

PAYROLL NEWSLETTER

JULY 2012



This newsletter has been prepared by:

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It's time again for us to give you an update from the world of payroll. There are a couple of issues that will dominate over the next few months. We hope that this gives you an idea of what to expect.

As many of you are aware HMRC are making major changes to the way that employer's salary payments are reported to them. This new system is called **Real Time Information (RTI).**

The idea is:

- To make the PAYE system easier to operate for both employers and HMRC including simplifying the processes for starters;
- ♦ To assist with the introduction, in 2013, of the Universal Credit; this is the new welfare benefit that will replace six of the main means-tested benefits and tax credits;

♦ To enable HMRC to chase up employers with overdue PAYE liability on a more timely basis;

So I hear you ask what will RTI mean to an employer?

Using RTI, employers and pension providers will be expected to inform HMRC about tax, National Insurance contributions amongst many other things when or before the payments are made to the employees. This will nullify the need to complete the end of year return Form P35, but you will still need to produce P60's for your employees. All information is submitted, on or before each pay day, over the internet and is called a Full Payment Submission (FPS). This will mean if you pay your staff monthly you will make 12 submissions a year but for weekly paid it will be 52 or 53. If you are a small employer then you can submit this via the HMRC Basic PAYE tools package.

This will mean that each month HMRC will know how much each of your employees has earned, approximate number of hours that they work and the deductions made and in turn the amount of Tax and National Insurance liability owed by the company.

In the buildup to RTI the National Insurance numbers of all employees will have to be verified with HMRC. If you hold an incorrect National Insurance number you will need to establish the corrected one before you would be able to submit a FPS.

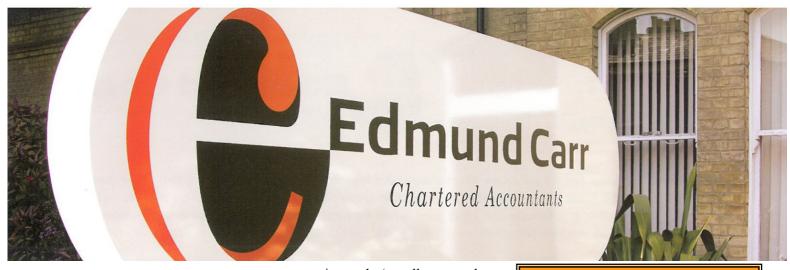
If Edmund Carr process your payroll we will do all of this for you and will be in touch shortly to carry out the verification process.

Auto-Enrolment of Pensions Schemes

On 1 October 2012 the autoenrolment of pension contributions will commence. Over a period beginning in October 2012, with the start date depending on the size of the company, employers will begin automatically enrolling employees into a workplace pension scheme if the employee:

- ♦ is not already in a pension at work
- is aged 22 or over
- ♦ is under State Pension age
- earns more than £8,105.00 a year (this amount may change every April)

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♦ Works in the UK

The employer must let the employee know in writing if they are to be enrolled into a workplace pension or not. When this happens depends on the size of the employer. Very large employers are doing it first, in late 2012 and early 2013. Other employers will follow. Once you know when you will have to partake in auto enrolment you must advise your employees in writing:

- ♦ the date of enrolment
- the pension scheme they will be enrolled into
- how much will go into their pension (as a percentage of their salary or as a fixed amount)
- ♦ how they can opt out of the pension, if needed

The employer must:

- accept a request to join the workplace pension, if the employee has previously opted out or stopped paying the employer must accept the request once in a 12 month period but can choose to accept further requests if they want to
- enrol the employee back into the pension at regular

intervals (usually every three years), if they meet the eligibility criteria and aren't in a workplace pension

- pay full contributions on time, to whoever runs the pension scheme
- ♦ If the employee is already in a workplace pension, the employer must confirm in writing that the pension meets the government's new standards
- ♦ If they do not have to be enrolled and are not already in a workplace pension, the employer must:
- explain in writing that they have a right to join a workplace pension
- ♦ explain how to join
- If you asked to join a pension scheme, the employee may be entitled to an employer's contribution

The following table gives the timescales for which auto enrolment will, at present, apply. These dates have changed so may alter again...

If you are concerned about RTI or pensions, please don't hesitate to make contact.

Automatic Enrolment dates by PAYE scheme size

250 or more members

From 1 October 2012 to 1 February 2014

50 to 249 members

From 1 April 2014 to 1 April 2015

30 to 49members

From 1 August 2015 to 1 October 2015

Less than 30 members

From 1 January 2016 to 1 April 2017

To finish I thought some of you may like an update on Shirley. As you can see from the photo below she is still spreading the "Edmund Carr word" in the land of Oz!

Glad to see you still need a brolly in Oz!

Disclaimer

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

If you think this information might be useful to a friend or colleague, please pass it on.

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