



# Why it's all change for PAYE

How employers report Pay as You Earn (PAYE) details to HM Revenue & Customs is changing. HMRC's **Jane Brothwood** explains what employers need to do to prepare

**F**rom April 2013 there will be a new way to report PAYE in real time – Real Time Information (RTI). Under the present PAYE system, employers tell HMRC what deductions they have made from employees' pay at the end of the year. Reporting PAYE in real time will ensure that employees' tax records are accurate, so they won't face big PAYE overpayments or underpayments at the end of every tax year.

It will also provide accurate records on wages and tax for the forthcoming Universal Credit, so eligible employees will get the right amount of benefits or tax credits every month.

## What is changing?

PAYE itself will not change – just the way, and how often, employers send PAYE details to HMRC.

Instead of sending all PAYE details to HMRC in one go, at the end of the year, from April 2013 employers will have to:

- Send details every time a payment is made
- Use payroll software to send the details electronically
- Send the details as part of your normal payroll process.

## How will RTI benefit employers and pension providers?

By getting rid of employer annual returns and streamlining the starter and leaver processes, RTI will remove administration burdens from businesses of around £300m each year.

## Timetable for introducing RTI

RTI is being introduced progressively to give plenty of time to test the new systems. We began piloting RTI in April 2012, with around 310 volunteer employers. The pilot is going well and is on track.

Most employers will begin reporting



## RTI aims to remove admin burdens

PAYE in real time in April 2013, with all doing so by October 2013.

## Next steps

Businesses of all sizes should start preparing for RTI now by talking to their payroll software provider or payroll service provider about how they are developing appropriate payroll software. It is also vital that employers check that information about their employees is accurate and up to date. This involves making sure that surname, forename, gender, address, date of birth and National Insurance number are correct and in the right format. Employers should also make sure that they add staff to their payrolls who will now need to be included with their RTI submissions, eg those under the Lower Earnings Limit. For advice on improving data quality, go to: [www.hmrc.gov.uk/rtdip/index.htm](http://www.hmrc.gov.uk/rtdip/index.htm) ●

● For further information about RTI, go to: [www.hmrc.gov.uk/rtdip/index.htm](http://www.hmrc.gov.uk/rtdip/index.htm)

● **Jane Brothwood** is HMRC's head of RTI Communications



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