Finishing the Tax Year 2019

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General Information

There is a host of information available on the SD Worx website

www.sdworx.co.uk/resources

www.sdworx.co.uk/tax-year-end

www.sdworx.co.uk/specialist-payroll-services

www.sdworx.co.uk/rti/resources

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Contents

Preparing to Finish the Tax Year

Introduction

The following information is to help you ensure that your payroll is kept up to date monthly in readiness for finishing the Tax Year. It also gives useful advice on what may cause issues and how to avoid them.

Tax Reference Reconciliation Summary

It is best practice to reconcile your payroll by checking that the Brought Forward figures for this period equal the Carried Forward figures from the previous.

Any entries in the Adjustment column will need to be verified. Figures will only show in the adjustment column if you have transferred employees with year to date values or adjusted year to date values for existing employees. It is advised that you make employee pay amendments via payroll adjustments (called employee manual payments in Source Payroll).

Check the **amount due** balances to the amounts paid over to the Collector of Taxes (best practice would be to complete this task monthly).

You should also check whether the below listed reports require any action:

- Exception report (each period).
- The End of Year Exceptions report.
- The End of Year Reconciliation.

Payroll Name :	PNP INC.	Payroll Number :	906914
Period Run Type:	EOY	Tax Yr/Period :	18/19 - 12
Credit Date :	29-Mar-19	Next Credit Date :	30-Apr-19

Tax Reference		Brought	Previous/Manual	Adjustment	This Period	Net Total	Carried Forward
JB12345 - 951							
	Salary	69,046,342.53	0.00	0.00	0.00	0.00	69,046,342.53
	Income Tax	17,603,516.98	0.00	0.00	0.00	0.00	17,603,516.98
	Student Loan	1,599,871.00	0.00	0.00	0.00	0.00	1,599,871.00
	Net Income Tax					0.00	19,203,387.98
	Employee National Insurance Contributions	4,658,961.81	0.00	0.00	0.00	0.00	4,658,961.81
	Employer National Insurance Contributions	8,092,283.13	0.00	0.00	0.00	0.00	8,092,283.13
	Employment Allowance Recovery	3,000.00	0.00	0.00	0.00	0.00	3,000.00
	Secondary NI Pay Bill	69,052,157.53	0.00	0.00	0.00	0.00	69,052,157.53
	Levy on Pay Bill	345,260.78				0.00	345,260.78
	Levy Offset Allowance	15,000.00				0.00	15,000.00
	Apprenticeship Levy Due	330,260.00				0.00	330,260.00

	This Period	To Date
Total Deductions from NIC	0.00	23,062.35
Payment Due to HMRC		
Net Income Tax	0.00	19,533,647.98
Gross National Insurance Contributions	0.00	12,751,244.94
Less Total Deductions from NIC	0.00	23,062.35
Amount Due	0.00	32,261,830.57
EPS Levy Reporting		
Levy Amount Year to Date		330,260.00
Tax Month		12
Annual Levy Offset		15,000.00

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Statutory Requirements for Electronic Submission

All Employers must now file their data with HM Revenue and Customs (HMRC) through Real Time Information (RTI). Employers are obliged to file the Employer Payment Summary (EPS) final declaration electronically either by using HMRC Basic PAYE Tools, or some other electronic means. SD Worx does not file the EPS final declaration as standard because this declaration by you the employer confirms completion of the tax year to HMRC

Full Payment submission (FPS) records from the Tax Year End are only filed for employees who have amendments made to their records.

The Final Update Procedure

Introduction

This section:

- Details the timing deadlines.
- Indicates when the final reports will be available and
- Shows the latest date by which customers can apply amendment adjustment data.

You are reminded that data can be applied at any time in advance of these deadlines.

Timing deadlines

For customers processing payrolls through Active Technology you have the flexibility to manually commit your Tax Year End any time commencing from 1st April and up to 15:00 on the day of your scheduled Auto Commit Date.

For Active Technology Customers		
Pay Frequency	**Credit Date Parameter (Day of the Month)**	**Tax Year End Auto Commit Date**
Lunar	N/A	15
Fortnightly	N/A	15
Weekly	N/A	14
Monthly	1 to 5	13
Monthly	31	12
Monthly	29 / 30	11
Monthly	27 / 28	10

Monthly	25 / 26	9
Monthly	23 / 24	8
Monthly	21 / 22	7
Monthly	19 / 20	6
Monthly	17 / 18	5
Monthly	15 / 16	4
Monthly	12 to 14	3
Monthly	9 to 11	2
Monthly	6 to 8	1

For CentrePay customers check your Input, Processing and Output schedule, which will provide you with the payroll Family ID.

For Centrepay Customers with a Family ID of 'C'		
Family ID	**Last Date for data amendments (by 10:00am)**	**Printed Results (if any)**
C11 C12 C13 C1A C1B C1C	1st April	8th April
C2A C2B C2C C4A C4B C4C	5th April	12th April
C5A C5B C5C C5D C5E C5F C5G **C6A C6B C6C C6E C6F C6G**	8th April	15th April
C7A C7B C7C C8A C8B C8C C8D C81 C22	9th April	16th April
Weeklies	10th April	17th April

Customers providing paper form amendments for End of Year must send all data at least one week prior to the scheduled processing date.

(PAPER submission customers only)		
Deadline for receipt of Tax Year End Adjustments	**Processing Date**	**Printed Results (if any)**
3rd April	9th April	16th April

Ensuring a clean Full Payment Submission (FPS)

National Insurance

If any NI amounts are in error - please refer to <u>Appendix 1</u> for further information.

Correcting errors during the update activity – as a last resort errors may be corrected during update activity simply by using the normal National Insurance totals-to-date payroll item. If the employee is a Director please ensure the appropriate payroll items are used.

Note: If NI Contributions are present without the relevant NIC Earnings fields this will cause your FPS submission to be rejected.

Class 1A Contributions: No Class 1A is to be reported on RTI submissions as they are part of the P11D and P11D(b) process. Any attempt to report Class 1A through the payroll will cause NI ratio failures.

Employee Records excluded from Tax Year End

- **Negative Income Tax or statutory payments** - Check for any negative year to date Income Tax figures. Employees with negative tax year to date values will be set to zero on your FPS submission.
- **Employee Exclusions** - The Exceptions Report produced each pay period will show any employee whose tax basis is 'X', which means that they will not be included on the FPS submissions. It is good practice to check for accidental entry of tax basis of 'X'. Remember it is an easy mistake to make as someone on a Month 1 / Week 1 basis on the P45 is indicated with an 'X', but you must input '1' on SD Worx Payroll. To include these employees on FPS and produce a P60 remove the 'X' on your final update.

Mandatory Details

In the case of titled employees who do not use forenames or initials, we suggest that you use the initials field to input any titles (such as LORD or DAME etc.).

During the Final Update Procedure

This section will help you deal with all aspects of your final update procedure.

Corrections

Enter any required changes into the final update (Tax Year End) facility prior to your deadline.

If you request Centrepay trial, this produces electronic results only and allows you to verify the changes. This is chargeable at £370.00.

Note: The CentrePay trials will be available from week commencing 18th March 2019 from Monday to Friday at 7am each day. The deadline for data is 6.30am. Turnaround is 24 hrs.

Data Items

For a list of items please refer to Appendix 1.

New Starter and Leavers Details

Any new starters or leavers that missed your final payroll processing of the Tax Year must be added to your Final Update Procedure (No P45 will be produced). Also ensure this information is included in the new tax year and include data item E105 # for new starters and E110 # for leavers to prevent them being reported to HMRC twice.

Source Payroll Only

Any new starters that you need to include must first be input as New Starters in Source using the New Hire process. This needs to be completed to make the employee available to you in the Cycle Data.

Once you have added the employee as a new starter in Source, with no P45 figures, enter the relevant items (see Appendix 1) in TYE cycle data.

- When all data has been entered run the Payroll Gather/Run Type = TYE.
- To request a TYE Trial/Process send a trial run marker. When the trial has run, this will create a 97/Process Paybase file which you will need to download and populate. (Please note that a TYE trial is a chargeable option.)
- After the LIVE Run/Commited run a 98/Live fil will be populated as period 2018/2019.

Note: Month 12\97\98 PayBase files will update the P60 details tab on the Payroll / TYE Screen

Ad-hoc Payroll Adjustments

Adjustments required for an individual employee can be processed using the TYE Payroll Adjustment screen. No payslip will be produced.

Amendments to Year-to-date totals

See Appendix 1

Production of payments

The final update procedure does not calculate any payments nor does it create bank credits (BACS file) and you will not be able to process this time values except as part of a payroll adjustment. Additionally, the final update procedure will not produce any online or printed payslips or P45s.

Results generated

SD Worx Online Reporting (COR), CSV (electronic file) and printed P60s.

Online Reports	User entry system	Printed report (optional)
Input Error	Input Error	
Amendment	Amendment	
Exception	Exception	
Financial Summary		
P35 Reconciliation		
EOY Exception		
EOY Reconciliation		
EOY Exception Report		
End of Year Reconciliation		
P35(CS) Substitute		
P60 Copy data		P60 (Originals)

P60/eP60

P60 is the certificate of pay and tax deducted and is for you to distribute to your employees. This can be achieved using an official approved paper P60 form or by using the approved official eP60 available via Online Payroll Documents where it has been agreed that the employee is to receive their P60 electronically.

Format

SD Worx can provide P60s either electronically (eP60) or as a Z-Fold **postable** document. Most of the information contained on the P60 is found on the P35 (CS) Substitute, the Gross Earnings for NI details and Pay Journal entries.

Employers have the option of providing employees with an official eP60 via Online Payroll Documents where employees have agreed, in which case there is no requirement for the employer to provide a paper copy.

Check that SD Worx hold your correct employer P60 addresses which will appear on any P60 or eP60.

For pension payrolls SD Worx only provide Z- fold P60s

Leavers prior to 5th April

In line with **HMRC** policy, P60s are only provided for employees who are employed on the 5th April of each year. Other Leavers will have been advised of their appropriate values by the issue of a P45 Leaver Statement.

If there are any leavers on file without a valid date of leaving, then SD Worx will produce a P60 for these employees as the date of leaving cannot be determined.

Charges for Z-fold security sealed

Charges for Z-Fold security sealed P60s			
Number of Employees	**Charge**	**Number of Employees**	**Charge**
0-50	100.00	401-450	£289.00
51-100	£121.00	451-500	£313.00
101-150	£147.00	501-550	£336.00
151-200	£169.00	551-600	£359.00
201-250	£195.00	601-650	£385.00
251-300	£217.00	651-700	£404.00
301-350	£241.00	701-750	£432.00
351-400	£266.00	751+	58 pence per employee (min £432)

Checking final outputs

Check the Exception messages as it indicates errors which prevent accurate reporting to HMRC. Also check the following do not contain any entries that should have been actioned:

- The End of Year Exceptions
- The End of Year Reconciliation

Source Payroll Only

To prepare for the final update procedure you must have, within PayBase, the last period results for 2018/2019 (i.e. the month 12 or week 52/53/54 or 56 file), which will update the Payroll/TYE tab for the P60 view.

Frequently Asked Questions

Why would the tax I have paid over to HMRC not agree with the values shown on my reports or HMRC systems?

Some of the reasons:

- External manual payments or corrections have not been applied to the SD Worx Payroll.
- You did not pay over the amounts due on the reconciliation summary including adjustments. Generally, the amount you pay over each period should be the value shown on the Reconciliation Summary, LESS the amount already paid over in the Tax Year.
- You have not filed an EPS declaring your Statutory Payment reclaim values.
- HMRC have created duplicate records in error (change of name, pay frequency, etc.).
- Employees transferred from one employee record to another have caused duplication on HMRC systems or double reporting from SD Worx.

Why does the P35 (CS) Substitute not agree with my Financial Summary?

If you have adjusted values in the Tax Year End update, please check that you are looking at the Financial Summary produced from Tax Year End as opposed to the final payroll run.

The End of Year Reconciliation Report may list additional reconciliation values that have been altered. Some employees may have missing or incomplete data; look at the End of Year Exception Report to see if there are any exclusion markers (T010 X), which may have removed specified employees from the return.

Why do NI-able earnings appear to be different?

Are any of the below statements applicable?

- If the individual has been on more than one NI letter in the Tax Year, you need to ensure that when the letter changed the correct earnings values were used.
- If you have amended any of the totals to-date values throughout the year, you must check you have used the correct payroll item.
- If you made Ad-hoc Payroll Adjustments (or manual payments), you need to update the NI-able earnings fields.
- Directors' NI is different, and the calculations work automatically from single earnings values as Directors NICs is accounted on an annualised basis.

Why have data items N108 and N018 not been actioned?

If the individual is a director, these codes would be incorrect. See Appendix 1, for a listing of codes to use.

Why do some employees not have a P60?

A P60 is not produced if an employee has been excluded by using payroll item:

- T010 X or where E066 has been set for eP60 only.
- P60s are not produced for employees who have a leaving date prior to 5th April 2019.

What payroll item should I use to update fiscal totals for TYE?

New revised guidance for SD Worx Payroll is available to guide you through the operation of National Insurance www.sdworx.co.uk/tax-year-end

Using the codes in Appendix 1 will overwrite the YTD figures for employees.

Can I have a copy P60?

COR, HRe5P, CPS1 and Source Payroll offer as standard the ability to print one-off copies of P60 data. Equally employees with access to Online Payroll Documents can print a copy of the eP60.

Commencement of the New Tax Year

Changes entered into Tax Year End

Data entered on the Tax Year End adjustment is used to correct the Tax Year End submission to HMRC. It is not used to update the normal payroll data.

If you input any of the following details remember you must input the same details again on your first payroll of the new Tax Year:

- Address amendments you may have used to update details for P60s
- New starters but excluding totals to-date. Also enter the E105 #.
- Leavers also enter the E110 #.
- Any permanent data for current employees e.g. surname, title, N.I. number/letter, tax code etc.

Tax Codes

Current employees Tax Codes

All employees' tax codes will revert to a cumulative basis automatically. Any uplifts of tax codes by legislation (P9X) will take place automatically.

RTI (ElEx) Tax Codes

For users of the SD Worx Electronic Exchange service and the SD Worx RTI ElEx service, tax code changes (P6, P6B and P9) will be automatically applied to employees where the Payroll ID matches those expected. Where a satisfactory match is not found, then the individual tax code change will be sent to you via email to be applied as if you had received the official paper document.

To be able to receive automated electronic P9s through the SD Worx Electronic Exchange or SD Worx RTI ElEx service, you must either already be in receipt of P6 tax codes or the appropriate registrations must have been completed via SD Worx and HMRC by the end of January.

Form P9 Tax Code Changes

Ensure any new tax codes you receive from HMRC are implemented on your first payroll for the new Tax Year i.e. tax week/month 1, and not via the Tax Year End adjustment screens.

Source Payrolls only

- Initially, check the dates are correct for the new Tax Year in the following area - System Manager/Payroll/Pay Cycles/2019/2020 (Add or Edit).
- As per your normal housekeeping procedures, set any SENT batches to DELETE in HR & Payroll Activities/Payroll/Batch Control.
- Perform the Begin New process, which will create a new tax record dated the first day of the first processing period in the new Tax Year, clearing down any P45 details for new starters in the last Tax Year.
- If there are any additional tax changes via P6s/P9s, then enter these as a new record dated 07/04/2019 or later.

Note: Any statutory tax code changes which have been automatically uplifted by SD Worx, will not show on the employee's tax record until after the live download of the Month 1/Week 1 PayBase file has been actioned and the import mass tax code uplift has been applied. Any changes will however be reflected on the trial payslips

New Starter Tax Codes

Please see the update guidance on Legislation at www.sdworx.co.uk/tax-year-end or the RTI user guidance at www.sdworx.co.uk/rti/resources for specific guidance on how to operate a new starter with a P45 and the New Starter Checklist requirements, especially in regard to student loan deductions.

Note: If you receive a starter P45 indicating a tax basis X then you must enter T010 1 not T010 X as X indicates to SD Worx Payroll an employee exclusion from your RTI Submissions.

Order in which to update Tax Codes

Tax code changes that are not dated or do not have matching sequencing dates are applied as follows:

- Uplift of tax codes by legislation
- Individual P6/P9 changes submitted in payroll data
- Tax code changes via Electronic Exchange
- P45s/New Starter Checklists

Pension Schemes

Each year it is essential that you check all your pension schemes' parameters prior to processing your first pay period in the new tax year. It is vital that you confirm with the pension providers and trustees that the current parameters are accurate. This is especially important for April 2019 as the pension minimums for Auto-Enrolment increase. More information is available in the Legislation update guide. www.sdworx.co.uk/tax-year-end

National Insurance

All legislation changes are dealt with automatically, however please bear in mind that you may have employees on NI category J by means of a CA2700 certificate. You will need to have their NI Table letter reset to A respectively if a new certificate is not sent in time for the first processing run.

Statutory Sick Pay

If you use the system-generated SSP/Fast Absence input option within Source you will need to update the SSP rate prior to your month/week 1 process. This can be done in System Manager/Payroll/SSP Parameters and Rules, adding a new record with a start date of 06042019 and entering the new rate.

Appendix 1 - Data Code Tables

National Insurance

New National Insurance guidance for SD Worx Payroll is available at

www.sdworx.co.uk/tax-year-end

Data Code	Description	Data Code	Description
N018	Employee National Insurance Contributions To Date	N102	Employer's NI To Date Decrease
N108	Employer National Insurance Contributions To Date	N161/N171/N191	Positive Adjustment to Each of the 3 earnings fields
N168	Overwrite NI-able Earnings To Date Up To LEL	N288	Director's Gross Earnings To Date
N178	Overwrite NI-able Earnings to Date Between LEL and PT	N368	Overwrite Director's Earnings To Date Up To LEL
N188	Overwrite NI-able Earnings to Date Between PT and UEL	N378	Overwrite Director's Earnings To Date Between LEL and PT
N228	Overwrite NI-able Earnings to date above the UEL	N388	Overwrite Director's Earnings To Date Between PT and UEL
N051	Pre –Determined NI Contribution	N428	Overwrite Director's Earnings to Date over UEL
N052	Pre- Determined NI Refund	N251	Director's Pre Determined NI Contribution
N011	Employee's NI To Date Increase	N252	Director's Pre Determined NI Refund
N012	Employee's NI To Date Decrease	N218	Director's NI To Date
N101	Employer's NI To Date Increase	N908	Paybill Earnings To Date

Note: If an entry of N051/N052/N251/N252 is made then you must input the relevant Earnings Bands Fields using either N168/N178/N188/N228 or N161/N171/N181/N191/N221 for ordinary employees or N368/N378/N388/N429 for Directors

Any changes to above??

Payroll item required for New Starter on a Tax Year End Amendment Run

Data Code	Description	Data Code	Description
E001	'S' Status Marker	E041	Gender
E002	Initials	E049	Department
E003	Title	E044	Paygroup
E004	Forenames (for printing of P60)	E080	Date of Birth
E005	Cost Code	E081	Date of Start
E006	Surname	T000	Tax Code
E010	Marital Status	T010	Tax Basis (If applicable)
E021	Address Line 1 (Optional)	T050	Taxable Pay Previous Employment (P45) (If applicable)
E022	Address Line 2 (Optional)	T060	Tax Paid Previous Employment (P45) (If applicable)
E023	Address Line 3 (Optional)	N001	NI Letter
E024	Address Line 4 (Optional)	N003	NI Number (if not known enter 'NONE')
E025	Address Line 5 (Optional)	0010	Basic Pay (Optional)
E026	Address Line 6 (Optional)		

You will also need to put through all the Year to Date figures. **This can be completed using the codes below** which will overwrite the YTD figures for that employee. But, in order to show this change correctly on your reconciliation summary for the run, you should enter as a TYE manual adjustment and let the system calculate the YTD figures for you.

Data Code	Description	Data Code	Description
N018	Employees NI contributions To Date	N188	Earnings PT and UEL To Date
N108	Employers NI contributions To Date	N228	Earnings above the UEL To Date
N168	Earnings Up To LEL To Date	T078	Taxable Pay YTD
N178	Earnings LEL To PT To Date	T088	Tax Paid YTD
N908	Paybill Earnings To Date		

Any new starters or permanent data input on the Tax Year End run must be re-input again in the first process of the new Tax Year.

Tax/Pension Payroll items

Data Code	Description	Data Code	Description
T000	Tax Code	T088	Total Tax Paid To Date
T010	Tax Code Basis	P018	Employee contribution Total This Tax Year
T050	Taxable Pay in Previous Employment	P019	Employee contribution Total This Pension Period
T060	Tax in Previous Employment	P119	Employer Contribution Total This Pension Period
T078	Total Taxable To Date	P038	Pensionable Pay To Date

Statutory Payments

Description	Data Code	Description	Data Code
M708	SMP Total Paid in Tax Year	M768	ShPPA Total Paid in Tax Year
M718	SPP Total Paid in Tax Year	M728	SAP Total Paid in Tax Year
M738	SPPA Total Paid in Tax Year	C068	Student Loan Total Paid in Tax Year
M758	ShPP Total Paid in Tax Year		