



**Real Time Information (RTI):  
Chartered Institute of Taxation and Association of Taxation Technicians  
Supplementary Survey Results**

4 December 2013

**Contents**

	Paragraph
Background and summary of key findings	1-5
Detailed comments	6-61
Appendices	

## Background and summary of key recommendations

- 1 Following the introduction of real time reporting of PAYE information in April 2013, HMRC launched an online survey to learn more about how employers and agents are finding the obligation to report PAYE information 'on or before' employees are paid.
- 2 In response to requests from members that HMRC's survey did not provide enough space for additional comments to be made, the Chartered Institute of Taxation (CIOT) and Association of Taxation Technicians (ATT) launched their own supplementary survey. The intention of the survey was to garner additional information in regard to experiences of Real Time Information (RTI) reporting and, in particular, any problems encountered with the obligation to report PAYE information 'on or before' (OOB) employees are paid.
- 3 In addition to reporting whether or not problems had arisen with OOB reporting, the survey provided an opportunity to explain procedures adopted in order to avoid potential OOB reporting problems and to report any other issues that had arisen as a result of PAYE real time reporting.
- 4 In conducting the survey we would like to acknowledge the support, in particular, of the Institute of Chartered Accountants in England and Wales (ICAEW) and National Farmers Union (NFU). Responses were also received from members of the Association of Accounting Technicians, Association of Certified Chartered Accountants, Chartered Institute of Payroll Professionals and Institute of Chartered Accountants in Scotland. This paper summarises the views collected through the survey from all respondents.
- 5 In this paper we set out the results of the survey which support the following key points:

### Summary of key recommendations

#### *'On or before' (OOB) reporting:*

Significantly the majority of respondents considered that a permanent relaxation to the 'on or before' reporting obligation was a 'must' for small businesses. While opinions varied as to what that extended period should be, we would recommend that the existing relaxation be extended indefinitely.

#### *Liabilities and payments (L&P) viewer:*

Access to the L&P viewer should be extended to agents. Reconciliation issues should continue to be monitored.

*Employer helpline:*

A dedicated agent PAYE helpline should be introduced.

*Employer Payment Summary (EPS):*

It should be possible to submit a nil EPS covering a whole tax year. EPSs should include a field for the tax month/quarter to which they relate, so that they are correctly allocated by HMRC. It should also be possible to include EPS data in an FPS, where employers are able to deal with both at the same time.

*Software/Internet/Government Gateway*

Confirmations of receipt received via the Government should include the employer name and not just the PAYE reference. HMRC should continue to work with software providers to resolve software issues (eg some software will not permit corrections) and to consider kite-marking software.

*Annual schemes*

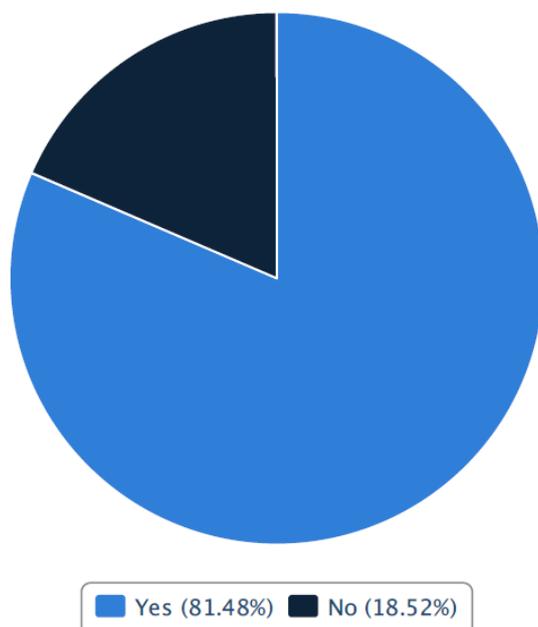
It should be possible to register a scheme as annual via a structured email rather than solely through a telephone call. Also, HMRC should acknowledge when a scheme has been registered as annual.

**Detailed comments arising from the survey**

- 6 This report is based on the results obtained from the 'RTI PAYE – CIOT and ATT supplementary survey', devised by the CIOT and publicised in conjunction with the ATT, CIOT, ICAEW and NFU. The survey questions have been reproduced in the attached Appendix 1.
- 7 The resulting analysis includes answers from all respondents who took part in the survey in the period from Tuesday, 17 September 2013 to Friday, 1 November 2013. 189 completed responses were received to the survey during this time. A number of specific comments were received regarding 'on or before' reporting and these are set out verbatim in the attached Appendix 2.
- 8 The following chart illustrates the number of responses reporting problems with real time reporting. As can be seen 81.48% of respondents reported that they had experienced a problem with real time reporting.
- 9 It is worth noting that, even amongst those reporting that they had not experienced any problems to date with real time reporting, it was recognised that they might experience problems in the future. They also recognised that others, in different circumstances, may be experiencing problems now. The limitations with RTI (eg

OOB reporting and agent access to the liabilities and payments viewer) were therefore still a concern to them.

### 1. RTI reporting problems?



#### ***On or before (OOB) reporting***

10 Under RTI employers are required to report details of payments made to employees to HMRC on or before the time of the payment. Following constructive dialogue between numerous professional and trade bodies led by CIOT and LITRG, and government, a significant relaxation to the RTI PAYE reporting requirements for small employers was announced on 19 March 2013 for a limited period (to 5 October 2013)<sup>1</sup>.

11 The change permitted employers with fewer than 50 employees who find it difficult to report every payment to employees at the time of payment, to send information to HMRC on the date of their regular payroll run but no later than the end of the tax month (5<sup>th</sup> of the next calendar month).

12 On 12 June 2013, HMRC announced that the relaxation would be extended for a further six months to 5 April 2014<sup>2</sup>. This provided more time for research to be carried into whether permanent changes need to be made to the RTI process to take account of the needs of employers. At the time and according to HMRC figures, around one in six payments reported under RTI since the system came in in April

<sup>1</sup> [http://www.tax.org.uk/media\\_centre/Press+Releases/welc\\_relax\\_RTI](http://www.tax.org.uk/media_centre/Press+Releases/welc_relax_RTI).

<sup>2</sup> [http://www.tax.org.uk/media\\_centre/Press+Releases/RTI\\_relaxation\\_small\\_employer](http://www.tax.org.uk/media_centre/Press+Releases/RTI_relaxation_small_employer)

2013 had been made using the relaxation and 23% of the smallest employers were yet to report under RTI (and so may benefit from the relaxation). The extended temporary relaxation for the period from 6 October 2013 to 5 April 2014 was subsequently legislated for.

- 13 There was a wide variety of respondents to the survey ranging from those running a payroll for a single domestic employee to payroll bureaux with hundreds of clients and extensive experience of PAYE. However, OOB reporting was a common theme from all with over 50% (102 of 189) either reporting that they had experienced issues with OOB reporting or suggesting that a permanent relaxation to OOB reporting was required (if not for them then for other employers). Comments from respondents on issues encountered and suggested solutions are contained in Appendices 2 and 3 respectively.
- 14 Many thought the OOB requirement was '*unworkable*' and that a permanent relaxation was the only solution, eg '*We have not had any problems meeting the relaxed requirements but when OOB comes into force this will be more difficult*'. In particular, it was thought that the OOB rule was too prescriptive and failed to recognise that businesses have tasks other than payroll to run, eg '*Quite frankly if I tried to manage this process for all clients to file on time ... I would probably have little time left to deal with more important matters of accounts prep and tax returns*'. A number of respondents thought that HMRC needed to experience the '*real world*', eg '*My client has better things to do with his time, like keeping the business afloat, than complying with rules that make no difference to the small PAYE payments he makes every quarter*'.
- 15 Respondents varied as to what extended period of time should be given to reporting payments. These ranged from giving a few days grace to requiring a single monthly report to be made by the 19/22 of the following tax month. Others suggested that quarterly payers (of PAYE/NICs etc) should also only have to file both FPSs and EPSs quarterly and a few thought the existing small employer relaxation should be extended to all employers. A significant number thought that payments should be reported once a month in line with the deadlines and requirements for reporting payments under the Construction Industry Scheme (CIS).
- 16 One respondent noted that they had had to employ additional people in order to meet the OOB reporting requirement. Another noted that they had delayed paying staff by one day to complete real time reporting. We consider that it is unacceptable that RTI should impose additional burdens on employers.
- 17 Many respondents commented on issues with reporting payment to casual employees, daily paid employees and payments based on hours worked. While there are permanently legislated situations where all employers do not have to report PAYE information OOB the time the employee is paid<sup>3</sup>

---

<sup>3</sup> For example, ad hoc payments made outside of the regular payroll, payments to employees for whom employers do not have to maintain a Deductions Working Sheet (DWS) and payments which vary according to the work done on the day (where it is impractical to report OOB).

(<http://www.hmrc.gov.uk/payerti/on-or-before.pdf>), it is evident that these exceptions are insufficient to accommodate all real world situations. In particular, they do not relieve an employer of the significant burden of making multiple submissions each month.

- 18 In many cases, the employer used to only have to report payments to casual employees below the lower earnings limit (LEL) once a year (on form P38) but now has to include the payments either as part of the Full Payment Submission (FPS) for their 'regular' employees or as part of an additional ad hoc FPS to meet the seven day reporting extension (if they do not qualify for the temporary reporting relaxation because they have 50 or more employees). In some cases this has resulted in delays in employees being paid until the FPS can be submitted. Most felt that it was impractical to report daily. Some have had to change payments to monthly just to accommodate RTI. In many cases there is no PAYE or employee NICs liability.
- 19 Another common issue was payments to weekly or two-weekly paid staff, where the burden on the employer/agent was thought to be excessive. Where the employer is reliant on an agent, it takes time for information to pass from the client to the agent, then back again to be approved before final submission. In other cases, having to report payments to, say, one or two weekly paid staff OOB and then the rest, who are monthly paid, at the end of the month creates a significant extra burden, which is currently alleviated by the monthly reporting relaxation.
- 20 Many agents preparing payrolls for clients and then reporting under real time on the client's behalf reported significant issues with meeting the OOB requirement. These varied from late notifications by clients of changes to an employee's pay, late notification of changes to paydays, advances not being notified at the time they are made, not being able to report payments (that cannot be precisely determined in advance) made, eg, late on Friday or over a weekend/Bank Holiday until the following week, and obtaining client agreement to submissions (see below).
- 21 In one case the agent now has to take the payslips and payroll report to the client for approval by car each week (for payment that day) but often does not get approval for the FPS submission until late that evening. This illustrates that RTI is imposing unrealistic burdens on employers and their agents (in most cases the extra time and cost spent by the agent on payroll as a result of RTI cannot be passed on).
- 22 It is quite normal for agents to require clients to sign off on the payroll data before submitting the FPS to HMRC. Often this does not happen the same day and where an agent is responsible for a large number of payrolls the administrative burden involved can be huge. When the time between processing the payroll and clients making payments to employees is quite short the OOB requirement becomes unrealistic. In this regard, it should be noted that the guidance to tax practitioners contained in 'Engagement letters for tax practitioners', issued jointly by the ATT, CIOT (including former IIT), ICAEW, ACCA and ICAS, was updated on 25

February 2013 and states at Appendix B6 that ‘We will submit FPSs online to HMRC after the data to be included therein has been approved by you.’<sup>4</sup>

- 23 A number of smaller agents wondered whether they would ever be able to take time off again – unless they took on more staff (at extra cost). The additional burden arising from RTI has added to the hours spent on payroll tasks and the need to report accurately OOB payment means that many agents need to be available right up to the time payment is made to employees in case the employer (client) makes changes to the amounts paid (eg to take account of sickness, overtime, etc). With the majority of monthly payrolls paying staff at the end of the month there is already a considerable amount of work to be done in a short space of time even without real time reporting.
- 24 There was considerable concern that FPSs submitted based on ‘best estimates’ (ie assuming no changes to amounts due to employees each pay period) could lead to penalties arising if actual payments then differed. (And, of course, if the FPS reports one amount based on the figure known at the time, and the actual figure is then different this could result in the wrong amount of Universal Credit being paid.)
- 25 Even where payments are generally only made once a month issues can arise. For example, advances of pay or leaving payments being made at the time of leaving rather than on the regular pay day. Because of this many agents do not submit the FPS straight away but wait until the day of payment in case amendments have to be factored in.
- 26 Of course not all employers are ‘in business’. Domestic employers, for example, often have to fit payroll tasks and RTI reporting in around their normal day-to-day work, which can make it quite difficult at times to report OOB.
- 27 Some issues were also raised in regard to reporting payments to expatriate employees (eg where a UK NICs liability arises). Often it can take some time for groups of companies to pass the relevant data between companies and departments, leading to payments being reported after the payment date. While the exceptions to filing OOB often means that the employer has until 19 of the following tax month to report, the feedback we received is that this needs to be publicised more widely and HMRC needs to take a more measured approach to reporting such payments.

#### *Recommendation*

- 28 Our recommendation is that the existing temporary relaxation which permits information to be sent to HMRC by the end of the tax month be made permanent. As one respondent put it: *‘It is imperative that the filing relaxation for on or before is made permanent. This will otherwise become a major cause for additional work...’*

#### **Liabilities and Payments (L&P)**

---

<sup>4</sup> <http://www.tax.org.uk/NR/rdonlyres/5468FE7C-A726-4DD3-ACA4-B1AE4AF1ED0D/0/EngagementLettersGuidance250213.docx>

- 29 Employers reporting PAYE in real time can use HMRC's online PAYE L&P viewer to confirm the real time submissions that HMRC have received, and to see both what HMRC think the employer owes and has paid.
- 30 While the viewer is not updated in 'real time' (ie the 'Amount due in period' figure is only updated on 6 and 20 of each month and there is a slight delay in the payment information reaching the viewer) it does show employers what HMRC have recorded as due, potentially enabling early identification of errors in HMRC's records. These limitations on the accuracy of the L&P viewer do need to be made clear when employers are looking at it.
- 31 Many respondents commented that the L&P viewer showed incorrect liabilities and that frustratingly HMRC had appeared to have misallocated payments. Others noted that HMRC were issuing specified charges and warning letters even though an FPS or EPS appeared to have been filed and that HMRC often chased for payment of incorrect amounts (usually because an FPS or EPS had not been correctly processed, or not processed on time, or employee records had been duplicated leading to an overstatement of the amounts of PAYE and NICs due, or HMRC's systems had not been updated prior to chasing letters being sent). Specific comments received from respondents regarding liabilities and payments are reproduced in Appendix 3.
- 32 On 26 September 2013, HMRC published a report setting out their findings from an analysis following feedback that some PAYE schemes experienced difficulties in reconciling the differences between the tax HMRC say is due and the tax they think is due  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/245166/Reconciling2013-14\\_PAYE\\_charges\\_REPORT.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/245166/Reconciling2013-14_PAYE_charges_REPORT.pdf)).
- 33 While we welcome HMRC's research into this area we are concerned that the report suggests that the problems with reconciliations mainly arise due to employer or software error (leading to, for example, duplicated employments appearing on HMRC's systems). While unfamiliarity with RTI is a contributing factor which has led to some employers including data in an FPS or EPS that does not exactly match HMRC's requirements, it is also clear that HMRC's processing of the data (which, for example, ends up with employee records being duplicated) is a contributory factor. In addition, the need to submit an EPS monthly and the timing of this is also a factor (see below).
- 34 Agent respondents observed that they do not have direct access to the L&P viewer making it very difficult for an agent to assist their client in reconciling payments made against HMRC's records. Most requested that agent access to the L&P viewer be implemented as a matter of priority. As one respondent put it: *'It's crazy and it would help solve so many problems if agents could check on the actual payments made and see what HMRC are showing on their system'*. Agent access to the viewer would, we think, save HMRC a huge amount of time in trying to resolve queries.

*Recommendation*

- 35 HMRC should continue to monitor issues with reconciling payments. Additionally, access to the L&P viewer should be extended to agents as soon as possible.

**Employer helpline**

- 36 HMRC's employer helpline is advertised as providing 'expert' advice for employers. However, all too often agents reported that the queries they raise have to be referred for a call back by a 'technical' person. Usually this results in a missed call and the need to start the process over again. Others noted that the waiting times are very high.
- 37 Also, respondents reported that HMRC will not provide a timescale for resolving a query and instead say it may take 'any time'. HMRC should seek to resolve all queries within a reasonable period of time and, if a matter cannot be resolved immediately, provide a sensible timeframe in which one can expect the matter to be resolved.

*Recommendation*

- 38 HMRC should introduce a dedicated agent's PAYE helpline staffed accordingly to provide assistance with the type of query agents raise.

**Employer Payment Summary (EPS)**

- 39 The EPS can be used when you want to:
- claim a reduction in the amount you need to pay HMRC;
  - reduce the amounts shown on a previous EPS;
  - declare no payments made to employees in a tax month; or
  - indicate that this is your 'Final submission for the tax year' and answer the end of year declarations and question.
- 40 Some respondents (see Appendix 4) thought that some aspects of the EPS (such as SMP reclaims) could be included in the FPS obviating the need to file an EPS. In many cases it was felt that HMRC had the necessary information anyway (eg in regard to SMP reclaims, as the amount of NI paid is known from the FPS) and that an EPS shouldn't be necessary.
- 41 Other respondents thought that once an EPS has been filed for one month it should not be necessary to file again for later months unless the adjustment claimed in the EPS (eg a CIS deduction offset) changed.

- 42 A number of respondents commented that it should be possible to state which tax month the EPS relates to and file it at the same time as the FPS (unless an EPS is filed between 6 and 19 of the following tax month, it may be misallocated).
- 43 Where a scheme is a quarterly payer, respondents thought that it should be possible to submit a single EPS covering the quarter.

#### *Recommendation*

- 44 It should only be necessary to submit an EPS once for the month a correction to amounts due occurs. Where possible the FPS should be capable of reporting amendments to amounts payable (ie the FPS and EPS should be combined where the employer can process both at the same time). Also, and as a matter of priority, it should be possible to state to which tax month an EPS relates and to include a nil declaration for payments covering a whole tax year (rather than the current maximum of six months).

#### **Software/internet issues**

- 45 A number of respondents expressed concern around the confirmations received when a return is filed. In some cases the confirmation of receipt was delayed and in others not received at all. This has led to considerable uncertainty as to whether returns have been received or not. Also, it has been reported that often the Government Gateway simply freezes one out, especially during busy periods. The result of this is that it is not possible to know whether a return had been filed or not. One respondent advised that sometimes the system says HMRC are experiencing delays and gives an option of continuing to try to send as you carry on with your other work; however, if one does this, although it states on the main screen that the submission has been sent, if one logs into the e-submissions log it states that it disconnected and does not say it's been sent, so it is not possible to know whether the return has actually been received.
- 46 A number of other respondents also noted that it was not always possible to file returns through the Government Gateway, leading to returns having to be reprocessed at another time.
- 47 Agent respondents noted that the receipt of submission received did not include the employer name or period it related to (it only includes the PAYE reference), making it difficult to match up where the agent has filed a number of returns for his/her clients. We suggest that the receipt of submission be amended to include the employer number.
- 48 Some specific issues were also raised in respect of HMRC's Basic PAYE Tools for employers (BPT) (the free reporting software provided by HMRC for employers with 9 or fewer employers):

- the software does not permit more than one payment for an employee being included in the same submission;
- errors in the cumulative figures recorded (on checking submissions with HMRC it appeared the correct amounts had been filed);
- correction of errors appears not to be possible where BPT is used for more than one scheme; and
- the software does not permit a payment for an earlier period being entered (eg to correct an oversight) once a payment for a later period has been entered and an FPS sent.

49 Respondents also noted issues with third party software. For example:

- the software proved not to be fit for purpose (eg would not permit a nil EPS to be submitted);
- the software would not permit entry of more than one pay day per month;
- it is not possible to amend/correct figures once an FPS has been sent;
- the software showed different figures to that reported as received by HMRC; and
- the software does not permit in-month adjustments to figures once an FPS has been filed.

50 One respondent noted that the backup option appears when one logs into HMRC's website and suggested that this should be an option before one logs off so that the most recent inputs are backed up.

51 Respondents noted that lack of access to the internet, or unreliability of the connection, presented issues with reporting in real time with (all too often) broadband connections being down at the time the payroll is processed. The result is that the employer then has to come back and submit the FPS at a later time (which may be after payment has been made). One respondent reported that they could not use BPT as they were unable to connect to the internet. Another advised that local broadband speeds were too slow to update software.

### *Recommendations*

52 We think software system requirements should be changed to permit an employer to resubmit an FPS where data has changed, to show the correct data. We also think that receipt confirmations should include the employer name. In addition, we would suggest looking at kite-marking third party software.

### ***New employers***

53 A number of respondents commented that HMRC were taking too long to register new PAYE schemes. In one case the respondent reported that it took eight weeks to complete the process.

*Recommendation*

A new employer should have 30 days from the date HMRC register the new scheme in which to file the first FPS reporting payments made to employees since the employer became liable to register with HMRC.

**Closed schemes**

- 54 Respondents noted that HMRC were not processing requests to close schemes promptly with the result that if a nil EPS is not submitted monthly, a chasing letter arrives from HMRC asking for overdue PAYE based on estimated amounts that is not due.

*Recommendation*

- 55 HMRC need to action post and close schemes where requested to avoid unnecessary paperwork and costs.

**Annual schemes**

- 56 Respondents commented that it had taken too long to resolve issues in regard to registering annual schemes.
- 57 Also, that a telephone call is required for each annual payroll and HMRC ask a lot of detailed questions making it very time consuming for an agent with many annual payrolls (especially as HMRC will usually only deal with one request per call). In addition, HMRC will not advise when they have marked a scheme as annual, so it is necessary to either continue submitting nil EPSs each month, or telephone again to receive confirmation. There needs to be a better way for agents to log a list of annual payrolls with HMRC and have certainty that they have been marked as such.
- 58 In addition, a number of respondents noted that schemes they thought had been registered as annual had subsequently proved not be.

*Recommendation*

- 59 We recommend instigating a structured email facility to resolve issues relating to annual schemes (especially as HMRC will only deal with one request at a time when an agent would like to deal with all relevant client employers in one phone call). In addition, we suggest that when the registration of annual schemes is completed by HMRC this is formally acknowledged.

### ***Special schemes***

60 Respondents noted that the need to submit nil EPSs for schemes where there is nothing to report (eg CIS only schemes, PIID schemes, etc) was time consuming and unnecessary.

#### *Recommendation*

61 It should be possible to register a scheme as a 'nil reporting' scheme.

### **The Chartered Institute of Taxation**

The Chartered Institute of Taxation (CIOT) is the leading professional body in the United Kingdom concerned solely with taxation. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries. The CIOT's comments and recommendations on tax issues are made in line with our charitable objectives: we are politically neutral in our work.

The CIOT's 17,000 members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

### **The Association of Taxation Technicians**

Founded in 1989, the Association of Taxation Technicians (ATT) is a charity and the leading professional body for those providing UK tax compliance services and related activities. Our members are qualified by examination and practical experience to assist individuals and businesses in complying with their tax obligations.

The primary objective of the Association is to promote education and the study of administration and practice of taxation. One of the key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Those who meet the membership requirements have their qualification recognised by use of the title of 'Taxation Technician' and the designatory letters 'ATT'.

The Association has recently admitted its 7,000th member and now has over 10,900 Fellows, members and registered students.

**The Chartered Institute of Taxation      The Association of Taxation Technicians**

**4 December 2013**

## Appendices

### Appendix 1

#### CIOT & ATT RTI Supplementary Survey Questions

Q1. Have you encountered any issues in meeting the RTI reporting requirements?

Q1a. If yes, please provide details and any suggestions for changes that could be made to improve RTI.

Q2. Do you have any other RTI-related issues or suggestions to make?

Q3. If you are happy for us to contact you to find out more information about any of the issues you highlight, please provide your email address:

Q4. Which body are you a member of?

### Appendix 2

On or before (OOB): comments received from respondents

1. We have had to employ additional temporary staff to meet the filing on different days of the week and different times because our regular payroll staff member is only 3 days a week.
2. When it comes to the pay date an employee may have since had time off and the pay has to be revised. However, the on or before return has already been filed.
3. When you have people ie irregular staff that you pay (old P38 'employees') it is annoying to have to defer their payment until I can sit down to make the RTI entry and then make payment.
4. Clients advising changes late; clients coming to us late; employees leaving and being paid before the normal payment date.
5. Reporting payments on or before date of payment causes problems over weekends and Bank Holidays<sup>5</sup>.
6. Do not submit as soon as payroll has been run in case there are any changes to make and this needs to be factored in.

---

<sup>5</sup> We acknowledge that one of the statutory exceptions to when employers has to report OOB may apply.

7. We act for a market trader who pays staff at a Christmas market at the end of the day mid-evening for the hours worked, clearly impractical to report in advance<sup>6</sup>.
8. We require our clients to sign the payroll summary prior to us submitting to HMRC to confirm that they are in agreement with the figures and then when signed this is passed back to the payroll department for submission. This may not all happen on the same day and when you are preparing payroll for 50+ clients each month then the actual administrative burden is huge.
9. Daily/weekly submissions unreasonable if client depends upon agent.
10. Late changes to the payroll after the FPS has been submitted for small payrolls.
11. One of the payrolls that I run is 2 weekly. It is difficult to submit the RTI report for the mid-month pay run.
12. Clients tell me they are about to take a salary the day before it happens but I only work part time...
13. I currently have a client who effectively pays employees on a daily basis. There is no way I can operate a daily payroll for him...
14. It doesn't allow for holidays or illness in the smallest businesses, nor computer problems.
15. Mainly communication issues where payments are made before the normal pay date for various practical reasons but not reported to us until later so it is impossible to meet the OOB requirement.
16. As a small business, pressure sometimes means that payroll is run a day or two late.
17. If someone is sick, you have to wait until the last day before payment to staff is made.
18. There is not enough time to send the pay details to clients, get their approval and then submit under RTI especially for weekly payroll.
19. As an agency we have so many clients all needing reported on the same day that it can be a struggle to have all submissions in on time.
20. Getting confirmation from clients or client advising on the day that they are paying themselves an amount.

---

<sup>6</sup> We acknowledge that one of the statutory exceptions to when employers has to report OOB may apply.

21. Payroll clients do not always notify us of the actual pay date; sometimes we have been notified days after payments have been made.
22. Clients make payments before advising us of the details.
23. The requirement to report on or before is fraught with practical difficulties when dealing with a large number of clients.
24. Where employees are paid a different amount every week it can be difficult to report on time<sup>7</sup>.
25. Trying to do a large number of wages/RTI submissions at the end of the month is virtually impossible when you are unable to contact clients/are not given all the wages information/are not provided with all the necessary information for New Employees or when there are wages adjustments or when there is a problem with sickness & holiday cover.
26. Client with Car Wash pays Employees on Fridays/ Saturdays but bookkeeping week ends in accordance with National Company deadlines on Sundays and casuals paid on day of payment<sup>8</sup>.
27. Most clients don't get back to us by deadline so filing is made on their behalf on previously agreed figures/dates - sometimes late due to volume of clients who don't respond or are late responding.
28. When you have loads of payrolls to do... have to send submission early but then if client changes pay have to do adjustment - all extra work.
29. Linking reporting requirements to payment date causes difficulty for organisations who outsource the payroll.
30. Clients not providing information on time to submit before payday.
31. A client's staff are paid weekly on Friday according to hours worked, which can vary from 0 to 40 according to season.
32. Having to submit payroll information for EVERY client for EVERY payroll when you have to deal with the payroll for well over 100 clients is ridiculously onerous and only causes more work than before.
33. Currently we cut off at 15th month whereas previous cut off for data input was 22nd month.

---

<sup>7</sup> We acknowledge that one of the statutory exceptions to when employers has to report OOB may apply.

<sup>8</sup> We acknowledge that one of the statutory exceptions to when employers has to report OOB may apply.

34. I process the payroll for a window cleaner with two (very) part time staff. Their earnings are dependent on the weather and they often only work one day a week. It is impossible to know what they earn prior to the day and, as their agent, I am then dependent on the proprietor passing the earnings information onto me before RTI reporting can be done.
35. With daily harvest casuals in a small business harvesting potatoes on demand, it is impossible to report before paying the casuals at the end of the day<sup>9</sup>.
36. It is a slow process checking back and forth with employers, difficult to correct if you make errors.
37. Ability to report to HMRC on or before payday is hampered by late info received from clients.
38. It is problematic gaining the correct information early enough to process the submission on time.
39. One client, who pays their staff weekly, calls staff in on the weekend depending on bookings. Some work and are paid on a Sunday which means that I'm unable to process the payroll until after the payment is made<sup>10</sup>.
40. Some of our employees are on flexitime and are paid up to as close to payday as possible.
41. Clients don't know how much they will pay themselves or their hourly staff in advance.
42. Meeting RTI reporting requirement of On or Before can cause problems at busy times.
43. Hourly paid casual workers who leave and are paid cash part way through week but the person who can operate the payroll and sends FPS only comes in once a week.

### Appendix 3

On or before (OOB) reporting relaxations: suggestions for a permanent solution received from respondents

1. Extend the deadline to the end of the tax month.

---

<sup>9</sup> We acknowledge that one of the statutory exceptions to when employers has to report OOB may apply.

<sup>10</sup> We acknowledge that one of the statutory exceptions to when employers has to report OOB may apply.

2. Why can returns not just be made to the 5th of each month to be filed by the 19th like CIS returns?
3. FPS's should be able to be filed up until the end of the tax month to which they refer.
4. Giving businesses even seven days to file would be a help.
5. Relaxations are good but it should be just within the month rather than within 7 days.
6. SCRAP the idea of dealing with stuff daily and make it a monthly reporting requirement.
7. Would suggest that in place of 7 days should be minimum of 10 and ideally 14.
8. I feel that the FPS's should have the same amount of time to be filed as the PAYE payments have, the 19th of the month.
9. It is imperative that the filing relaxation for on or before is made permanent.
10. I can understand OOB for the larger organisations but for some smaller companies and for accountants operating a payroll bureau the current relaxed regime makes much more sense and the majority of my clients are paying monthly, it just takes the pressure off smaller businesses.
11. Can only suggest monthly submissions not penalized occasionally for weekly payroll.
12. Preferable to have the leeway to file FPS at the end of the tax month.
13. Change the "on or before" requirement to allow more time to report.
14. My suggestion would be that the filing should be done when or before the liabilities are due, this would mean corrections could be made in that period and it would only require 1 filing per month even for weekly paid staff.
15. Businesses with liability less than £5000 PAYE/NIC or 5 employees per annum should be eligible for an annual return.
16. Move to quarterly or yearly reporting for companies with less than 10 staff and tax and NI liabilities of less than £1000 a month.
17. All these problems can be resolved with a monthly report to be completed within 7 days after the end of the month.
18. At the very least the RTI filing deadlines should be aligned with those for CIS returns...

19. Deadline should be 19th of following month to give time for small businesses to meet deadline.
20. Without the concession continuing we shall be forced to pay monthly and make loans to the employees from outside the business that match their existing payment profile.
21. There should be a leeway of say 48 hours beyond the pay date for reporting.
22. Reporting to HMRC should be monthly within 14 days of the end of each month.
23. I would like the RTI to be submitted by the 5th of the month for all weekly and monthly payrolls giving time for client agreement and to amend anything that has cropped up.
24. It would be more helpful with the monthly payrolls to have the date moved to the 5th of the month following pay day. This would still be within the PAYE month.
25. I suggest reporting should be done by the end of each tax period, therefore for monthly payrolls it would give until the 5th of the following month.
26. Give permanent opt out for micro employers so that payments only need to be reported by month end.
27. Change reporting requirement to 5th of month, will save constantly having to check spreadsheets to make sure a payment date is not missed.
28. Reporting should be after payment. After end of month or week, not before.
29. It would be better if for monthly payrolls the reporting deadline was either the end of the month or fell in line with tax months. As far as weekly payrolls are concerned a suitable deadline would be either the Friday or Saturday of each week. This would give us time to get approval back from clients before submitting.
30. The obvious solution would be for RTI reporting to be made before the PAYE payment for the month is due, i.e. by 19th of the following month. Even if the reporting was a week after the end of the tax month, ie by 12th of the month, it would make much practical sense and be a huge help for most people.
31. It would be helpful if we could file returns within 2 days of payment.
32. You should be allowed at least 7/14 days from the payment date to make the necessary RTI submissions...
33. Allow quarterly, half-yearly or annual reporting. Scrap it for businesses under £25,000 p.a. turnover.

34. Wouldn't it be sufficient to submit payroll once a month? Surely, this would have been a massive improvement already from the previous once a year P35 submission. It would have been more practical to make FPS submissions any time during the tax month rather than OOB, this seems to be unnecessarily strict.
35. Allow weekly payrolls to be submitted by month end. It is these that cause most problems when the payroll person is on holiday.
36. There should be flexibility for small employers to submit day after Payroll & Bookkeeping weekend.
37. Abandon 'on or before' criteria, and report PAYE for a month by a certain deadline, in the same way as VAT returns are prepared, etc, eg PAYE RTI submission for month 6th August - 5th September should be submitted by 19th September at latest.
38. Relax the on or before rule for employers who pay casually and do not have set dates / times for when they pay employees.
39. My suggestion would be for HMRC to request submissions as frequently as monthly only, with less than this being optional (to match the payroll processing).
40. Give extra time, eg a week after payment made.
41. It seems only logical to revert to payment submission by 19th of the month following month of pay.
42. Why can't we report salary payments quarterly [for quarterly schemes] instead of on or before?
43. My suggestion to make the life of the payroll bureau easier (and I am sure other employers) would be to report just like we do for CIS. This way all payments would be reported by 19th of the month following payment.
44. On or before could be changed so that reporting could be on or before the last day of the month.
45. Suggest some extension of the deadline is given...
46. A monthly (or even quarterly) submission should be required rather like the CIS system.
47. The reporting deadline should be 19th of the following month in line with CIS and paying PAYE/NICs.
48. Report once after payroll has finished at end of tax month eg 5th month.

49. I believe that the temporary relaxation in the rules should be extended permanently in circumstances such as these where it is impossible to report in advance.
50. It is vital at least small companies can continue to make monthly returns. I believe that all companies whatever the size should be able to make monthly returns.
51. The on or before rule needs to be relaxed for small clients.
52. Allow till 19th month to submit.
53. Continue the current arrangement whereby the reporting has to be done monthly to the normal PAYE monthly reporting time scales.
54. Only require employers to report on or before 5th of following month.
55. There should be one report per PAYE month combining both FPS and EPS.
56. Can this not be done 2 weeks in arrears?
57. Allow small businesses to continue making a month end cover all submission and not the on or before paid submission which will significantly reduce the cost burden for non-computer literate small businesses.
58. Could we not upload file by 22nd of following month along with payment?
59. Why not require reporting within a set period of payment, eg a week?
60. Would be useful if the FPS each month also had until 19th of the month as the deadline for submission rather than on or before.
61. Keep the on or before 5th of each month relaxation.
62. Make the temporary derogation that small employers have to report by end of pay month permanent.
63. Monthly reporting by same date that tax/NI is due and no penalty for late reporting.
64. Being able to submit up to seven days after payment would be very helpful...
65. A summarised account at the end of picking should suffice [for harvest casuals].
66. Much easier would be an arrangement to report within the tax month which would provide some reporting flexibility without (as far as I can see) affecting the main purpose of RTI...
67. A slightly longer period to submit would be useful. Monthly reporting for micro employers (say 10< employees and/or qualifying for quarterly PAYE payments) due

by 19th of following month (similar to CIS returns) regardless of staff payment frequency.

68. For monthly payrolls allow the FPS to be submitted at the end of the month regardless of when the payment is made.

#### **Appendix 4**

Liabilities and Payments (L&P): comments received from respondents

1. Agents need to have access to HMRC's online record of payments received set against amounts due for the year other than via the client's dashboard.
2. When will at a glance information be available to agents?
3. The HMRC web site has shown incorrect liabilities for months under RTI and misallocated monthly payments even in cases where only one submission per month.
4. Where an FPS or EPS is missing the Debt Management Unit are issuing special charges but then cannot cancel those charges without reference to the Payment Helpline as they cannot see what FPS/EPS have been filed.
5. HMRC seem to chase the wrong amount when they chase PAYE/NIC. Seen a number of cases where HMRC not deducting SMP or SSP reclaims from amount due and getting very abusive with the employer when they have done nothing wrong.
6. There has been a HMRC issue in balancing the FPS values submitted to the payments they have deemed need to be paid. An issue I would hope to have been picked up in the pilot or that has come from a subsequent software change.
7. I think like many people I am frustrated with the allocations of the payments against the months and we do try to tell clients to use the correct 4 digits at the end of the reference.
8. Small businesses still pay quarterly to HMRC, but their software is raising monthly assessments. Tracking the account online is difficult and time consuming.
9. HMRC sending overdue PAYE reminders for companies that have closed their PAYE scheme. They need to update systems. SSP reporting etc needs to be clearer.
10. Now that RTI is in place it makes even more sense than ever for authorised agents to have access to records of payments made. Why does agent authorisation not allow this? It's crazy and it would help solve so many problems if agents could check on the actual payments made and see what HMRC are showing on their system. Allowing agents to have this information would surely save HMRC a huge amount of time in trying to resolve queries.

11. System was asking for standard PAYE/NIC for deductions for April/May. submitted nil returns for April/May/June in early July. Computer system updated to show nil due late July. Got a letter demanding this amount in September. Explanation: computer system update not in time for letter 2 months later.
12. We have encountered some problems where HMRC PAYE figures differ to the ones we've sent via FPS/EPS so they believe the client underpaid. (We have checked the details with our software provider IRIS to ensure there isn't an issue.) HMRC debt collection department then chase the client for this deemed underpayment without checking/consulting the figures with the client or agent first. We then have to ring the PAYE helpline, hold on the phone at least half an hour before speaking to someone who can't help anyway or better hold on the line forever and then get disconnected. The case gets referred to another department that should investigate but you never hear back from them again!
13. Unfortunately HMRC, from personal experience, do not seem to want to help agents when they try to sort out client's queries, involving pointless statement of liabilities that are sent out when no payments are due. Recently I have been advised by HMRC that it will take 7-8 weeks to move a payment from 2012-13 year to 2013-14 but I have to report on or before pay day. It is all one way traffic...
14. Agents having access to business dashboard of clients for checking HMRC record of client position.
15. Need better synchronisation between HMRC PAYE online "your account" and RTI as submissions are not uploaded promptly which indicates there is a problem on the employers' account, when in fact HMRC have not uploaded the RTI. They should make the timescale much clearer on the PAYE login, to avoid 45 minutes hanging on the phone to be told they're behind.
16. Stop making demand when FPS submission is made with no tax due. Stop making demands when nil payment is submitted.
17. A client, remitting monthly, has received a complaint that a payment has not been made. I have seen the bank statement showing payment made three months previously. Suggest: HMRC make proper timeous use of information supplied.

## Appendix 5

### Employer Payment Summary (EPS): comments received from respondents

1. Where there are nil payments due to HMRC in respect of a tax month (perhaps because there are temporarily no employees) it is not possible to submit a nil EPS for that tax month until the start of the next tax month. This prolongs the period spent dealing with payrolls. I like to do everything in one hit and not have to wait a couple of weeks until the 6th to do a nil submission for the previous month. Absolutely barmy!

2. My software []- turned out not to be fit for purpose even though it told me it was RTI ready and HMRC website said the same. It didn't allow me to do EPS where there was no pay in the month...
3. Get rid of the need to file EPS's. HMRC already have this information when the FPS is filed. They just need to do the calculations from the figures provided. An example is SMP reclaim where they know what this will be because they know the amount of NI paid and therefore the percentage claim that will be made and the total amount they can expect to receive from the employer.
4. If the HMRC computer allowed submission of Nil payments before the 19th of each month by using the date information of the Tax month being submitted so it can be done when processing monthly payrolls/CIS schemes not a separate task having to be done at a later date.
5. Once a payroll has had a sickness/maternity, even after said sickness or maternity ends, EPSs have to still be submitted each month with cumulative totals, which I think is a waste of time.
6. EPS - if there is no SSP or SMP in a month it would make it easier if we did not have to send an EPS as HMRC already have this information from previous months.
7. Send EPS before the end of the month.
8. Concern re the basic PAYE tools when you are given a short period of time, i.e. between 5th and 19th of month, to lodge nil return.
9. You still have to make a submission each month even although there are no amounts perhaps due.
10. The nil EPS situation which can only be submitted after the 5th of the month - Why?
11. When an advice has been sent for an FPS that says nil an EPS for nil is superfluous as the information has already been provided, costs us time and money and also money for the client.
12. Unable to submit the EPS at the same time as the FPS so it is take more time as you cannot do in one go and have to go back in at a later date. Can the FPS and EPS be combined so only one monthly submission?
13. It could be clearer what the differences are between an FPS and an EPS and what data goes in them.