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Employer PAYE reference
846B14231

Accounts reference
846PH00158600

22 June 2013

You've missed a deadline for reporting PAYE information

**You need to
act now!**

Our records show that by 5 June 2013 we still had not received a real time PAYE submission from you. This means that you have missed at least one deadline for reporting PAYE information to HMRC in real time.

You must start reporting now to avoid incurring penalties in future.

The law changed on 6 April 2013 and as an employer with a PAYE scheme, you are now required to send PAYE information to HMRC in real time. This means that you (or your accountant, bookkeeper or payroll bureau) must:

- send details to HMRC every time you pay an employee, at the time you pay them
- use payroll software to send this information electronically as part of your routine payroll process.

Reporting PAYE in real time will tell us how much you should pay HMRC 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.

If you have sent us a real time submission since 5 June 2013, please ignore this letter.

If you haven't paid anyone at all, you need to let us know that you don't owe HMRC any money. If your PAYE scheme has closed or is no longer operating, you also need to tell us. This is important as it will stop HMRC incorrectly pursuing you for money. Go to hmrc.gov.uk/actnow to find out how.

Help to report in real time

The vast majority of pilot employers we asked told us they found it easy to report PAYE in real time. However, we understand that this is a change and we want to help you to get it right. We are offering a range of help for businesses including free software for employers with nine or fewer employees, YouTube videos, webinars and other online support.

We have also introduced some temporary arrangements for small businesses to help them get used to reporting PAYE in real time. To find out more about these arrangements, go to hmrc.gov.uk/actnow

Automatic late filing penalties will apply in 2014–15.

For help on getting started, go to hmrc.gov.uk/actnow

Starting to report PAYE in real time

From April 2013, employers are required to send PAYE information to HMRC in real time. This means sending these details electronically to HMRC every time you pay an employee, at the time you pay them, using payroll software.

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

You need to take action now if you aren't already reporting in real time. Our checklist will help you to get started.

What you need to do now to get ready

☐ Step 1 - install payroll software

If you run your own payroll system, **you need to put payroll software in place** that can send 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/actnow for more information.

Points to note:

- 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 and ensure they use the right payroll software to send your real time PAYE information
- If you pay by Bacs using your own Service User Number, you need to speak to your solution supplier or bureau.

☐ Step 2 - get your PAYE records up to date

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

☐ Step 3 - prepare your PAYE business practices

You need to change some of the ways you report PAYE, which include:

- 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
- letting HMRC know (using your payroll software), if you **don't** make any payments to employees in a month, or if you need to adjust the amount you owe HMRC (e.g. due to statutory payments). In these circumstances **all** employers will need to do this for **each tax month** that this occurs. This **includes** employers that pay HMRC quarterly.

☐ Step 4 - start reporting PAYE in real time

You must start reporting in real time now to avoid incurring penalties in future.