



Helping small
businesses with
Real Time Information

Sage One Payroll

Is your business completing RTI submissions? Are you RTI ready? Sage One is here to help you

Understanding PAYE Real Time Information

It's here and a lot of small businesses still don't realise it's here. You might ask what is it? Well, it's Real Time Information; one of the biggest changes to payroll since 1944 and it affects all businesses in the UK that pay their employees through the PAYE system.

What is PAYE Real Time Information?

Real Time Information (or RTI for short) is an HMRC initiative to improve the accuracy of PAYE, reducing the need to send out corrections for overpayment or underpaying and the possibility of fraud.

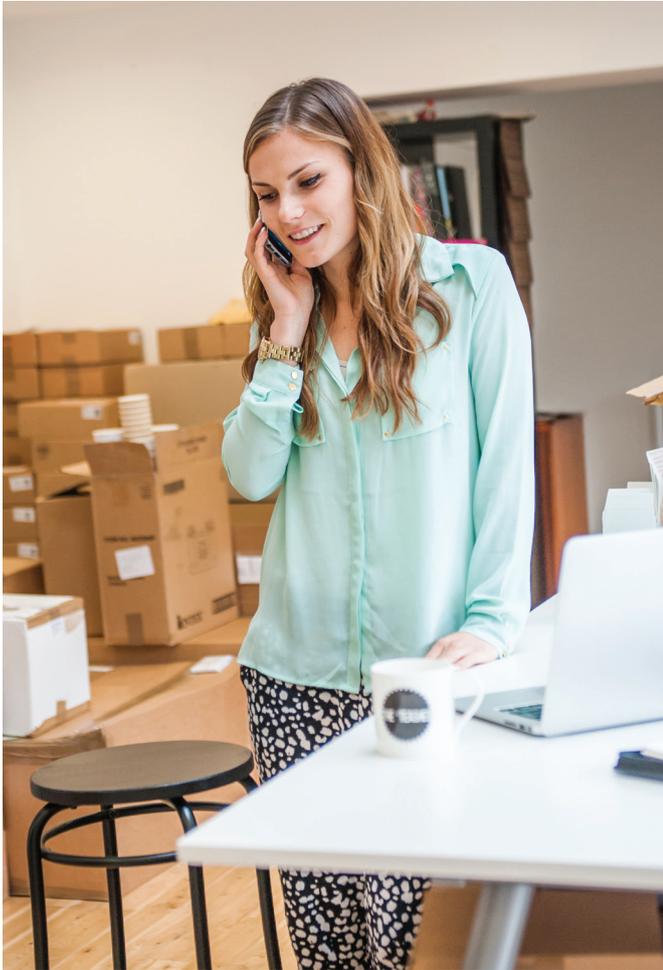
Under RTI, employers must submit information electronically via the internet to HMRC on or before they pay their employees, instead of just once a year.

Why did HMRC introduce RTI?

"Real Time Information (RTI) is being introduced to improve the operation of PAYE. It will make the PAYE system easier for employers and HM Revenue & Customs (HMRC) to operate, and employees will receive information more quickly. It will also help support the introduction of Universal Credits"

HM Revenue & Customs

When will your business need to be ready for RTI?



RTI became compulsory for all employers from October 2013, although there are some exceptions.

What does this mean for my business?

You should now be submitting RTI information electronically to HMRC for PAYE, NIC and student loans every time you pay your employees.

You'll need up-to-date details for ALL your employees – including temporary and casual workers and employees paid below the National Insurance Lower Earnings Limit.

Simple things you can do to prepare your data for successful RTI submissions

Make sure you have the correct details for your employees, wherever possible check the information you need against an official document such as:

- HMRC and /or Department for Work and Pensions documentation
- Passport documentation
- Birth Certificate

Simple Do's

Employee name – do enter the employees full name and surname and if applicable a double barrelled name in full

Date of Birth – do enter the correct date of birth and ensure it's in the right format DD/MM/YYYY e.g. 05/05/1985

National Insurance Number – do only enter the employees correct NI number...if you don't know it - leave it empty/blank

Simple Don'ts

Employee name – don't use known as names e.g. if HMRC know the employee as Robert...don't use Bob

Date of Birth – don't make one up or enter a default date of birth

National Insurance Number – don't make one up or enter a default NI Number

For more information about getting your employees information correct in preparation for RTI please visit www.hmrc.gov.uk/rtdip/get-payroll-right.htm

How RTI has changed the way you do your Payroll

The fundamentals of running a payroll have remained the same, but there are some key changes you need to be aware of:

Processing your employees payroll

- You need to submit your Full Payment Submission to HMRC electronically each time you pay your employees

Taking on new employees under RTI

- You no longer need to submit a P45 /P46 to HMRC
- You should still accept a P45/P46 from a new employee
- You should get your employee to complete new starter statements
- New starters are submitted by the Full Payment Submission under RTI

Making an employee a leaver under RTI

- You no longer need to submit a P45 to HMRC

You should still provide the employee with a paper copy of their P45

- Leavers are submitted by the Full Payment Submission under RTI

Irregularly paid employees under RTI

- You need to include details about employees regardless of whether they are being paid or not, as part of the Full Payment submission

Paying HMRC outstanding PAYE and National Insurance liability

- HMRC know from your regular Full Payment Submission how much your outstanding PAYE and National Insurance Contributions
- You need to submit an Employers Payment Summary if you need to inform HMRC of a difference in your PAYE and National Insurance liability due, for example if you are recovering Statutory Sick or Maternity Pay or advising of a nil payment
- You continue to pay HMRC outstanding PAYE and National Insurance Contributions by 19th or 22nd of the following month

Payroll Year End under RTI

- You no longer need to submit P35 and P14
- You continue to provide employees P60 End of Year Summary



What are the fines and penalties?

HMRC will penalise you if you are not submitting your Full Payment Submission (the submission made each time you make a payment to an employee) or Employer Payment Summary (the submission made to inform HMRC of a change in your liability or where no liability is due) on time

- **Micro businesses (employing 1 to 9 employees) - £100 monthly penalty (per PAYE scheme)**
- **Small businesses (employing 10 to 49 employees) - £200 monthly penalty (per PAYE scheme)**

HMRC will issue these penalties quarterly and you have 30 days to pay. If you don't pay you could incur additional interest rates starting at 3%.

Are there any exceptions?

In efforts aimed at helping micro businesses, HMRC have announced a narrowing of the existing relaxation rule to those employing 9 or fewer employees who process their payroll monthly, but may make payments more frequently.

These employers will now have until **April 2016** to submit RTI returns every time a payment is made. Between now and then they can send RTI to HMRC by the date of their regular payroll run but no later than the end of the tax month (5th).

How can I avoid the fines and penalties?

There are some simple things you can do to help you avoid the fines and penalties given by HMRC.

- **Be accurate** Take time and care in your payroll calculations.
- **Do it on time** Send RTI submissions on or before you make the payment to your employee.
- **Pay what you owe** With RTI, HMRC know exactly how much you owe so be sure to pay it on time or you could incur a late payment penalty.

What will I need to submit RTI to HMRC in Sage One Payroll?

Using Sage One Payroll, you will be making 2 different types of RTI submissions:

1. FULL PAYMENT SUBMISSION (FPS)

Full Payment Submission is the main and most common submission type consisting of the employee payments and deductions that will be required each time an employer makes a payment to an employee. HMRC will use this submission to calculate how much PAYE and NIC liability is due from you each tax month. You will need to submit an FPS every time you make a payment to an employee and the submission must be made on or before the date the employee is paid. Therefore if you process a mixture of weekly and monthly payrolls for your business, you will need to submit an FPS each time you pay your weekly and monthly employees.

2. EMPLOYERS PAYMENT SUMMARY (EPS)

HMRC will know from your regular FPS submissions how much your PAYE and NIC liability is. The EPS is only submitted where you need to advise HMRC of any alteration to this liability (such as where reclaiming statutory payments) or where you are informing them of a nil payment. You should make this submission when or before the relevant monthly or quarterly liability payment is made to HMRC.

Can I switch to Sage One Payroll from HMRC basic PAYE tools?

You can migrate from HMRC's basic PAYE tools at any time. You can also import your existing data direct into Sage One Payroll.



How will Sage ensure compliance with Real Time Information?

You can be confident that Sage One Payroll is RTI ready and will make submitting RTI returns to HMRC really simple.

At Sage, we have been providing simple and easy to use payroll software for 30 years and have continued to achieve the HMRC stringent Payroll standard.

Sage One Payroll – simple RTI compliance for small business

Regardless of whether you employ 1 or 15 employees, Sage One Payroll is the really simple way to pay your employees on-line whilst ensuring legislative compliance.

You can be confident that you don't have to be a payroll expert, with no software to install, no long term contract and benefiting from anytime anywhere on-line access... Sage One Payroll reassuringly automates your payroll whilst seamlessly keeping you up to date with payroll legislation such as RTI, without complication.

From as little as £5 per month for up to 5 employees (that's just £1 per employee per month!!!) you can be confident and reassured that Sage One Payroll will guarantee your RTI compliance... and all of this backed up with free 24/7 telephone support.

Try Sage One Payroll now for free for 30 days
<http://uk.sageone.com/payroll>

Over 509,000 employers in the UK choose Sage Payroll solutions to pay over 7.6 million employees, that's 1 in every 4 employees.



To find out more about Sage One Payroll
and how you can become RTI compliant,
please visit uk.sageone.com/payroll

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