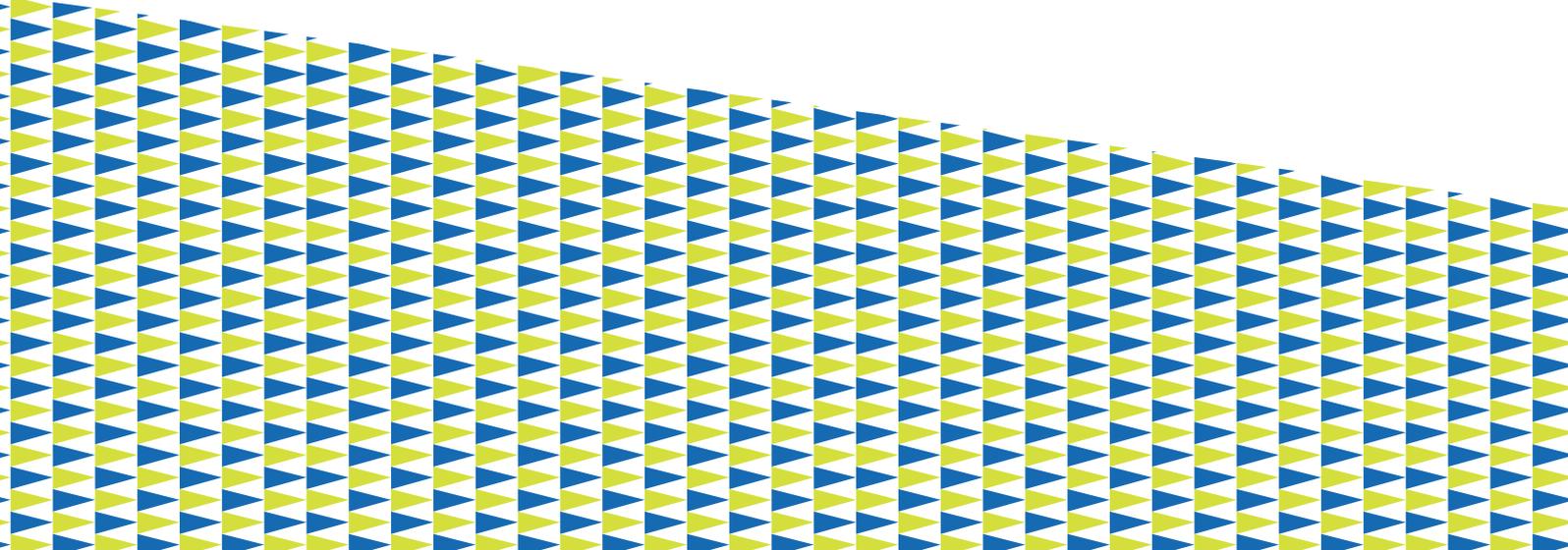


Affinity
Fresh Approach to Accountancy & Payroll

Real Time Information

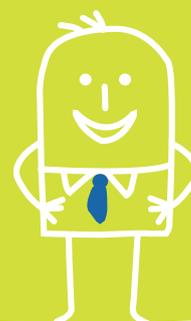
Helping you prepare for RTI



Introduction

Real Time Information (RTI) is the new PAYE reporting system. Under RTI employers are required to report PAYE payments at the time they are made as part of the payroll process, rather than annually using a P35.

RTI is the largest change made by HMRC since the PAYE scheme was constructed in the 1940s and preparing for it requires a significant amount of preparation on the part of businesses. There is a phasing in period for six months beginning in April 2013. HMRC have not yet decided what order businesses will be required to join the scheme although it is likely to be based on the number of employees.



Will RTI affect me?

RTI will impact all businesses that pay employees, including business owners who draw a salary. By October 2013 all businesses must submit their payroll information online except in very limited circumstances. HMRC intends to write to businesses during October 2012 to introduce RTI and again in February 2013 to notify those businesses of their 'boarding date', which is when RTI will become compulsory for them.

How will it affect me?

RTI has implications for businesses, business owners and employees. In April 2013 most businesses will need to be using RTI and by October 2013 it will be compulsory for all businesses. Failure to make the online submissions may result in significant fines. HMRC intends to write to businesses between October 2012 and February 2013 to notify them of RTI and when it will become compulsory.

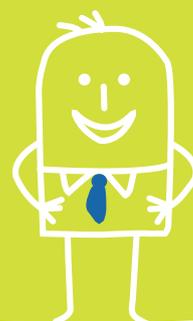
RTI requires an employer to hold **118 individual pieces of information on every employee** which will need to be accurate and correspond with HMRC data. You must ensure that employee details such as full name, home address, date of birth, national insurance number and gender are correct before your first RTI submission.

It is important to note that only an individual can update their personal details with HMRC. Employers will need to ensure their employees contact HMRC to update their data so the information held by the employer and HMRC are the same.

What do I need to do?

In order to make sure you are ready for RTI you should ensure as a minimum that:

- ▶ You have collated all required information from your employees as part of the data cleansing process and informed your employees of the need for them to be responsible for updating their information with HMRC
- ▶ You have reviewed your procedures when processing payments
- ▶ You have reviewed and varied (if required) your employment contracts, policies and procedures, and consulted with your employees where necessary
- ▶ Your payroll software is RTI compatible and compliant



Required information:

1. Data cleansing and changes to employee details

To ensure your employee records are complete and up to date and in the format required by RTI, you will need to undertake a data cleansing process.

It's important to note that only employees are able to amend their information directly with the HMRC. If an employee needs to record a change of name, for example, they will need to contact HMRC and change the information themselves. You will need to establish a policy and procedure for ensuring these changes are made and communicate this to your employees, as you will be liable for any discrepancies.

2. Procedural review and process change

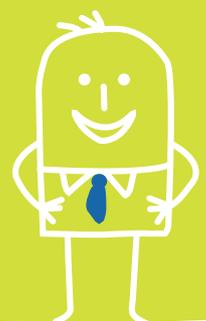
The introduction of RTI has a number of implications for your business systems and processes, including:

- ▶ An end to payrolls being processed in arrears
- ▶ Advance payments, no matter how small, must be recorded on the payroll at the time of payment
- ▶ Directors' annual payrolls will be required to be set up as annual pay frequency rather than at the end of the year as often happens currently

3. Contract review

You may want to introduce into your contracts of employment a contractual obligation that employees will provide accurate information to you, not only at the outset of employment but throughout the employment relationship. You may also want to consider including breach of the obligation in your disciplinary policy as incorrect data could lead to your RTI submission being rejected.

If changes are made to your systems and processes (e.g. pay is no longer paid in arrears), it may lead to a necessary variation of employment terms. If a variation is required, you should formally consult with your employees.



4. Systems review

You need to ensure your payroll software is appropriate and up to date. You should contact your current software provider to ask what changes they will be making to prepare for RTI and check that they will notify HMRC of those changes.

When do I need to do all this by?

The migration period will begin in April 2013 and by October 2013 it will be mandatory for all employers to use RTI.

HMRC will notify you of your 'boarding date' which could be any time between April 2013 and October 2013. It is likely that boarding dates will be determined by employer size.

How we can help you prepare for RTI

Once you start looking into everything you have to do to prepare for RTI it can be a little daunting.

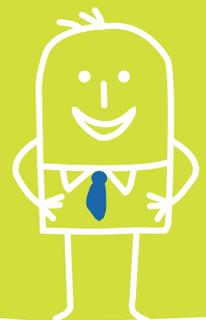
Using a payroll processing service typically costs less than hiring an additional employee to handle payroll.

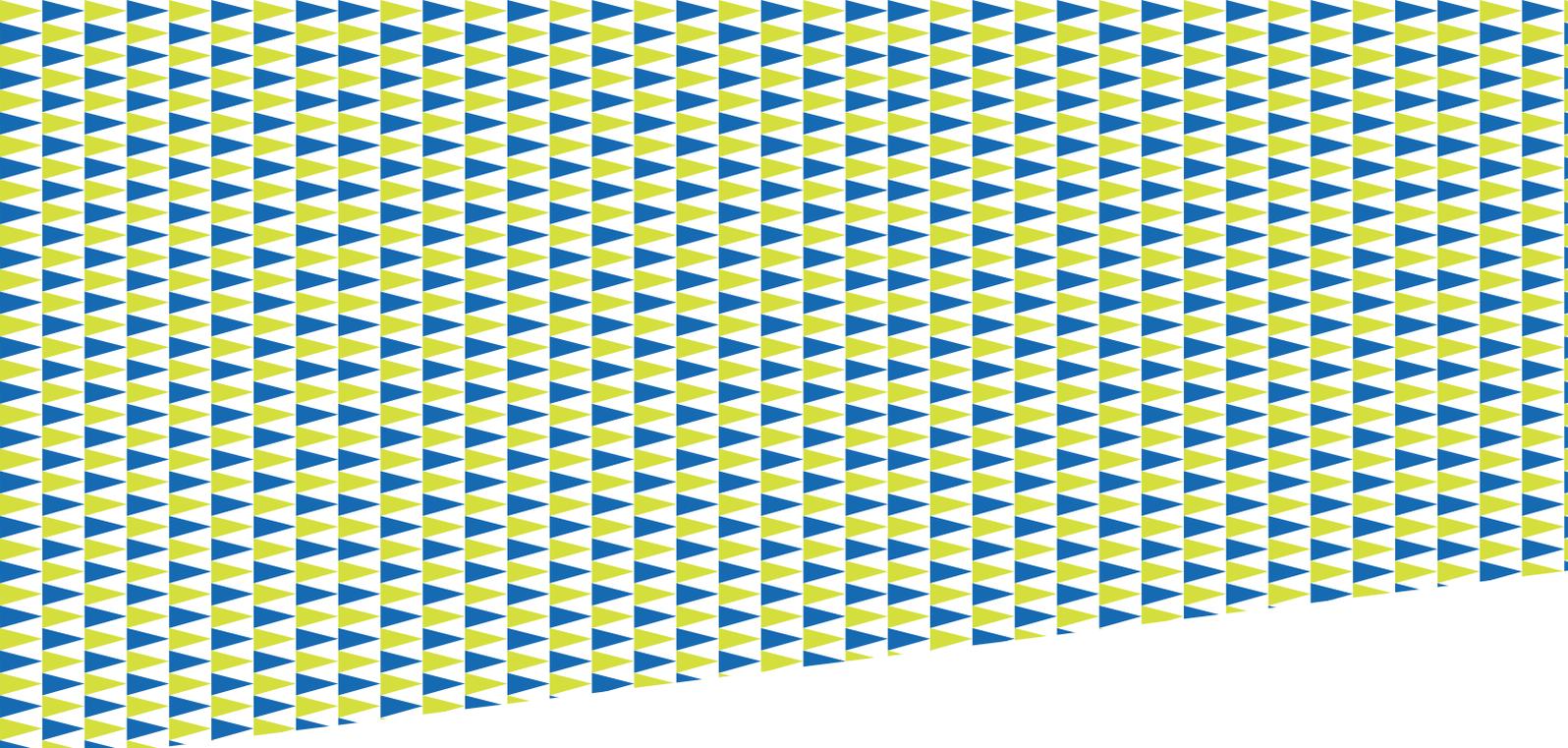
Companies can gain access to payroll specialists dedicated to ensuring they meet their statutory obligations. Enlisting the help of a payroll outsourcing service can reduce a company's risk of legal

errors, thus leading to legal protection for the business. Many business owners underestimate the cost of processing payroll internally by failing to account for all hours spent and resources allocated to pay employees and maintain payroll paperwork.

The capital freed up by outsourcing can be invested more profitably elsewhere in the business.

If you would like to save time and worry, our Payroll Department is there to help and offer a cost effective solution.





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