

Payroll Year End

Hello.

Please read these instructions before attempting year end.

Enclosed

Keytime Payroll 2014-15 Year End CD

Getting Help

You can get help with your year end in one of three ways:

Online at support.keytime.co.uk

Email us at support@keytime.co.uk

Call us on 0845 456 3103

Extended opening hours

We'll be running extended opening hours again this year - for up to date details, check support.keytime.co.uk

Changes for 2014-15

personal allowances

Personal allowances have been uplifted this year, so you will need to update the personal allowances for code L before processing your first period of 2014-15.

You can find instructions on making these changes for each payroll company you process later on in this guide.

There are a few key changes that will effect employers over the next 12 months. These are detailed below:

1. Abolition of the Percentage Threshold Scheme

From April 2014 employers will no longer be able to recover any SSP payments made to their employees. Whilst the scheme is being withdrawn from April 2014, employers will have until 5 April 2016 to recover any qualifying SSP paid during the 2013-14 tax year.

2. Employment Allowance

The Employment Allowance is available from April 2014 and, if you are eligible, you could reduce your Class 1 NICs by up to £2000 during the 2014-15 tax year.

All you need to do is tick the employment allowance box on the EPS to tell HMRC you are claiming; Payroll will then reduce your Class 1 NICs until the allowance is used up.

3. Abolition of Form P46

HMRC have withdrawn form P46 and replaced this with a 'Starter Checklist'. The checklist asks relevant information about the new employee that should be used if a P45 is not provided.

You can find a copy of the starter checklist in Payroll by clicking the Reports menu / Employee.

4. Timetable for RTI Penalties

Penalties are being phased in over a 12 month period to allow employers further time to adapt to the RTI regime:

April 2014 – interest will be chargeable on any in-year payment of PAYE and NICs not made by the due date.

October 2014 – automatic in-year late filing penalties will start. HMRC will pick up late submissions and create automatic warning notices and quarterly penalty notices.

April 2015 – automatic in-year late payment penalties.

5. Auto Enrolment

Auto enrolment will become a reality during 2014-15 for all employers that employ between 50 and 249 staff.

Auto enrolment is a key part of workplace pension reform. It means that employers will have to enrol certain members of staff into workplace pension schemes and make contributions to their pension savings

Automatic enrolment duties come into force based on your staging date. The staging dates for 2014-15 are based on the number of employees on your payroll on 1 April 2012 and can be seen below.

160-249	1 April 2014
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90-159	1 May 2014
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62-89	1 July 2014
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61	1 August 2014
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60	1 October 2014
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59	1 November 2014
58	1 January 2015
54-57	1 March 2015
50-53	1 April 2015

From April 2014 Keytime Payroll will feature auto enrolment functionality. You can read more about auto enrolment and the new features available in Payroll by reading our Auto Enrolment article on the support.keytime.co.uk website.

6. Direct Earnings Attachment (DEA)

The DWP is responsible for recovering debt owed under the Social Security Administration Act 1992. Where the secretary of state has been unable to recover money owed, the DWP can issue a Direct Earnings Credit (DEA) without going through the civil courts.

The DWP will write to you if you need to make DEA deductions. More information on direct earnings attachments can be found on www.gov.uk / employing people / payroll / make benefit debts deductions from an employee's pay.

Payroll now features DEAs as an attachment of earnings; the software will automatically calculate the rate of deduction based on employee pay. A report is also produced for you to report deductions to the DWP.

7. Scheme Contracted Out Number (SCON)

From April 2014 if you operate a contracted out pension scheme and you have employees with NI categories of D E L N or O you must include the scheme contracted out number (SCON) in the FPS.

You can find the SCON on your contracting-out certificate or it can be obtained from your pension scheme administrator.

In Keytime Payroll, the SCON reference is entered in the pension scheme details. The SCON reference is then submitted with employees enrolled in that scheme that have appropriate NI category codes.

8. Late Reporting Reason

From April 2014 HMRC are introducing a late reporting reason, this is added to employee records in the FPS and allows employers to tell HMRC why they are late submitting payroll data. Some examples: the submission is a correction to an earlier submission, the employer is a micro employer using the 'on or before' relaxation, or you have a reasonable excuse for late filing.

Late reporting reasons can be applied to specific employees or to all employees on a FPS wide basis.

You will find late reporting reasons pertaining to individual employees in the periodic pay details screen (Calculate / Select employee / Pay details). Late reporting reasons pertaining to all employees, for example reasonable excuse, can be found in the FPS screen.

9. Number of Hours Worked

Number of hours worked bandings were introduced in April 2013. From April 2014 the number of bandings changes from 4 to 5; they are as follows:

- A Up to 15.99 hours
- B 16 to 23.99 hours
- C 24 to 29.99 hours
- D 30 hours or more
- E Other

You will need to review each employee record and adjust the banding where necessary.

10. Bank Account Details in the EPS

If you have statutory payments to recover that result in an overall refund due from HMRC, from April 2014 HMRC will refund the overpayment directly into your bank account if it is included on the EPS. In Payroll you will find new fields for bank account details in the EPS screen.

Install the update

The year-end update installs two versions of the software onto your PC.

Keytime Payroll 2013 (*for 2013-14, and year end processing*)
Keytime Payroll (*for processing 2014-15 payrolls*)

Step by step install instructions

1. Ensure that no Keytime programs are running - if they are, close them.
2. Insert the CD into your drive and it will start automatically.
3. Follow the on-screen prompts and allow the update to install.
4. The system will tell you when it has finished.

Tip

Make sure you use the right icon to go into the 2013/14 payroll.

Finish processing

We highly recommend that you take regular backups throughout the payroll year. As well, you should **take a separate pre-year end backup**, and store it separately from your usual backups. It helps to label this backup as a year-end backup.

You should complete every period for 2013-14 payroll before processing the year end. If you don't close all periods in the 2013-14 tax year, you will have incomplete records if you

wish to print reports for 2013-14 in the 2014-15 version of the software.

Week 53

A week 53 payment will only be required in 2013-14 if the actual day on which you pay your staff is Saturday.

If your payment date is correctly set in the system as Saturday week 53 will be run automatically.

In line with legislation, Keytime Payroll calculates the extra period on a week 1 / month 1 basis. Please bear in mind that for higher paid staff this could cause them to be underpaid for the year ended 5 April 2014.

Filing a Final FPS or EPS

Under RTI all payrolls are now required to file a final FPS rather than P14s and a P35, which are now obsolete. **The final FPS must be filed on or before the date you pay employees and at the latest by 19th of April 2014.**

If you have statutory payments to recover, or you need to tell HMRC that you haven't paid anyone in the final tax month you must file an EPS. Under these circumstances the EPS *must* be filed by **19th April 2014** to ensure HMRC allocate recovery amounts to the correct period and tax year.

Final FPS

Open your 2013-14 payroll, to submit a final FPS click **submit** on the main toolbar in the employee library, click Full Payment Submission.

Select the FPS to be submitted, click Submit. In the FPS wizard, tick (click) the box 'final submission for the year', click next. You will be presented with a set of questions, select your answers and click save. You can also access these questions by going to Company > RTI Questions & Declarations.

Once the pre-filing validations have been complete click Submit to send the FPS; you can send as many final FPSs as necessary up to 19th April 2014.

Final EPS

If you need to send an EPS, for example to recover statutory payments, you can send a final EPS instead of a final FPS (you must still send an FPS for the last period). Click **submit** on the main toolbar in the employee library, click Employer Payment Submission.

Select the EPS to be submitted, click submit. In the EPS wizard, tick (click) the box 'final submission for the year'. Answer the questions as described above and click Save. Continue with the EPS as normal. It is important to note that if you are recovering statutory payments you *must* submit the EPS by 19th April 2014 to avoid HMRC allocating the recovery amount to the incorrect tax period and year.

Run the year end

- 1 Install the Year End CD update, if you haven't already done so.
- 2 Complete any outstanding processing for 2013-14, and close the last period as usual. If you normally use an icon on your desktop to start Payroll, use the new Keytime Payroll 2013-14 icon instead.

Windows start > All programs > Keytime > Keytime Payroll > Keytime Payroll 2013-14

- 3 Take a backup of your data, label the backup as your Year End backup, and keep it safely away from your regular backup set.

- 4 Using the Keytime Payroll 2013-14 icon, go back into your 2013-14 payroll, and print off your P60s. To do this, make sure you are in the Employees screen (*the employees button in the top-left hand corner will be greyed out*).

Reports > Year end > P60s

- 5 Print the reports you need before year end. This year you will only need P60s as the P35 is now obsolete under RTI, instead you now submit a final FPS and/or EPS. See below for P60 printing tips.

It is possible to print P60s after closing down the year. To do this, simply log into the 2013-14 payroll, using the Payroll 2013-14 icon.

You can now run the year end. This will create your data in the 2014 version of the software.

In the 2013-14 version of Payroll click Payroll > End of year > Process end of year

- 6 Close Payroll 2013-14, and re-open it using the other icon, which will be labelled simply Keytime Payroll. The tax year (bottom right) should now read 06/04/14 - 05/04/15, and the pay periods will have reset to 1.

P60 print alignment

All the boxes on the P60 are in fixed positions, which should be correct for all printers.

Please note that the system uses Portrait Laser P60 single sheet forms only. It is not compatible with Landscape forms, Dot Matrix P60s or the P60 Certificate of Pay.

Occasionally, you may need to adjust the prints to fit the forms. You can manoeuvre the entire print up and down, left and right to ensure that it prints within the boxes on the form.

Setup > Configure system. Click the settings tab. You can then adjust the margins to align the P60s.

If you do make a change, we recommend making a note of the original settings, in case your payslip alignment is affected. You only need to make this change in a single company - other companies will use the same settings.

Tax code changes

For every company process:

1. Open the company in Keytime Payroll (*for 2014-15*)
2. Go to payroll > End of year
3. Select change tax code
4. Type **L** to change the **L** code
5. Enter **56** for the amount to change
6. You should now see the **L** code as **1000L**