2020/2021 your payroll dates will automatically be set to Friday 10 April, Friday 17 April etc.

If you have a monthly payroll, the payroll software will create the payroll dates in the new year based on the option you selected such as **Last Working Day of Month**.

If you changed one or more payroll dates manually the payroll software will NOT carry this change forward into the new tax year. For example, if you normally pay your employees every Friday, you may have amended the pay date in the Christmas week from Friday 18 December to Thursday 17 December. You need to apply this type of change manually after the Year-end Restart has completed.

If the **Small Employer Relief** box is already ticked (indicating that your company qualified for small employer relief in 2019/2020) a message appears asking if you want to enable small employer relief again for the new tax year. If you respond **Yes**, nothing will change. If you respond **No**, the payroll software will remove the tick for you. (The **Small Employer Relief** tick-box is found by clicking the **Company | Company Details** and selecting the **HMRC** tab.)

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	For IRIS Payroll Professional
Tel: 0344 815 5656	Tel: 0344 815 5676	Tel: 0345 057 3708
Email: sales@iris.co.uk	Email: earniesales@iris.co.uk	Email: payrollsales@iris.co.uk

Contact Support

Your Product	Phone	E-mail
IRIS PAYE-Master	0344 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0344 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0344 815 5661	ipsupport@iris.co.uk
IRIS GP Payroll	0344 815 5681	gpsupport@iris.co.uk
IRIS GP Accounts	0344 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0344 815 5671	earniesupport@iris.co.uk
IRIS Payroll Professional (formerly Star)	01273 715300	payroll-support@iris.co.uk

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