HM Revenue & Customs

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RTI205B/01/T03/0104621
182/8010DQPFB00746

Employer PAYE reference
475/ZA58228

Accounts reference
475PY00196120

9th February 2013

Real time PAYE starts in April – act now!

The way you report PAYE is changing. Are you ready?

From **6 April 2013** you will have to start reporting PAYE information in real time. You may see this referred to as Real Time Information – or RTI.

From 6 April 2013, you (or your accountant, bookkeeper or payroll bureau) will have to:
• send details to us **every time you pay an employee, at the time you pay them**
• **use payroll software** to send the details electronically as part of your routine payroll process.

Reporting PAYE in real time will tell us how much you should pay each month. This will make it easier for you to pay us the right amount each time and help you to avoid making late payments and incurring penalties.

As reporting PAYE in real time happens as part of your routine payroll process, you should expect to see a reduction in time spent on administration.

If you already use payroll software or a service provider, you should by now have checked with them and confirmed that the product or service you use has been updated so you can send your PAYE in real time. **If you haven't already done this, please do it now.**

If you run your own payroll but don't currently use payroll software, you will need to get software or use a payroll service provider. You can find more information about your payroll options and a list of available software packages at **hmrc.gov.uk/rti**

Reporting PAYE in real time is mandatory, so you must start reporting PAYE in real time from your first payday on or after 6 April 2013. But please do not send information before this date as your submission will be rejected. Failing to comply with your obligations could lead to penalties – more information is available on our website.

What you need to do now
• **Read the enclosed helpsheet.** It tells you what you need to do right now to be ready for RTI
• **Don't put it off** – you need to take action now to be ready for April 2013.

You still need to send your end of year return (P14s and P35) for the year 2012–13 by 19 May 2013. Don't wait until you have completed your end-of-year return before starting to send PAYE in real time.

Please go to **hmrc.gov.uk/rti** for more information.

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Are you ready to report PAYE in real time?

In April 2013, employers must start sending PAYE information to HMRC in real time. This means sending details to HMRC every time you pay an employee, at the time you pay them.

By providing this information in real time, HMRC will be able to tell you how much you should pay each month. This will make it easier for you to pay the right amount each time and help you to avoid making late payments and incurring penalties.

This checklist will help you to start sending your PAYE information to HMRC in real time from 6 April 2013. Start preparing your business by doing these things now, ticking them off as you go.

Before April

☐ If you run your own payroll system, **you need payroll software that is ready for RTI** in order to send your PAYE information to HMRC online, every time you pay an employee. You can do this in three ways:

1. Using commercial payroll software, upgrading your existing software if necessary (your provider can advise on this).

2. Using a payroll service provider, such as an accountant or a payroll bureau, who will do it for you.

3. If you employ **nine or fewer people**, you can use one of the **free** payroll software packages or HMRC's free Basic PAYE Tool. Go to **www.hmrc.gov.uk/rti** for more information.

☐ If you are planning to send your returns yourself, you need to register for PAYE Online to get your PAYE login details (if you have not done so already).

☐ If you use an agent, payroll bureau or payroll service provider, you must talk to them **now** about the service they will provide for you in future, and ask what you need to do to get ready for RTI.

☐ If you pay by Bacs using your own Service User Number, you need to speak to your solution supplier or bureau.

☐ You need to get prepared by making sure you hold accurate and up-to-date information about all your employees (name, date of birth, gender, address and valid National Insurance number).

From 6 April

☐ **You need to change some of the ways you report PAYE**, including:

- providing new information in your payroll records, such as hours worked

- completing employee information for temporary and casual workers and employees paid below the National Insurance Lower Earnings Limit

- letting HMRC know whenever you change a payroll ID – otherwise HMRC will treat the change as a new employment, which will result in duplicate employment and incorrect tax codes

- how you tell HMRC about starters and leavers.

☐ Ensure you or your payroll service provider uses RTI-ready payroll software to send your real time PAYE information because you won't be able to use HMRC's PAYE Online service (sometimes called the 'portal') for this.

☐ You still need to send your end-of-year return (P14s and P35) for the year 2012-13 by 19 May 2013.

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Please go to **www.hmrc.gov.uk/rti** to read more about each of these steps