

HMRC Real Time Information

Real Time Information (RTI) is being introduced to improve the operation of PAYE, making it easier for employers and HM Revenue & Customs (HMRC) to manage, and employees to receive information more quickly.

The fundamentals of PAYE are unchanged, for example, use of tax codes, employers deducting tax and National Insurance (NI).

What RTI does change is how and when employers and pension providers report information to HMRC. Instead of waiting until after the end of the tax year, under RTI, HMRC will be receiving information when payments are made. This will mean more employees will pay the right amount of tax and NI.



RTI will:

- make the PAYE process simpler and less burdensome for employers and HMRC
- make PAYE records more accurate for individuals, and, over time, reduce the number of bills and repayments sent after the end of the tax year
- enable HMRC to pursue late payments more effectively
- support the payment of Universal Credits
- reduce Tax Credits error and fraud

How will RTI be less of a burden?

RTI reporting will become an integral part of an employer's normal pay activity. It will gather the information required and send it to HMRC.

How will employers send information to HMRC using RTI?

From April 2013 reporting can be done in two ways:

1. using the Ceridian RTI Electronic Exchange Service
2. manually by using the HMRC Basic PAYE Tools

Employers and pension and payroll providers are to begin using the RTI service in April 2013.



Ensuring compliance for RTI

The Ceridian Electronic Exchange offers an outsourced automated exchange of both in-year and end-of-year data with HMRC, and has operated since 1999. Updates received from HMRC are automatically applied to user payrolls where the individual identity is matched, or alerts a user if an HMRC instruction cannot be directly aligned with employer data.

What needs to happen between now and April 2013?

Ceridian will be undertaking all development requirements for HMRC RTI from now and into the summer of 2012 in readiness for operation at the commencement live point of April 2013.

A one-off 'EAS' (Employer Alignment Submission) activity is required for all Ceridian clients using RTI Electronic Exchange, prior to live implementation, followed by an initial 'FPS' (Full Payment Submission) to indicate all leavers so far within the relevant tax year.

The following aspects of HMRC RTI will form part of a new Ceridian RTI Electronic Exchange Service:

- FPS
- EYU (Earlier Year Update – for 2014)
- NINO Verification
- P6, P6B, P9 (tax codes), SL1 & SL2 (student loan) notifications (as now)

Other elements of HMRC RTI which generally relate to employer interactions for payments do not form part of the core Ceridian Electronic Exchange service, but may be undertaken either directly by the employer with HMRC, or where contracted to do so, by Ceridian using the HMRC Basic PAYE Tools – providing an overarching solution which caters for all aspects of the HMRC RTI requirements.

Useful Resources

- www.ceridian.co.uk/rti
- www.ceridian.co.uk/connection (search RTI)
- www.hmrc.gov.uk/rti/

For more information and pricing enquiries please contact info@ceridian.com or call **0800 733 337**