

## **PAYE “REAL TIME INFORMATION” – LATEST DEVELOPMENTS**

### **Who is affected?**

The introduction of PAYE Real Time Information (RTI for short) will affect all employers who operate or intend to operate Pay As You Earn.

### **What’s happening at the moment?**

HM Revenue and Customs has updated its plans for RTI, following receipt of responses to a consultation on the matter.

RTI is designed to allow employers to give HMRC information about employees’ tax and other deductions when each salary or pension payment is made, or even earlier, rather than providing the information at the end of the tax year.

In reaction to feedback, the Revenue has announced that it will pilot the service with volunteer software companies and employers for a year to ensure sufficient time to develop a full range of payroll software products and adjust payroll processes. The pilot is expected to start in April 2012.

The trial period will also allow the RTI service to be thoroughly tested before most employers and pension providers begin to use it from April 2013, claims the Revenue.

### **When does RTI come into effect?**

A start date of October 2013 had previously been mooted but the department hopes it may be able to bring more employers into the RTI scheme in advance of April 2013.

The Revenue also announced that it intends to accept submissions under the scheme through the existing online channels, i.e. the Government Gateway and EDI, regardless of the method the employer might use to pay their employees.

The EDI payment channel is a transitional arrangement that will run until at least April 2014. The Banking Automated Clearing System (BACS) channel remains the taxman's strategic choice of reporting system for employers who pay their employees by BACS.

### **What else is HMRC doing in this area?**

Alongside the roll-out of the RTI scheme, the Revenue said it plans to improve information about data quality issues. It also hopes to enhance guidance on good practice, and carry out targeted employer-support visits. According to the department, most problems are caused by:

- missing/ wrong date of birth;
- missing/ wrong/ incomplete first and last names; and
- missing/ wrong National Insurance numbers.

### **What should I do next?**

Employers are encouraged to keep abreast of developments in this area; most employers will be affected by the changes over the next two years.

It may also be sensible to review payroll records now, to identify and correct any data errors before RTI goes live.

More information is available in HMRC Employer's bulletin number 39, or by following this link; <http://www.hmrc.gov.uk/paye/employer-bulletin/bulletin39.pdf>.

*If you have any questions about the issues covered in this update or if you would like to discuss anything in more detail, we are here to help. Contact us on 01856 872983 or by e:mail at [enquiries@ajbscholes.co.uk](mailto:enquiries@ajbscholes.co.uk).*