

RTI Submissions

FPS

Under HMRC's new RTI system, each time you pay your employees, you must submit a Full Payment Submission (FPS). This submission comes up automatically when you create your payroll payments.

For every employee paid in the pay run, the FPS includes details such as:

- taxable pay for period and to-date
- non tax or NIC payment
- deductions from net pay
- items subject to Class 1 NIC
- value of any benefits in kind in this period
- total tax for period and to-date
- net pay for this period
- employer and employee NI contributions payable for period and to-date
- total student loan repayment this period and to-date
- employee pension contributions
- statutory payments for the period and to-date

The FPS also contains information about starting and leaving employees, so you no longer need to file in-year forms (such as a P46) with HMRC. The first FPS also includes personal information for all employees (except those with a leaving date before the start of the current payroll year).

Important: Make sure you create and use payroll items for deductions, additions, and employer contributions so that QuickBooks can report values required in the FPS.

Submit an FPS for an employee who has no Scheme Contracting Out Number (SCON)

HMRC requires employees with NI codes D, E, or L, to have a Scheme Contracting Out Number (SCON). To obtain the correct SCON for an employee who requires one but does not yet have one, contact your pension scheme administrator.

If you need to pay an employee who requires a SCON but does not yet have one, you can use a temporary SCON in order to submit the FPS for that person.

To do this task

1. Go to the **Employees** menu and click **Employee Centre**.
2. From the list on the left, double-click the employee name.
3. Click the **Payroll Info** tab.
4. Click the **Tax and NI Details** button.
5. Enter the temporary SCON number, *S2769999P*, in the **Scheme Contracting Out Number (SCON)** field.
6. Click **OK**.

You can now pay the employee and submit the FPS.

Note: Remember to contact your pension scheme administrator to obtain the correct SCON for future use.

Report the reason for a late FPS submission

New HMRC late filing penalties will apply to returns due from employers for the tax year 2014-2015 onwards. Late filing penalties will apply on a monthly basis where payment information is not received as expected on an FPS, or where you haven't told HMRC that no employees have been paid by sending an EPS.

Conditions where HMRC recognizes you may not be able to report on time are:

- **A** Notional payment: Payment to an Expat by third party or overseas employer
- **B** Notional payment: Employment related security
- **C** Notional payment: Other
- **D** Payment subject to class 1 NICs but P11D/P9D for tax
- **E** Micro employer using temporary 'on or before' relaxation
- **F** No requirement to maintain a Deductions Working Sheet: Impractical to report work done on the day
- **G** Reasonable excuse

Note: HMRC notes that these may include:

- death of a close relative or domestic partner
 - serious illness of yourself or a close relative
 - system failure, for example fire, flood, or IT difficulties
- **H** Correction to earlier submission

Note: Select this reason to send a 2014-2015 FPS to report a late notification of a leaving date for an employee who has left your employment where the leaving date was not immediately known or reported.

From April, 2014, where you are unable to meet your obligations to report payroll information on or before the date an employee is paid, and one of the situations above applies, you must indicate the relevant condition on the FPS.

QuickBooks automatically opens the **Late Reporting Reason** window when appropriate.

To do this task

1. Select the relevant condition from the list.

Note: You do not need to enter the HMRC letter code (A-H) related to the reason. QuickBooks will automatically report that. The codes are included here for information only.

2. Click **Submit**.
3. Enter your HMRC credentials and click **Submit**.

EPS

Important: If this is your last submission of the year, go to the Employees menu, click RTI, and then click Submit Final Submission to complete the end of year process and your final submission.

Under the RTI system, you must submit an Employer Payment Summary (EPS) at the end of each month. If you did not pay any employees in a tax month, you must still file an EPS within 14 days of the end of the tax month.

Note: No payment for period filing is changed for the 2014-2015 tax year. As of April, 2014, you can submit an EPS for a period of no payments for the current month and you can do so before the end of the current month. You can also submit an EPS for a period of no payments for prior months. The only restriction is that the end date of your period of no payments cannot be later than the end of the current month.

If you have employees still to be paid in the current month, we recommend you wait until those payments have been made before submitting the EPS. This will ensure your EPS includes all of the statutory recovery up to and including this full month.

This electronic summary provides information about corrections and adjustments, such as:

- Corrections that were not already submitted
- Adjustments for recovery of SMP, OSPP, ASPP, SAP
- Eligible compensation for SMP, OSPP, ASPP, SAP
- Construction Industry Scheme (CIS) deductions

HMRC compares the EPS information with the FPS submissions received during the month.

To do this task

1. Go to the **Employees** menu, click **RTI**, and then click **Submit EPS**, or on the **File Forms** tab of the **Payroll Centre**, highlight **RTI - EPS** in the forms list and then click **Process Form | Submit**.
2. Select the tax year the EPS applies to, and then click **Submit EPS**.
3. Review and modify the amounts as required.
4. If you are a limited company that has had Construction Industry Scheme (CIS) deductions made from payments received for work in the construction industry, verify the total amount of CIS deductions suffered year to date.
5. If you did not pay any employees, tick the **No employees were paid in the period** checkbox and enter the start and end dates of the period.
6. If you intend to claim the employment allowance, tick the **Employment Allowance** indicator checkbox. This notifies HMRC that there is an application.

To adjust your NIC Employer liability

1. Go to the **Pay Liabilities** tab of the Payroll Centre.
2. In the Reports section, click **Payroll Liability Balances** and check the amount owing.
3. Still on the **Pay Liabilities** tab of the Payroll Centre, click the **Adjust Liabilities** icon.
4. Verify that the date is correct.
5. Select **Company**.
6. In the **Item Name** drop-down list, select **NIC Employer**.
7. Enter the NIC Employer amount you want to reduce the liability payment by in the **Amount** column, **preceded by a negative sign**.
8. Add a note in the **Memo** column that the adjustment is for the Employment Allowance.
9. Click **OK**.

The NIC Employer amount for the period will be reduced by the amount of the liability adjustment.

Important: You need to adjust your NIC Employer liability even if you paid the full NIC Employer amount owing and HMRC refunded an amount to you, otherwise the refund will increase your liabilities again on your next liability payment.

To record the deposit of a NIC Employer refund:

1. Go to the **Employees** menu, click **Payroll Taxes and Liabilities**, and then click **Deposit Refund of Liabilities**.
2. In the **Supplier** drop-down list, select **HM Revenue and Customs**.
3. Select the date the amount was deposited into your account.
4. Select **Deposit to** and select the bank account from the dropdown list.
5. In the **Item Name** drop-down list, select **NIC Employer**.
6. Enter the amount deposited in the **Amount** column.
7. Add a note in the **Memo** column that the refund is from HMRC for the Employment Allowance.
8. Click **OK**.

If you have not already done so, you will need to create the liability adjustment before paying your liabilities again.

Notes:

Keep the indicator ticked in future EPS submissions, unless you change your mind and do **not** want to claim the employment allowance. If you send a later EPS with the indicator cleared, that notifies HMRC that there is now **no** application.

You will need to check each time that you pay liabilities to ensure that you have not gone over the limit. Go to the Employee Centre, Transactions tab to find a list of the Liability Adjustments.

7. Click **Add/Edit Account Holder's Info** to review and edit your bank account details as required.

Note: This information allows HMRC to credit a refund directly to your account. It does **not** activate a direct debit of liabilities.

8. Click **Submit**.
9. Enter your HMRC credentials and click **Submit**.

Final submission

You do this when you send your Real Time Information (RTI) final payroll report for the tax year on or before 5 April, or your final report because you have ceased as an employer and are paying your employees for the last time.

If you send more than one Full Payment Submission (FPS), for example for weekly and monthly employees, include this end of year information with whichever is the last FPS or Employer Payment Summary (EPS) for the year, regardless of which payroll or employees it relates to.

Note: If you deleted or amended a payroll payment but did not send updated information to HMRC at the time, QuickBooks will automatically check and send that information before sending the final submission.

To do this task

1. Go to the **Employees** menu and click **RTI**.
2. Click **Submit final submission**.
3. If this is the last report of the year, select **This is my last submission on or before 5 April for the entire PAYE scheme**.

If the PAYE scheme is ending, select **I have ceased as an employer and am paying my employees for the last time**, and enter the date the scheme ceased.

Note: The date must be in the year to which your final submission relates.

4. In the **Questions and Declarations** section, select **Yes** or **No** as appropriate to answer each of the questions as follows:
 1. If you made any payments to any employees where you paid their tax on their behalf, select **Yes**.
Otherwise, select **No**.
 2. If anyone, other than you, paid expenses or provided benefits to any of your employees during the year as a result of the employee working for you, and while they were employed by you, select **Yes**.
Otherwise, select **No**.
 3. If anyone employed by a person or company outside the UK worked for you in the UK for 30 or more days in a row, select **Yes**.
Otherwise, select **No**.
 4. If you have paid any of an employee's pay to someone other than the employee, for example, paying school fees directly to a school, select **Yes**.
Note: This does not include Attachment of Earnings Orders, payments to the Child Support Agency and Salary Sacrifice arrangements.
Otherwise, select **No**.
 5. If any completed forms P11D and P11D(b) are due for the year, select **Yes**.
Otherwise, select **No**.
 6. If you are a service company, select **Yes**.
Note: A service company includes a limited company, a limited liability partnership or a partnership (but not a sole trader) that provides your personal services to third parties.
Otherwise, select **No**.
5. Click **Submit**.
6. Enter your HMRC credentials and click **Submit**.

If QuickBooks adjusts NI contributions for a director during the Final submission

An adjustment in NI contributions at the payroll year end might be necessary if:

- a director has been paid on a per period basis (also known as the administrative assessment method) and the NI calculation has not been annualised at the end of the payroll year
- a director has had an NI code change late in the year and there were not enough payments subsequent to the change for QuickBooks to annualise the NI calculations completely

QuickBooks automatically makes the adjustment for you during the end of year process.

After the liability adjustment is made, check the amount in column 1f of the adjustment line on the P11, available on the File Forms tab of the Payroll Centre, to see if you owe or need to collect an amount from the director.

Note: Make sure you are looking at the liability adjustment dated 5 April for the appropriate tax year.

If the amount in column 1f is negative, pay a NIC refund to the director using the Write Cheques window and the account you use to pay your payroll liabilities. On the expenses tab of the cheque, assign the amount to your Payroll Expenses account.

If the amount is positive, create a deduction payroll item that does not affect taxes and is based on net pay. Name the item appropriately, for example, underpaid NICs, and include the item and amount in the Other Payroll Items area of the director's next payroll payment.

EYU

An Earlier Year Update (EYU) is a submission to correct, on or after 20 April, an error in a payroll payment from a previous year in which you operated PAYE in real time.

Important: If you need to make a correction to a payroll payment from a previous year in which you were not on RTI, in other words a year in which you used forms P14 and P35, you will instead need to follow the older process for amending a P14/P35. Even if you originally filed online, you must file an amendment on paper.

If you amend, or delete and re-create, a payroll payment for a previous year in which you were on RTI, QuickBooks will prompt you to submit either an EYU or an FPS, depending on whether the date you submit the change is before or after 19 April. If you make the changes and submit **on or after 20 April** you will be prompted to submit an EYU. If you make the changes and submit **on or before 19 April**, you will be prompted to submit an FPS.

Note: It is not possible to submit an EYU for the previous tax year before 20 April. HMRC will reject the submission.

The EYU reports only the difference between what you originally submitted and what the figure should be. If you submit more than one EYU, each submission reports only the amount of the amendment from the last figure submitted. For example, if you submit an EYU to correct a figure, then again find it is incorrect and submit a second EYU, the second EYU reports only the difference between the correct figure and the figure you submitted in the first EYU.

You can submit an EYU to correct FPS information for up to six years after you filed your original FPS or EPS.