



Guide to Real Time Information (RTI) for PAYE

IRIS Payroll Professional

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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** towards the back and also an **FAQ** (Frequently Asked Questions) section.

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 the sections **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 also 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, be that weekly, fortnightly or monthly.

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 tell HMRC about Tax, National Insurance contributions and other deductions on or before pay day, be that weekly, monthly or any other period via a **Full Payment Submission**
- Any adjustments to the expected monthly payment that an employer is making to HMRC are reported via an **Employer Payment Summary**
- New starters and leavers are reported via the **Full Payment Submission**

What do I send to HMRC and when?

Full Payment Submission (FPS)

- Every pay period on or before payday
- First FPS contains all current employees plus leavers paid this year

Employer Payment Summary (EPS)

- Only sent in months where you reduce the payment to HMRC for things like SMP recovered or because no employees were paid

NINO Verification Request (NVR)

- Only if you want to trace an NI number before you pay an employee
- Tracing process is automatic if you include an employee with a blank NI number on the FPS

Earlier Year Update (EYU)

- Used for reporting amendments to an employee's year to date figures in the previous tax year, if the date in the current tax year is on or after 20th April

What do I need to do first?



Prepare your data

HMRC require accurate employee data for RTI. You need to make sure your **Employee Details** are up to date and accurate. A new report is available, **RTI Missing Data**, which highlights any missing information.

To print the report:

1. Select **RTI Missing Data** from **Reports | Library Selection | Miscellaneous**
2. Print **RTI Missing Data** via **Reports | Print Other Reports | RTI Missing Data**

The report checks the following mandatory fields:

Company data

- **District No ***
- **PAYE Reference ***
- **PAYE 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'

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:

- **Forename1** field is completed with employees' given names, for example Catherine rather than Kate or Matthew rather than Matt
- Nicknames should be entered into the **Known As** field
- Where known, include middle names in the **Forename2** field. HMRC will be using these as a secondary identifier when NI number is not present
- An individual's correct date of birth should always be recorded, not a default or fictitious date

According to HMRC, over 80 per cent 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.

Employee Data

You may need to add certain employee data to the payroll system; **Irregular Payment, Normal Hours Worked per Week, Passport No, Occupational Pension, Trivial Commutation Payments**, <https://www.gov.uk/guidance/paying-a-company-pension-or-annuity-through-your-payroll>

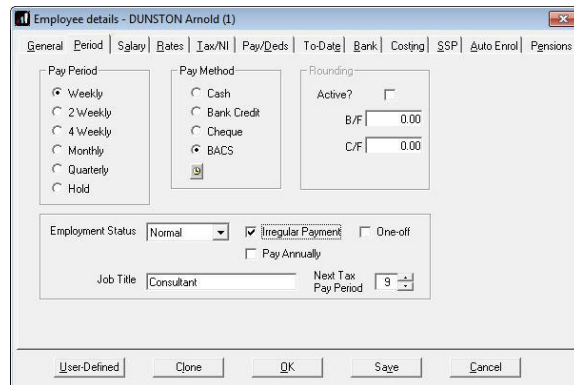
Country, On Strike, Employee Requested Zero Contracted Hours and **Payment to a Non-Individual**.

When setting up a new employee the **Irregular Payment** indicator will be ticked if you select **Casual** or **Occasional** as the **Employee Status**

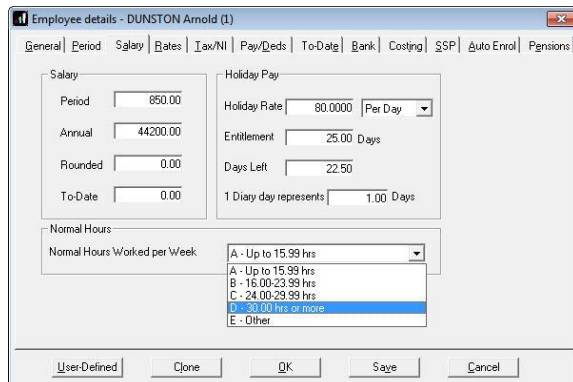
Irregular Payment

This field is important to complete for any casual or occasional 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 company.

If you have employees who have their **Employment Status** set to **Casual** or **Occasional**, the **Irregular Payment Indicator** field will be ticked and disabled by default.



The screenshot shows the 'Employee details - DUNSTON Arnold (1)' form. The 'Pay Period' is set to 'Weekly'. The 'Pay Method' is 'BACS'. The 'Rounding' section has 'Active?' checked and 'B/F' and 'C/F' both set to 0.00. The 'Employment Status' is 'Normal'. The 'Irregular Payment' checkbox is checked and disabled. The 'Job Title' is 'Consultant' and the 'Next Tax Pay Period' is '9'.



The screenshot shows the 'Employee details - DUNSTON Arnold (1)' form. The 'Salary' section has 'Period' at 650.00, 'Annual' at 44200.00, 'Rounded' at 0.00, and 'To-Date' at 0.00. The 'Holiday Pay' section has 'Holiday Rate' at 80.0000, 'Entitlement' at 25.00 Days, and 'Days Left' at 22.50. The 'Normal Hours' section has a dropdown menu for 'Normal Hours Worked per Week' with options: 'A - Up to 15.99 hrs', 'B - 16.00-23.99 hrs', 'C - 24.00-29.99 hrs', 'D - 30.00 hrs or more', and 'E - Other'. The 'D' option is selected.

Normal Hours Worked per Week

This field should hold 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 HMRC website [here](#). It also provides an explanation of how to work out usual weekly working hours. This field will be used by HMRC to calculate eligibility for tax credits, so it is important you complete it.

The system operates in bands of hours which are: **A - up to 15.99 hrs**, **B - 16.00-23.99 hrs**, **C - 24.00-29.99 hrs** and **D - 30.00 hrs or more**. If you are paying a pension select **E - Other**.

Passport No

This only needs to be used for employees who are unable to provide you with an NI number, such as foreign nationals.

Occupational Pension

If an employee is receiving an Occupational Pension the **Receiving Occupational Pension** box must be ticked. This field can be found in **Employee Details**, on the **Tax/NI** tab. Click on the **Starter Details** button and open the **Pensioner** tab.

Trivial Commutation Payments

When paying pension payments you may need to pay a **Trivial Commutation Payment**. These one-off lump sum payments can have a non-taxable proportion. The type of **Trivial Commutation Payment** declared will be included on your FPS together the value of the payment.

Further information regarding Trivial Commutation Payments can be found via the following link:

<https://www.gov.uk/guidance/paying-a-company-pension-or-annuity-through-your-payroll>

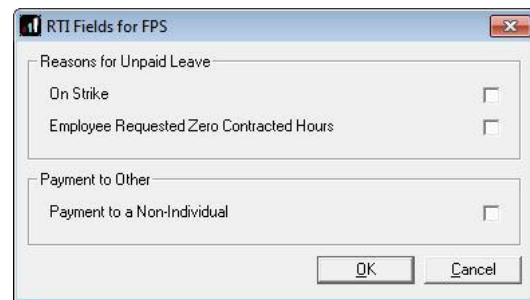
Country

Country needs to be included as part of an employee's address. The drop-down by default contains United Kingdom. You are able to add countries by typing into the box.

On Strike & Employee Requested Zero Contracted Hours

These fields are available when clicking the RTI button on the **Input Edit Payroll Details** screen. They 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 un-ticked.

Payment to a Non-Individual

This field should only be used if you are making a payment to a non-individual on behalf of the employee, for example a charity. If this box is ticked the information will be included on the FPS and will stay ticked for any subsequent pay periods until un-ticked.

BACS

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 use the **RTI BACS** layout. To do this go to **Reports | Report Library |** and select **RTI BACS**. If you use APT, for their correct format you will need to select **Bankline BACSTEL-IP (RTI)**

This format will ensure that a **Random Number** is created allowing the **FPS/BACS** to be cross-referenced by HMRC. The Random Number is shown on the printed BACS schedule for your reference.

Identify Pensions

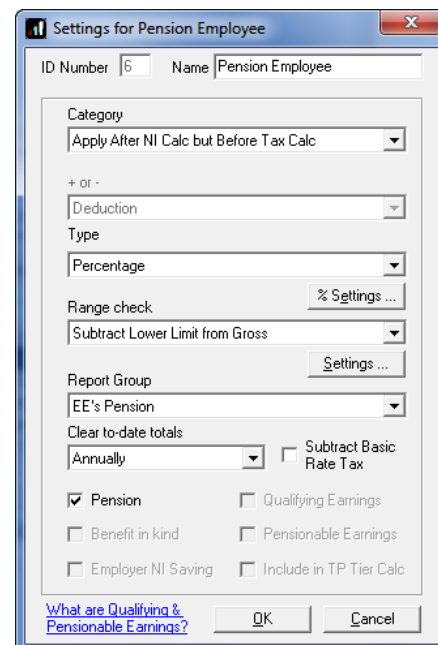
RTI requires Pensions to be identified on the FPS. To cater for this, a tick box has been added to the **Company Payments & Deductions** settings screen.

You will need to make sure any pension deductions are marked as such.

The tick box will not be set by default.

To do this:

1. Click on the **Company** menu and select **Alter Payments/Deductions**
2. Highlight the pension in the list and click the **Edit** button
3. Click the **Pension** box in the bottom left corner
4. Click **OK**
5. Repeat for all Employer and Employee Pension contributions



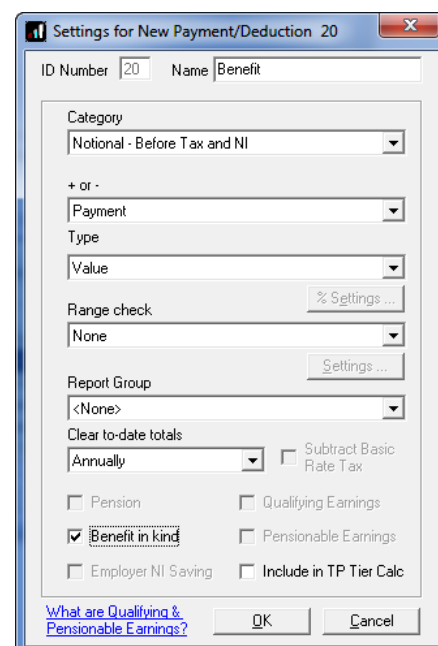
The screenshot shows the 'Settings for Pension Employee' dialog box. The ID Number is 6 and the Name is 'Pension Employee'. The Category is 'Apply After NI Calc but Before Tax Calc'. The '+ or -' dropdown is set to 'Deduction'. The Type is 'Percentage'. The Range check is 'Subtract Lower Limit from Gross'. The Report Group is 'EE's Pension'. The Clear to-date totals is 'Annually'. The 'Pension' checkbox is checked, while 'Benefit in kind', 'Employer NI Saving', 'Qualifying Earnings', 'Pensionable Earnings', and 'Include in TP Tier Calc' are unchecked. The 'Subtract Basic Rate Tax' checkbox is also unchecked. There are 'OK' and 'Cancel' buttons at the bottom right, and a link 'What are Qualifying & Pensionable Earnings?' at the bottom left.

Identify Benefits in Kind

RTI also requires any payments which are a **Benefit in Kind** to be identified. For example, a company may charge the tax on private medical contributions through the payroll.

If you have any of these you will need to:

1. Click on the **Company** menu and select **Alter Payments/Deductions**
2. Highlight the Benefit payment in the list and click the **Edit** button
3. Click the **Benefit in kind** box
4. Click **OK**
5. Repeat for all Benefit type payments

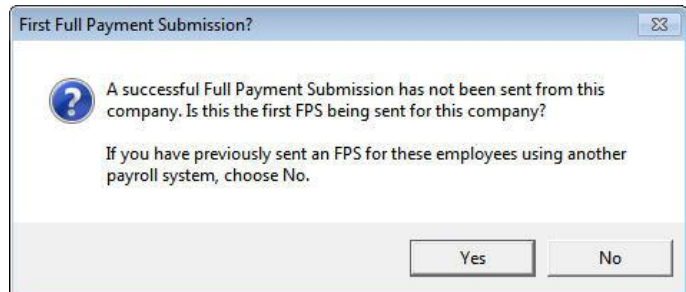


The screenshot shows the 'Settings for New Payment/Deduction 20' dialog box. The ID Number is 20 and the Name is 'Benefit'. The Category is 'Notional - Before Tax and NI'. The '+ or -' dropdown is set to 'Payment'. The Type is 'Value'. The Range check is 'None'. The Report Group is '<None>'. The Clear to-date totals is 'Annually'. The 'Benefit in kind' checkbox is checked, while 'Pension', 'Employer NI Saving', 'Qualifying Earnings', 'Pensionable Earnings', and 'Include in TP Tier Calc' are unchecked. The 'Subtract Basic Rate Tax' checkbox is also unchecked. There are 'OK' and 'Cancel' buttons at the bottom right, and a link 'What are Qualifying & Pensionable Earnings?' at the bottom left.

To send the **FIRST FPS** (after you have run your first payroll):

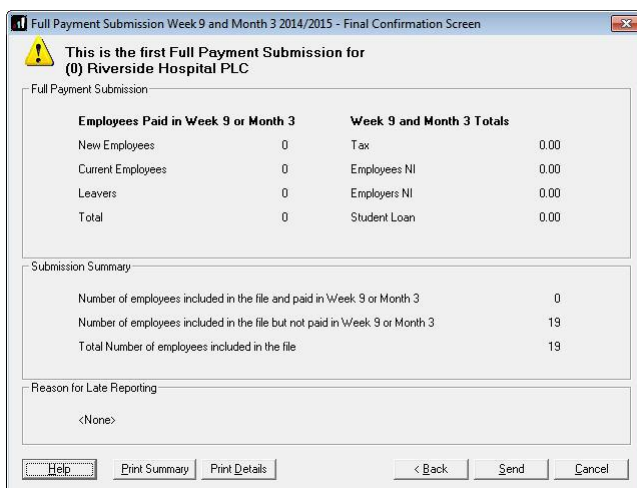
1. Click on the **Online Services** menu
2. Select **Send Full Payment Submission**
3. If the software detects that this is the first FPS sent for this company you will see this message:

Click **Yes**
4. The screen will show **This is the first Full Payment Submission**
5. Enter **Employee Type & Period**
6. In **Who to Select**, click **All**
7. Ensure **Submission Type** is set to **Live**



Under the section **Submission**, there is **Reason for Late Reporting**. This is an optional field allowing you to decide if the FPS is late, and if so, what reason to select

8. Click **Next**
9. The **Final Confirmation Screen** will be displayed:



10. 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
11. 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. It should be sent for every payment on or before payday.

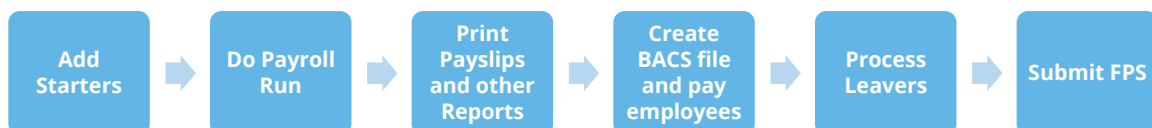
Generally FPS submissions should be sent on or before the pay date with few exceptions. HMRC allow up to 7 days to report PAYE in certain circumstances:

- Where payments are made on the day of work which vary depending on the work done
- Where it is impractical to report in real time – such as:
 - A crop picker paid in cash at the end of the day, when their pay is based on how much they have picked

Click [here](#) for HMRC information on timing and [here](#) for HMRC information on paying Harvest Casuals and Beaters. Click [here](#) for information on paying Harvest Casuals and Beaters in the software.

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:



This makes sure that any leavers you have created are marked as such with their final payments.

If an employee included on the **Full Payment Submission** has an incorrect or missing **NI number**, HMRC will automatically begin a search for the correct one or allocate a new one

To send an FPS:

1. Click on the **Online Services** menu
2. Select **Send Full Payment Submission**
3. Select **Employee Type & Period** – it is possible to send a combined weekly and monthly FPS if you need to
4. In **Who to Select**, click **All**
5. The screen will show **Last Full Payment Submission was for ...** This is the last **FPS** that was submitted
6. Select **Submission Type** (Live or File only – File only does not send the data to HMRC, it may be requested by Payroll Support if they ever need to assist you with your **FPS**)

Under the section **Submission**, there is **Reason for Late Reporting**. This is an optional field allowing you to decide if the FPS is late, and if so, which reason to select

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**

If you have a pending **FPS** submission that has not been sent for the company you will receive the following message:

'You have a previous Full Payment Submission where you have not received a response from HMRC. It is very important that these are completed before sending any new submissions. Do you want to complete the previous pending submission now?'

What do I need to do each month?

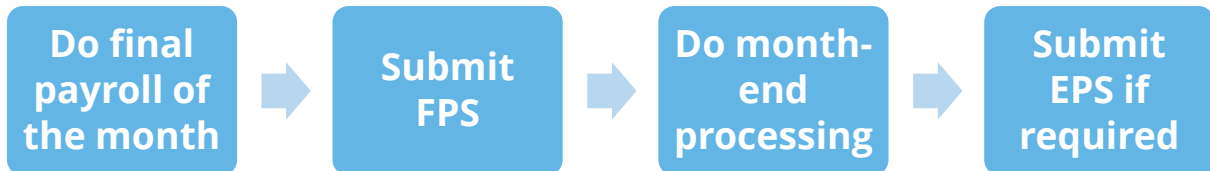
Payments should be made to HMRC by the 19th/22nd of the following month. You can use the **Month End Summary** to help you with this.

You need to do an **Employer Payment Summary** when there are changes to the payment that HMRC are expecting, or no employees were paid in the month. For example, you are paying an employee SMP so you have reduced your payment to HMRC by the SMP Recovered amount.

An EPS must also be sent if you are claiming **Employment Allowance** to offset up to £3000 per year off your employer's NIC liability. Visit <https://www.gov.uk/employment-allowance> for more information.

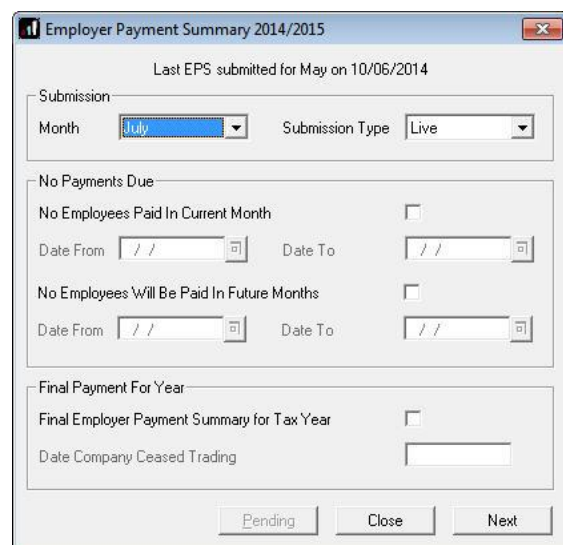
Employment Allowance allows an employer to offset up to £3000 per year of their Employer's NI against their liability to HMRC at the end of each month. **Employment Allowance** is per business and not for every separate PAYE reference. It can be split across more than one **Company**

We recommend the following as your month-end process:



To submit an EPS:

1. Click on the **Online Services** menu and select **Send Employer Payment Summary**
2. Select the relevant **Month**
3. If you are submitting an **EPS** because you are not paying any employees this month, tick the **No Employees Paid In Current Month** box and enter the relevant dates
4. If you are submitting an **EPS** because you are not going to be paying any employees in future months, tick the **No employees will be paid in Future Months** box and enter the relevant dates



5. If this is the final **EPS** for the tax year, tick the box
6. Click **Next**
7. This screen shows the year to date amounts for each month, as required for the **EPS**. The **Current Month** row contains the amounts which have been calculated for this month. These will be added to the year to date values and submitted. If you need to alter these figures, for example if you have other payrolls with the same tax reference which are in other IRIS payroll software companies or not run on this software, you can do so by typing directly into the relevant boxes **
8. When you are happy with the **Current Month** values, click **Print** if you need a hard copy of the figures then click **Next**
9. Click **Back** if you want to amend anything, **Send** when you are finished

** Please note, if you start using the software mid-year, you will need to enter any Statutory Payment year to date values. Go to **Company | Alter Company Details** and on the **Company** tab click **Payment Summary**. Here you can enter the year to date values in the month prior to using the payroll software. For instance, if you started using the software in July, enter the year to date values for June in the June row. These values will then be populated in the EPS screen.

You may find that after doing month end processing and sending the **EPS**, you need to recalculate the payroll. If so, you will need to redo month end processing and manually enter the newly calculated values onto the **EPS** screen and resubmit

Employment Allowance

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. **Employment Allowance** is per business and not for every separate PAYE reference.

To set up **Employment Allowance**:

1. Go to **Company | Alter Company Options | Company tab** and tick the box **Employment Allowance**
2. Enter the **Maximum Employer Allowance** applicable
3. Click **OK**

When you first set up **Employment Allowance**, an **EPS** must be sent in that period to notify HMRC accordingly, even if you have no other reason to send an EPS

Important Reminder: If you are claiming Employment Allowance, you must do Month-end Processing each Month in order for the Employment Allowance amount to accumulate correctly

How do I process a new starter?

New starters are reported to HMRC via the **Full Payment Submission**.

Mandatory information for new starters

- **Surname**
- **Forename 1**
- **Date of Birth**
- **Date Started**
- **Starting Declaration (P46)**
- **Address** – first two lines and **Postcode**

Desirable information for new starters

- **Forename 2**
- **NI Number** is desirable; however not knowing the **NI Number** for some of your employees will not stop submission to HMRC
- **Normal Hours Worked Per Week**

Information required for new starters in certain circumstances

- **Irregular Payment Indicator** (if applicable to an employee, requires completion prior to your first RTI alignment being carried out by **Full Payment Submission**)
- **Passport Number**
- **Occupational Pension** (only applicable if you are running a pensioners' payroll)

How to process a new starter with a P45

1. Create new employee via **Employee | Add New Employee**
2. Enter mandatory employee information
3. Enter the to-date values from the P45 in **Tax/NI** tab | **P45 Details** section
4. Enter the **Tax Code** from the P45
5. Click **Starter Details**
6. Tick the required response on the **Starting Declaration** or complete **Pensioner** or **Expat** details
7. Tick **Student Loan Deduction** if required
8. Click **Save** then **Close**

How to process a new starter without a P45

1. Create a new employee via **Employee | Add New Employee**
2. Enter mandatory employee information
3. Leave the **Tax Code** on **Tax/NI** tab blank– this field will be automatically completed based on the response given to the **Starter Declaration** (unless the new starter will be receiving a pension, in which case follow the guidance on HMRCs website <https://www.gov.uk/guidance/paying-a-company-pension-or-annuity-through-your-payroll>)
4. Click **Starter Details**
5. Tick the required response on the **Starting Declaration** or complete the **Pensioner** or **Expat** details **
6. Tick **Student Loan Deduction** if required
7. Click **Save** then **Close**

** If you haven't received the employee information in time for their first pay day you must still notify HMRC by completing the information on **Starter Details** to the best of your knowledge. If P45 figures have not been entered and you have provided a response to the Starter questions, the software will set the Tax Code as required.

Example:

Option Selected	Tax Code set to **
A	1100L Cumulative
B	1100L Week 1/Month 1
C	BR Cumulative
P46 not completed	0T Week 1/Month 1

** The Tax Codes used in this table are based on Tax Year 2016/17

If you are setting up a new employee record for an individual who is not a new starter, for instance transferring from another PAYE system, select the Starter option **This is not a new employee**

Receiving a P45 after the employees first payday

If a new starter gives you a P45 after their first payday, but you have already submitted the **FPS** for that pay period and you have already received the employee's tax code from HMRC you should:

1. Disregard the tax code on the P45
2. Continue to use the tax code received from HMRC
3. Enter the **Gross Pay** and **Tax Paid** figures from the P45 in **Employee Details | Tax/NI tab | P45 Details**

However, if you haven't yet received a tax code from HMRC for the employee:

1. Confirm the figures on the P45 are correct and enter the relevant tax code in **Employee Details | Tax/NI tab**
2. Enter the Gross Pay and Tax Paid figures from the P45 in **Employee Details | Tax/NI tab | P45 Details**

How do I process a leaver?

Leavers are reported to HMRC via the **Full Payment Submission**.

We recommend that you process your leavers after you have run the BACS for their last pay period, but before you have submitted the **Full Payment Submission** for that period. This is because when an employee leaves, the leaving date **MUST** be included with their final payment on the **Full Payment Submission**

How do I make a payment after leaving?

If you are recalculating the employee's final pay:

1. Open the **Employee** menu
2. Select **P45 Routines**, then **Restore Leaver**
3. Select the relevant employee from the list and click **OK**
4. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, a warning message will appear:

*'Are you restoring this employee to continue paying them or are you making a payment after leaving?
Click 'Yes' to continue paying the employee or make an adjustment to their final pay
Click 'No' to make an additional payment to the employee after they left'*

5. Click **Yes** to restore the leaver
6. Make adjustments as required to the employee's current pay period
7. Remember to recreate the leaver in the system, by returning to **Issue P45** and using the original leave date, before you send the FPS

If you are making an additional payment after the employee's leave date:

1. Click on the **Employee** menu
2. Select **P45 Routines**, then **Restore Leavers**
3. Select the relevant employee from the list and click **OK**
4. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, a warning message will appear:

*'Are you restoring this employee to continue paying them or are you making a payment after leaving?
Click 'Yes' to continue paying the employee or make an adjustment to their final pay
Click 'No' to make an additional payment to the employee after they left'*

5. Click **No** and the following message will appear:

'A Full Payment Submission including the leave date has already been sent to HMRC for this employee. Since you have indicated you are making a payment after leaving, the employee's Tax Code will be set to OT week1/month1.'

6. Click **OK** and the system will allow you to restore the employee and automatically change their **Tax Code** to OT week 1/month 1
7. Pay the leaver as needed in the current pay period
8. Remember to recreate the leaver in the system, by returning to **Issue P45** and using the original leave date
9. The employee will appear in the next FPS and their payment will be flagged as a **Payment After Leaving**

I have made the wrong employee a leaver and have sent the FPS

If the wrong employee has been made a leaver and the FPS has been sent, in the current tax year, you can restore the leaver and continue to pay them by taking the following steps:

1. From the **Employee** menu, select **P45 Routines** then **Restore Leaver**
2. Select the relevant employee
3. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, this message will appear:

'Are you restoring this employee to continue paying them or are you making a payment after leaving?

Click 'Yes' to continue paying the employee or make an adjustment to their final pay

Click 'No' to make an additional payment to the employee after they left'

4. Click **Yes** to restore the leaver and then continue to pay them as normal

Moving an Employee

If an employee is moving from one company to another, where the PAYE reference is the same, moving an employee can be done without reporting the starter/leaver details via the FPS:

1. From the **Company** menu select **Alter Company Options** then **Starting and Leaving**
2. Tick **Display Send Leave Date? on Issue P45 Screen** and click **OK**
3. From the **Employee** menu select **P45 Routines** then **Issue P45**
4. Select the required employee and click **OK**
5. Enter the **Leaving Date** (the date the employee transferred to the other company with the same PAYE reference)
6. Un-tick **Send Leave Date?**
7. Click **OK**
8. Create the employee in the other IRIS payroll software company (with the same PAYE)
9. On the **Tax/NI** tab of the **Employee Details**, click the **Starter Details** button and on the **New Starter** tab tick **This is not a new employee** and enter their **Previous Employee Code**

Please note: The **Previous Employee Code** must be entered prior to sending the FPS.
This field can also be used where you are transferring payroll data from another payroll system

These fields should **ONLY** be used when you are transferring an employee to another company with the same PAYE reference or if you are moving from another payroll system to IRIS Software and are using different employee codes

What do I do at year end?

To print the **Year-end Guide**, from the **Year-end** menu select **Year-end Guide**

What if I cease trading?

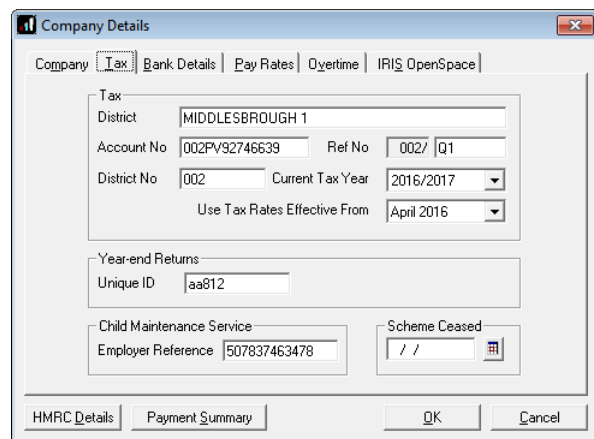
If your company ceases trading, the ceased trading date will be used by either the **EPS** or **FPS** process for identifying the final submission.

The process for a company that has ceased trading depends on whether you have to complete an **EPS** or not.

If you are submitting an **EPS**, the ceased trading date should be set **after** you have submitted your final **FPS**.

If you do not have to submit a final **EPS**, set the ceased trading date **before** you send your final **FPS**.

1. Enter the **Scheme Ceased** date on the **Tax** tab in **Company | Alter Company Details**
2. Click **OK** after entering the **Scheme Ceased** date and the following message will be displayed. Click **Yes** to issue leaving dates to all employees



The screenshot shows the 'Company Details' dialog box with the 'Tax' tab selected. The 'Scheme Ceased' field is highlighted with a red box. The 'Scheme Ceased' field contains the date '10/10/2013'. Other fields include District (MIDDLESBROUGH 1), Account No (002Pv92746639), Ref No (002/ Q1), District No (002), Current Tax Year (2016/2017), and Use Tax Rates Effective From (April 2016). The 'Year-end Returns' section shows Unique ID (aa812). The 'Child Maintenance Service' section shows Employer Reference (507837463478). The 'Scheme Ceased' field is highlighted with a red box.



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 original year to date values sent via an **FPS**; the payroll software will automatically calculate the difference between previously submitted values and the new year-to-date values.

To Submit an Earlier Year Update

There are three options when submitting an EYU. The values in the EYU Value column are sent to HMRC.

1. From the **Year-end** menu, select **Use Last Year's Company Data** (we recommend you take a backup of your current data first)
2. Check the title bar at the top of the payroll software is now displaying the previous tax year
3. Print the **Employee YTDs** report. To install it,
 - a. from the **Reports** menu select **Library Selection** then **Miscellaneous**
 - b. Click on **Employee YTDs**
 - c. Click on **Select** then **OK** then **Close**

To print it,

- a. from the **Reports** menu select **Print Other Reports**
- b. Click on **Employee YTDs** then **Select**
- c. Click on the **Selection** button and select the employee you need to print the report for, then click **Print** or **Preview**

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

4. From the **Employee** menu, select **Override Figures** then **Alter To-date Totals**

Make the required changes to the employee's year to date figures i.e. Gross Taxable Pay, Tax Paid, Student Loan Recovery, Employee Total NIC via **Employee | Override Figures | Alter To-date Totals**. Click **OK** and save the changes

Option 1

1. From the **Online Services** menu, select **Send Earlier Year Update**
2. Using the Employee YTDs report you printed earlier, enter the figures already submitted to HMRC via **FPS** in the **YTD already sent** column
3. If the employee had more than one NI letter during the tax year, click **Multiple NICs** to enter the relevant breakdown then **OK** to save the changes
4. Click **Sundry** if you need to amend values for **Gross pension deductions, Net pension deductions, Trivial commutation payments** or **Benefits taxed in payroll**

The **Sundry** screen also has a tick box, **Enable Annual Pension & Recently Bereaved**; tick this box to enable **Recently Bereaved** and **Annual Pension Amount**. **Annual Pension Amount** will display the value held in **Employee Details**

5. Click **Next** to display the **Earlier Year Update – Final Confirmation** screen
6. Click **Print** if you require a copy of the figures
7. Click **Send** to start the submission
8. Once complete, from the **Year-end** menu, select **Use Last Year's Company Data** again to return the data to the current tax year

Please Note: The **YTD already sent** column needs to be completed for all values

Please Note: With **Enable Annual Pension** ticked and **Recently Bereaved** set to **Yes** or **No**, the **Annual Pension Amount** will be submitted on the EYU. **Annual Pension** is a year to-date field and will overwrite any previously submitted value

Option 2

Enter the EYU Value

1. From the **Online Services** menu, select **Send Earlier Year Update**
2. Tick **Enter EYU Values only**
3. In the **EYU Value** column, enter the difference between what was sent on the last FPS and what should have been sent (the **New YTD value** and **YTD already sent** columns will be disabled)
4. If the employee had more than one NI letter during the tax year, click **Multiple NICs** to enter the relevant breakdown then **OK** to save the changes
5. Click **Sundry** if you need to amend values for Gross pension deductions; Net pension deductions; Trivial commutation payment or Benefits taxed in payroll, then click **OK**
The **Sundry** screen also has a tick box, **Enable Annual Pension & Recently Bereaved**; tick this box to enable **Recently Bereaved and Annual Pension Amount**. **Annual Pension Amount** will display the value held in **Employee Details**
6. Click **Next**, this will display the **Earlier Year Update – Final Confirmation** screen
7. Click **Print** if you require a copy of the figures
8. Click **Send** to start the submission
9. Go to **Employee | Overrule Figures | Alter To-dates**
10. Make any necessary amendments to the employee's year to date figures i.e. Gross Taxable Pay, Tax Paid, Student Loan Recovery, Employee Total NIC then click **Save** then **Close**

Option 3

Populate EYU Values with last FPS values

This option would primarily be used when the last FPS has not been sent for the last period of the year.

1. From the **Online Services** menu, select **Send Earlier Year Update**
2. Tick **Populate with last pay period values** (the **New YTD value** and **YTD already sent** columns will be greyed out)
3. Click **Next**, this will display the **Earlier Year Update – Final Confirmation** screen
4. Click **Print** if you require a copy of the figures
5. Click **Send** to start the submission

Glossary of Terms

RTI	Real Time Information	Collection of PAYE information as it happens instead of at month end or year end
FPS	Full Payment Submission	Sent every payroll. Also used as an alignment before starting RTI by companies without split schemes or less than 250+ employees
EPS	Employer Payment Summary	Sent monthly to inform HMRC about adjustments made to the monthly payment
NVR	NINO Verification Request	Sends a request for a National Insurance number to HMRC
EYU	Earlier Year Update	This allows you to make amendments to earlier year submissions. More details on this will be available in the Year-end Guide.
DPS	Data Provisioning Service	This is the system HMRC uses to send messages to your payroll
YTD	Year To Date	The FPS and EPS always send Year to Date values to HMRC
Irregular Payment indicator		For any Casual or Occasional workers, particularly those who may not work for you for three months or more. It informs HMRC that the individual is still employed by your company
Payment after leaving indicator		This is needed if an employee has appeared as a leaver on an FPS but you need to pay them again
NINO	National Insurance Number	
Split Scheme		Where a company's payrolls are split, e.g. a company runs its own payroll on IRIS payroll software but their Directors payroll is run by a bureau or the company is split across two or more IRIS payroll software companies

FAQ

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Will there be mandatory employee information required before being able to send RTI?

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Will my Year-end procedures change?

What happens if I re-run a payroll?

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Can I send the FPS more than once in a period?

How do I send my FPS if I have my Directors' payroll separate to the employees' payroll?

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What information is included in an EPS?

When do I have to submit an EPS?

When don't I have to submit an EPS?

Can I amend an EPS before I send it?

Do I have to carry out Month-End Processing prior to submitting an EPS?

Can I print an EPS Submissions Summary?

What happens if an employee is on holiday and is paid for more than one period?

How are the numbers made up on the FPS submission screen?

Can I export the RTI reports?

Can I re-print a report for a previous period?

Do I have to carry out any additional procedures at Year-End?

Can I reuse an Employee Code when an employee has left?

What changes are taking place with BACS payments?

What are the RTI arrangements for Casual Harvesters and Beaters?

How do I get ready for RTI?

See **What do I need to do first?**

Will there be mandatory employee information required before being able to send RTI?

Yes, there are some fields in the payroll software and some current ones that are mandatory. Print the **RTI Missing Data** report as described **here** to see what information you are missing.

What do I do if I make a mistake?

That depends on the mistake you have made!

- I have paid someone the wrong amount but I have already sent the FPS
 1. Rerun the payroll
 2. Send the FPS again just for that employeeOR
 1. Correct the employee's pay in the next pay period
 2. The year to date values will then be correct in the next FPS

- I have made the wrong employee a leaver and have sent the FPS
 1. Click the **Employee** tab
 2. Highlight the relevant employee
 3. Select **Restore Leaver**
 4. The system will check if the employee has already appeared on an **FPS** as a leaver. If they have, this message will appear:

'Are you restoring this employee to continue paying them or are you making a payment after leaving?
Click 'Yes' to continue paying the employee or make an adjustment to their final pay
Click 'No' to make an additional payment to the employee after they left'
 5. Click **Yes** to restore the leaver and then continue to pay them as normal

- I have made someone a leaver and sent the FPS but I need to make them another payment
 1. Restore the leaver
 2. The system will check if the employee has already appeared on an FPS as a leaver. If they have, this message will appear:

'Are you restoring this employee to continue paying them or are you making a payment after leaving?
Click 'Yes' to continue paying the employee or make an adjustment to their final pay
Click 'No' to make an additional payment to the employee after they left'
 3. Click **No** then **OK** to restore the leaver and then **OK** again

You can submit corrections using an FPS up to the 19th of April following Year-end. If you need to make an amendment after this date you will need to use the EYU

How do I send a P45 or P46?

See [How do I process a Leaver?](#) and [How do I deal with a new starter?](#)

Will my Year-end procedures change?

Yes. A full **Year-end Guide** is included with your April update. It can also be found on the IRIS website [here](#).

What happens if I re-run a payroll?

That depends on where you are in your payroll cycle. If you have not yet paid the employee or sent the **FPS** for that period, you can rerun as many times as you like. If you have done the **FPS** for that period and especially if you have leavers, you may have some issues. See [What do I do if I make a mistake?](#)

What information is included in an FPS?

- Payment & YTD information
- New Starter/Leaver details
- Payment after leaving indicator
- Irregular Payment indicator
- Hours worked
- Employee Name
- Address – needed for a new employee, if NI number is blank, or Address has changed
- Date of Birth
- Passport Number, if present

Can I send the FPS more than once in a period?

If an employee is re-run or undone, you can resend the FPS or wait until the next time as the cumulative figures will correct any issues. However, if the change affects amounts due to HMRC you need to make the correct FPS submission at the correct time.

How do I send my FPS if I have my Directors' payroll separate to the employees' payroll?

You need to send your FPS each time you pay your employees. It must be sent on or before the pay date. The FPS cannot be combined across separate payroll software companies. Therefore you need to send the FPS when you pay your Directors and a subsequent FPS when you pay your employees.

Do I make an employee a leaver before or after I have sent the FPS?

You make an employee a leaver after you have done the payroll and ran BACS, but before the FPS. That way they are marked as a leaver on the FPS along with their final payment. If you make an employee a leaver after sending the FPS, they will appear in the next pay period's FPS.

What information is included in an EPS?

- Employer References
- Related Tax Year
- Details of any SMP, SAP, SPP, ShPP reclaim or compensation
- Notification if no payment is due i.e. tax and NI liability is zero

When do I have to submit an EPS?

- If any SMP, SAP, ShPP, SPP reclaim or compensation is due in the month
- If no employees were paid in the current month i.e. tax and NI liability is zero
- By the 19th of the following month

When don't I have to submit an EPS?

Payment is due to HMRC for the month but there are no adjustments to be made for reclaim or compensation figures. HMRC will calculate Tax, NI and Student Loan using the FPS.

Can I amend an EPS before I send it?

Yes, you can amend the values prior to sending the information to HMRC. This can be done if corrections are required for a previous month or if you are combining multiple companies to make a single submission. You can edit the **Current Month** and final/last **YTD** rows.

Do I have to carry out Month-End Processing prior to submitting an EPS?

Yes, month-end processing calculates any reclaim, recovery or compensation values for the month.

Can I print an EPS Submissions Summary?

The **EPS Submissions Summary** can be printed by selecting **Online Services | Audit** then **Print EPS Summary**

What happens if an employee is on holiday and is paid for more than one period?

If you pay an employee for more than one period because they are on holiday, for example:

The employee receives normal pay for week 3, has holiday pay advanced for week 4 and is then paid normally in week 5

- The FPS in week 3 would be normal pay plus the advanced pay
- The FPS in week 4 would not include this employee
- The FPS in week 5 would include the employee's week 5 pay

How are the numbers made up on the FPS submission screen?

Employees Paid in

New Employees - This is the number of employees paid in the selected pay period where there is new starter information to be included. If the new starter had a leave date as well, they would not be counted in the **New Employee** section, only in the **Leavers** section.

Current Employees - made up of the number of employees paid in the selected pay period that do not have either starter details or leavers details to be included in the file.

Leavers - The number of **Leavers** included is made up of the number of employees paid in the selected pay period where a leaving date is included in the file.

Total - This field gives you the sum of **New Employees**, **Current Employees** and **Leavers**.

Week.....Totals

This section of the **Final Confirmation Screen** gives the following totals for all the employees paid in the selected period:

- Tax
- Employees NI
- Employers NI
- Student Loan

Submission Summary

Number of employees included in the file and paid in... will show the same number as the **Total** field under **Employees paid in...**

Number of employees included in the file but not paid in ... will show the number of employees included in the file without a payment record. This could be because the employee was not paid in the current pay period but was marked as a leaver after the last FPS was sent to HMRC.

Total number of employees included in the file will show the sum of the **Number of employees included in the files and paid in...** and the **Number of employees included in the file but not paid in...**

Can I export the RTI reports?

Yes, if you click on **Print Summary** this will preview the report to screen. Click **Export** and choose from the export functions presented.

Can I re-print a report for a previous period?

No. We advise that if you require a printed copy of the summary, click **Print Summary** or **Print** during the **FPS / EPS** processes.

Do I have to carry out any additional procedures at Year-End

Yes, full details will be included in the Year-End Guide.

Can I reuse an Employee Code when an employee has left?

No. HMRC use the **Employee Code** as an identifier for that individual for the whole of the tax year. However, if you have made an employee a leaver because they are moving to another company with the same PAYE reference e.g. from your weekly payroll to your monthly payroll, or if you are moving from another payroll system to IRIS payroll software, it is possible to use the same code – see **Moving an Employee**

What changes are taking place with BACS payments?

All PAYE and pensions BACS files will require an additional four characters entered into field 7 (spare field) in the BACS submission file, which will be used to identify the payment against the online submission. Your payroll software will handle this, ensuring that your payments can be made and tracked by HMRC. However, you will need to inform your bank/BACS approved Bureau before you undertake RTI.

What are the RTI arrangements for Casual Harvesters and Beaters?

HMRC has an existing agreement with the National Farmers Union covering payments to harvest casuals and one with the Country Land & Business Association for casual beaters. These agreements set out how payments to daily paid harvest casuals and casual beaters should be treated for tax and NI. These agreements remain the same under RTI but there is a change in how they are reported to HMRC.

A **One-Off** and **Clone** function has been added to the software to reduce the burden on employers who pay Harvest Casuals and Beaters and have to create a new employee record for each payment.

You do not need to restore employees that have been previously marked as leavers and sent on **FPS**; from now on the **Clone** function should be used

If the individual is a daily harvest casual or beater and:

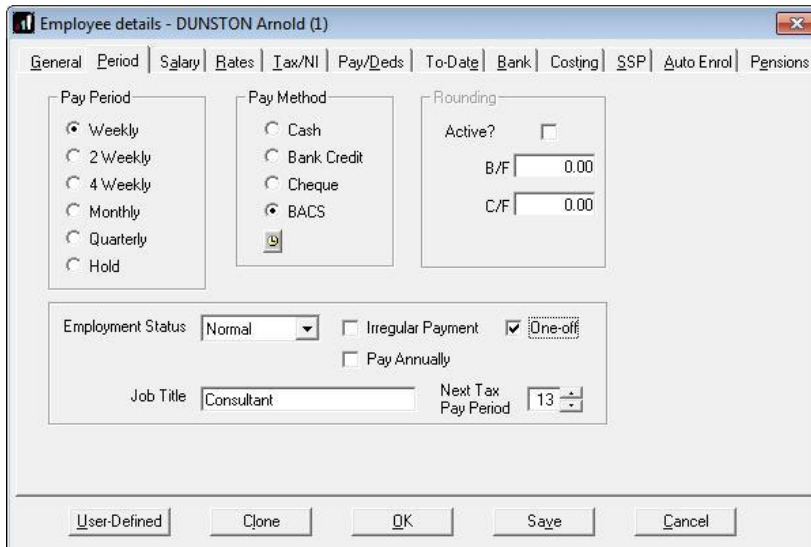
- Is taken on for one day or less
- Is paid off at the end of that period
- Has no contract for further employment

If the Employee appears once in a single FPS:

You need to:

1. Create the employee in the software including their full name, date of birth, gender, National Insurance number and address

2. Tick the **One-off** indicator on the **Period** tab

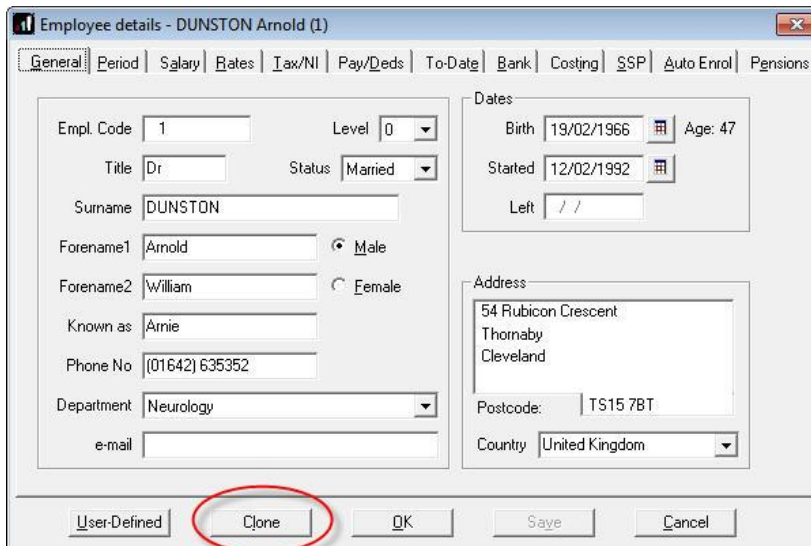


The screenshot shows the 'Employee details - DUNSTON Arnold (1)' window with the 'Period' tab selected. The 'Pay Period' is set to 'Weekly'. The 'Pay Method' is 'BACS'. The 'Rounding' section has 'Active?' unchecked, 'B/F' at 0.00, and 'C/F' at 0.00. The 'Employment Status' is 'Normal'. The 'One-off' checkbox is checked. The 'Job Title' is 'Consultant' and the 'Next Tax Pay Period' is '13'. Buttons at the bottom include 'User-Defined', 'Clone', 'OK', 'Save', and 'Cancel'.

3. Run the payroll and send the FPS
4. The system will set the **Start Date** and **Leave Date** to be the same as the Pay date

If you pay this employee again another day in a different pay period:

1. Edit the employee and click the **Clone** button



The screenshot shows the 'Employee details - DUNSTON Arnold (1)' window with the 'General' tab selected. The 'Clone' button is circled in red. The 'Dates' section shows 'Birth' as 19/02/1966 (Age: 47) and 'Started' as 12/02/1992. The 'Address' section shows '54 Rubicon Crescent, Thornaby, Cleveland, Postcode: TS15 7BT, Country: United Kingdom'. Buttons at the bottom include 'User-Defined', 'Clone', 'OK', 'Save', and 'Cancel'.

2. The system will create a copy of the employee
3. Enter the **Start Date** (same as the pay date)
4. Alter the **Next Tax Pay Period** to the pay period you are paying the employee for and save the changes
5. Run the payroll and send the FPS
6. The system will set the **Start Date** and **Leave Date** to be the same as the Pay date

Employee appears multiple times per FPS

1. Create the employee including their full name, date of birth, gender, National Insurance number and address
2. Tick the **One-off** indicator
3. Edit the employee and select the **Clone** button
4. The system will create a copy of the employee
5. Repeat for as many times as you need to pay the employee
6. Run the payroll for each record with different pay dates
7. Send the FPS as needed
8. The system will set the **Start Date** and **Leave Date** to same as Pay date

More advice on paying Casual Harvesters and Beaters can be found on the HMRC website [here](#).

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

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
Tel: 0844 815 5700	Tel: 0844 815 5677
Email: sales@iris.co.uk	Email: earniesales@iris.co.uk

Contact support

Your Product	Phone	E-mail
IRIS PAYE-Master	0844 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0844 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0844 815 5661	ipsupport@iris.co.uk
IRIS Payroll Professional	0844 815 5671	payrollpro@iris.co.uk
IRIS GP Payroll	0844 815 5681	support@gppayroll.co.uk
IRIS GP Accounts	0844 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0844 815 5671	support@earnie.co.uk