Accentra Primo Payroll
April 2016 EOY Release Notes v1.4

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1   PREPARING FOR EOY

1.1   UPGRADE TO VERSION 2016

Your program will automatically upgrade to the correct version for the new Tax year without the need for physical updates.

1.2   WHAT HAPPENS AFTER UPGRADING TO 2016

The program will work as usual for the remaining part of the tax year 2015-16.

The legislative changes for the new tax year will become effective only after you complete the "Year End" process.

1.3   WHEN TO COMPLETE YEAR END?

As soon as you have finished with the last period of the year, you can end the year and proceed with the payroll processing for the New Year without having to print P60s. These can be printed from the program at any time before the deadline.

2   PROCESSING EOY

2.1   BEFORE EOY CHECK LIST

Ensure that the version number of your payroll reads 20.0 or later

- Complete Payroll Processing for the last period of the year 2015-16
- Complete the Final FPS (refer to section 4.1for further information)
- Closed the period
- If you run more than one payroll frequency, make sure the above steps are completed for all the frequencies

2.2   ENDING THE YEAR

- Return to the Employees screen
- Click the Menu option on the right of the screen

- Then click the option [**End Year**]

- The program will display the details relevant to the company. None of these fields can be edited by the User.
- When the details have been checked, click proceed and the program will perform the year end. A message will appear within a few seconds to confirm that the year-end procedure has been completed successfully.

Final EPS

You do not have to submit your final EPS before the year end as this can be done after commencing the New Year in the same way that the P60s are printed.

2.3   AFTER EOY CHECK LIST

After the year end is complete, **it is very important** that you check and ensure that the following screens have been updated correctly on your payroll data.

- Tax Bands screen should display the bandwidths described in section 3.2
- NI Bands Screen should display the bandwidths described in section 3.5
- SSP Rates Screen should show the new value as described in section 3.7
- SMP/SPP/SMP Parameters should show the new values as described in section 3.8, 1.16 and 1.17
- Uplift the tax codes as explained in section 1.8

Important:

If for some reason, any of the above changes have not come in to effect, we recommend that you contact us immediately by emailing to support@accentra.co.uk.

2.4   POST EOY RESPONSIBILITIES

- Complete Final Employment Payment Summary submission. Refer to section 4.2 for further information.
- Issue P60 Tax Certificate to your employees. Refer to section 1.24 for further information.

3   APRIL 2016 STATUTORY CHANGES

3.1   TAX CODE CHANGE

The income tax personal allowance will rise to £11,000. The emergency tax code will rise to 1100L. As a general rule, unless an amended code notification is received on form P9(T), all tax codes with a suffix 'L' will be increased by 40 (example: 1060L will be changed to 1100L).

The Tax Code Uplift will be applied to all relevant employees as part of the End of Year process.

> **P9 Notification**
>
> P9 Tax code change notifications must be recorded directly by amending the employee record.
>
> .

3.2   NEW TAX BANDS

After the EOY, the tax band screen should read as below. (**Settings** ⚙ **> Tax Bands**)

	Bandwith	From	To	Rate%	Basic Rate?
1	32000.00	0.00	32000.00	20.00	✔
2	150000.00	32000.01	150000.00	40.00	✖
3	99999999.00	150000.01	99999999.00	45.00	✖

Upper (Regulatory) limit %   50.00

3.3   50% TAX LIMIT

From April 2015 HMRC introduced new limits to the amount of debt collectible through a tax code. To ensure employees have no more than 50% of their pay deducted, they extended the 50% overriding limit (applicable to K codes only) to all tax codes from 6 April 2015. This statutory safeguard will support the checks already within HMRC systems which mitigate the risk using incorrect tax codes.

The change applies to all suffix codes, prefix codes and letter only codes and the employer will be responsible for operating the 50% overriding limit. Non K codes that hit 50% limit should be changed to a week1/month1 basis – unlike with K codes there is no requirement for an employer to account for or to attempt to collect any shortfall of tax. See section 5.1 for further details.

RTI only needs details of the tax deducted each pay period along with the YTD figure.

3.4   SCOTTISH RATE OF INCOME TAX (SRIT)

The Scottish Rate of Income Tax (SRIT) is the amount of income tax Scottish taxpayers will have to pay and will come in to force from 6 April 2016.

Scottish Taxpayer Status

A Scottish taxpayer is someone who is resident in the United Kingdom (UK) for tax purposes and who has their sole or main place of residence in Scotland for more of the tax year than in another part of the UK. The location of an employer, trustee etc. is not of any relevance, it is the location of the individual's main place of residence that is the key factor in deciding Scottish taxpayer status. HMRC will identify those individuals who will be Scottish taxpayers – you, as an employer, will not have to make any assessments on taxpayer status. For the majority of individuals, identifying their main place of residence will

be very simple. For those with more complex living arrangements, guidance will be published on GOV.UK later this year. Although there is currently no legislation in place that states customers need to keep HMRC informed of a change in address, it would in their best interest to tell us about any changes in personal circumstances, including changes in address, as soon as possible, as this could potentially amend their taxpayer status and tax code. We will be letting individuals know about the importance of notifying HMRC if they change their address but would be grateful if you could also reinforce this message with your employees.

Tax codes

Scottish taxpayers will have their tax codes prefixed with the letter 'S'. You should not use a tax code prefixed with the letter 'S' unless advised to do so by HMRC. For new starters, the Scottish Rate solution will look to assess and assign the appropriate Tax Code after the first Full Payment Submission (FPS) is received, using the information we hold at that time. We will then let you know the correct tax code to use. You should continue to operate the tax code provided by HMRC, even if there is a change to your employees' circumstances. In-year notifications will be issued where the customer notifies us of their change of address and this changes their taxpayer status and tax code.

3.5 NEW NATIONAL INSURANCE BANDS

After the year end, the annual NI Bands should read as below: **Settings** ⚙ **> NI Bands and Rates > Bandwidths**

	Band Description	Weekly	Monthly	Annual
1	Lower Earnings Limit	112.00	485.00	5824.00
2	Secondary Threshold	156.00	676.00	8112.00
3	Primary Threshold	155.00	672.00	8060.00
4	Upper Accruals Point	827.00	3583.00	43000.00
5	Upper Secondary Threshold	827.00	3583.00	43000.00
6	Upper Earnings Limit	827.00	3583.00	43000.00

3.6 NATIONAL INSURANCE RATES

Settings ⚙ > NI Bands and Rates > Rates

NI Bands & Rates ⓘ Current Tax Year [2016 - 2017]

Categories   Band Widths   **Rates**

	Employee %							Employer %						
Category	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band A	Band B	Band C	Band D	Band E	Band F	Band G
A	0.00	0.00	12.00	12.00	2.00	0.00	0.00	0.00	0.00	0.00	13.80	13.80	0.00	0.00
B	0.00	0.00	5.85	5.85	2.00	0.00	0.00	0.00	0.00	0.00	13.80	13.80	0.00	0.00
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.80	13.80	0.00	0.00
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
J	0.00	0.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	13.80	13.80	0.00	0.00
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
M	0.00	0.00	12.00	12.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	13.80	0.00	0.00
S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Z	0.00	0.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	13.80	0.00	0.00

Note:

National Insurance categories S, F, G only apply to payrolls before 2012-2013.
National Insurance categories D, E, I, K, L are invalid after 6th April 2016.

From April 2016 all Contracted Out categories will be discontinued due to the introduction of Auto Enrolment.

All Employees using category D must be changed to category A

All Employees using category E must be changed to category B

All Employees using category I must be changed to category M

All Employees using category K must be changed to category Z

All Employees using category L must be changed to category J

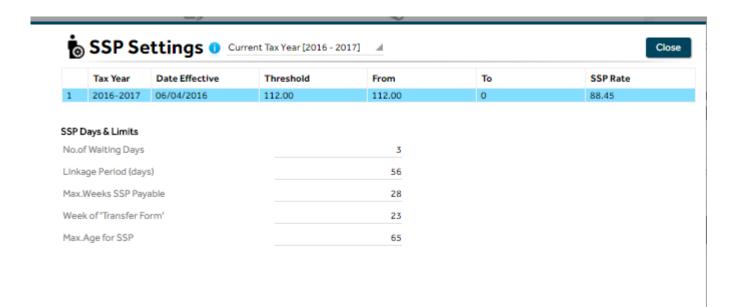These changes must be done BEFORE processing any payroll for 2016

In addition the Government has introduced two new categories for Employees under the age of 25 that are employed as apprentices. This new category will be:

- H   Standard rate contributions for apprentices under 25
- G   Mariners standard rate contributions for apprentices under 25 (This category is not available in the Primo Payroll)

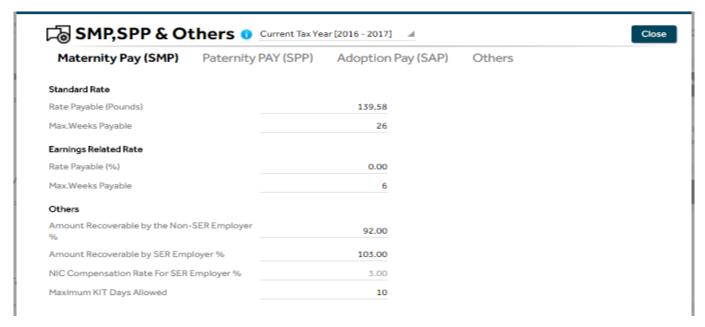These will operate in the same way as the existing **Under 21** categories.

3.7 SSP RATE

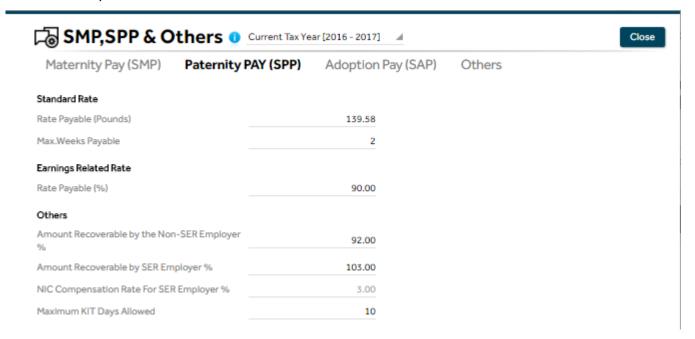The weekly SSP Rate remains at £88.45 but you will see a new entry for tax year 2016-2017 as below.

3.8 MATERNITY PAY & RECOVERY RATES (SMP)

Standard SMP Rate will remain at £139.58
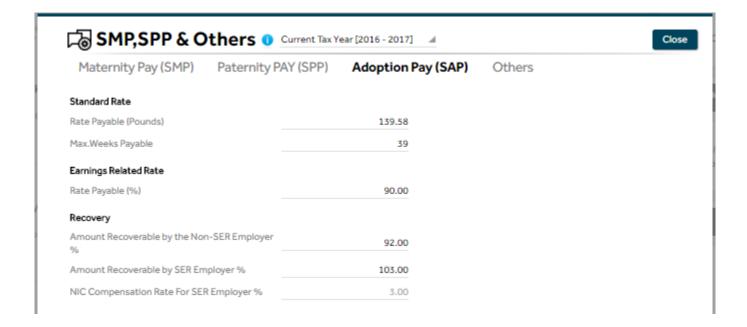

3.9 PATERNITY PAY & RECOVERY RATES (SPP)

Standard Paternity Rate will remain at £139.58

3.10 ADOPTION PAY & RECOVERY RATES (SAP)

Standard Adoption Pay Rate will remain at £139.58.

3.11 SHARED PARENTAL LEAVE (SPL) AND SHARED PARENTAL PAY (SHPP)

From April 2015 Additional Standard Paternity Pay was replaced by Shared Parental Leave (SPL) and Shared Parental Pay.

Eligible employees in working couples who share the care of the child will be able to share any maternity leave and pay (i.e. SMP or MA) remaining when M ends her maternity leave and/or her maternity pay period or maternity allowance period early. The same applies to an adopter who is entitled to adoption leave and/or Statutory Adoption Pay. This is called 'curtailing' her maternity leave (or adoption leave) and curtailing the Maternity Pay Period during which she would be eligible to be paid SMP when absent from work; or the Maternity Allowance Period, during which she would have been entitled to receive MA when absent from work; or the Adoption Pay Period, during which the adopter would have been entitled to receive SAP when absent from work.
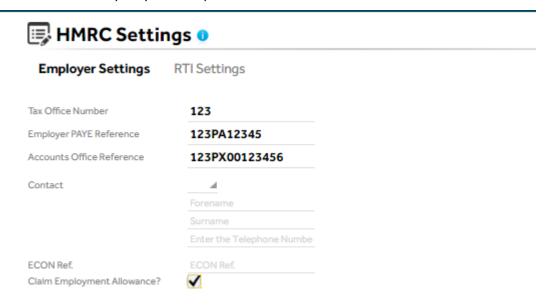
3.12 EMPLOYMENT ALLOWANCE

The Employment Allowance will increase from 6 April 2016. If you are **eligible** you can reduce your employer Class 1 NICs by up to £3,000 each tax year. You can claim the Employment Allowance if you are a business or charity (including Community Amateur Sports Clubs) that pays employer Class 1 NICs on your employees' or directors' earnings.

Not all businesses can claim the Employment Allowance it is the responsibility of the Employer to establish if they are eligible for the allowance. If you run multiple payrolls or operate through multiple PAYE references, you can claim the allowance only through one payroll.

To claim the allowance, simply select the option "Claim Employment Allowance" available under Payroll Settings->Company tab. Once this is enabled, program will notify HMRC via RTI that you wish to claim the allowance. The EPS screen will track how much is claimed for the year.

There is a change to who is eligible for employment allowance this year. Businesses with a sole employee who is also a director are not eligible for employment allowance. If you're unsure whether or not you're eligible for employment allowance in the 2016/2017 tax year, you must speak to HMRC.

3.13 STUDENT LOAN

From 6 April 2016 a new threshold will be introduced for a new type of student loan deduction named Plan Type 2. This new Plan Type 2 threshold is in addition to the existing threshold which will be named Plan Type 1. Employers will only ever be asked to operate either Plan Type 1 or Plan Type 2 deductions at one time for each employee. If a new employee is repaying

a student loan the employer will need to ask which plan type the employee is repaying under. From 6 April the starter declaration checklist will prompt employers to ask new employees about their student loan plan type. Form P45 will only indicate whether a new employee is already repaying a student loan. It will not indicate a plan type.
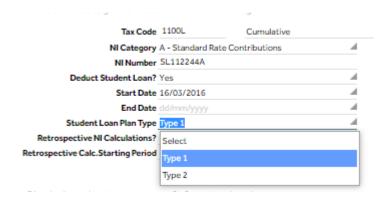
Plan type 1 deductions are the default option where it is not clear which type of deductions to operate. For example, if a new starter advised that student loan deductions were necessary but did not initially know the plan type. The employee should contact the Student Loans Company to get this information and ensure the correct deductions are applied at the earliest payroll date. However, an SL1 start notice confirming the plan type will always be issued by HMRC when a new employment occurs.

Employers will only ever have to deduct either Plan Type 1 or Plan Type 2 deductions at one time. It is possible for employees to have both types of loan, but only one will be in operation for deduction at one time. Any plan type change will be advised via a new start notification stating the new plan type to operate. Allocation of the 2 loan types will be done by the Student Loans company. Therefore this allocation process is not visible to the employer or HMRC. The employer simply applies the plan type deduction as informed by the start notification or the starter checklist.

The new thresholds for Student Loan Deductions are as follow:

Plan Type 1 - £17495

Plan Type 2 - £21000

3.14 NATIONAL LIVING WAGE

From April 2016, all workers aged 25 and over are legally entitled to at least £7.20 per hour. Check you know who is eligible in your organization. Find out on GOV.UK's employment status page.

Accentra will use the new setting when calculating the Gross pay for Tax for the period as has been done with the existing National Minimum Wage.

There will now be three levels of National Minimum wage and the National Living Wage will be used in addition to these.

You can find out everything you need to know about the new National Living Wage, including the new rates of pay, www.gov.uk/national-minimum-wage/employers-and-the-minimum-wag

4   FINAL RTI SUBMISSIONS & P60

4.1   FINAL FULL PAYMENT SUBMISSION

Employers should notify HMRC when the last payroll has been completed for the tax year by submitting the "Final Full Payment Submission". This is done by selecting the option "Final Submission for this Tax Year" that is available on the FPS screen.

When you do the FPS for the last period of the year, the program will automatically select this option. When the submission is done, the program will again ask the user to confirm if this is the final FPS. If an extra period is required for Week 53, Week 54 or Week 56, just click No and the program will clear the box.

After the submission of the final FPS the last period can be closed and the user can move on to the new year by running the End of Year procedure
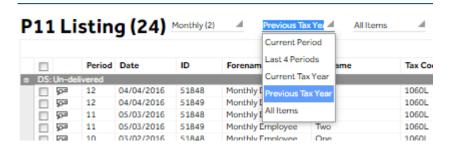
4.2 FINAL EMPLOYER PAYMENT SUMMARY

In addition to the Final FPS, employers must submit a final EPS before 19th April to notify HMRC that you have completed all required adjustments/amendments for the tax year that just ended. The final EPS is same as the usual EPS you submit but with two differences:

- The option "Final Submission for this Tax Year?" must be selected
- You will be required to complete a declaration form similar to the now obsolete P35 declarations.

Open the P11 screen.

Select the previous year from the field at the top of the screen

This will load the previous year's data.

Then select the EPS submission from the RTI menu option. The year can again be selected from the relevant field
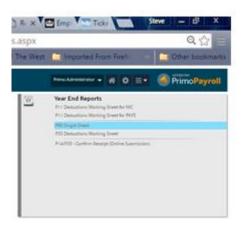
Amendment after final FPS/EPS

If there is a change to the payroll data after you have already completed the final FPS/EPS, It is possible to submit another "final" submission by simply by sending a further FPS/EPS submission with the "Final Submission for this Year" option ticked

Employer Payment Summary

An Employer Payment Summary is submitted for a specific tax month and is due by 19th of the following tax month. EPS is required only if (a) no payments a
want to recover statutory payments, NIC compensation on statutory payments, CIS deductions suffered (limited companies only) or NIC Holiday for New Bus

Tax Year 2016-17 ▲

Tax Month		Tax	Student Loan	SMP Recovery	SPP & ASPP Recoveries	SAP Recovery	Emp.Allw Claimed	CIS Deductions	Gross NI	Recoveries	
2015-16											
2016-17											
Apr 2016	19th May 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.0000	0.00	0.00	
May 2016	19th Jun 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.0000	0.00	0.00	
Jun 2016	19th Jul 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.0000	0.00	0.00	
Jul 2016	19th Aug 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.0000	0.00	0.00	
Aug 2016	19th Sep 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.0000	0.00	0.00	
Sep 2016	19th Oct 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.0000	0.00	0.00	

From this screen you will be able to calculate and submit the figures. Don't forget to check the Final Submission box.

4.3 ISSUING P60 CERTIFICATES

When it is required to issue the P60s to the employees, this can be done by opening the Reports Menu – Year End Reports – P60 Single Sheet.

The screen that follows will allow you to select the following:

- Tax Year
- Pay Frequency
- Range of Employees
-
- The form will be produced by the program, P60 forms are no longer supplied by the Government.

5   NEW FEATURES

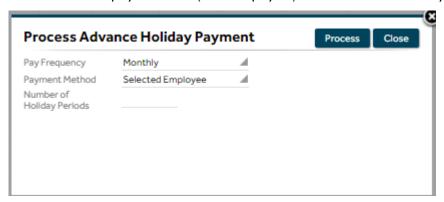The list below is a summary of new features that have been implemented in the software over the last 6 months.

5.1   ADV HOLIDAY PAY

Primo Users can now process Advanced Holiday periods by clicking on the Period Inputs menu

Then enter the Employee number (or All Employees) and the amount of Holiday to process

6   HMRC INFORMATION

6.1   PAYE LEGISLATION

PAYE legislation is changing. If you're intending to or already payroll benefits and expenses you must register them with HM Revenue and Customs (HMRC) using the online Payrolling Benefits in Kind (PBIK) service. If you use this service and payroll benefits and expenses you won't have to report them on a P11D.

If you use this service the only benefits you won't be able to payroll are:

- Vouchers and credit cards

- Living accommodation

- Interest free and low interest (beneficial) loans

If you've previously been payrolling these benefits informally you can continue to do so but you must still report them on a P11D.

Before using the PBIK service you'll need to ensure your payroll software allows you to collect the right amount of tax on benefits and expenses. You need to align your payroll software and register to payroll using the new service by 5 April 2016. You won't be able to register after this date for the 2016 to 2017 tax year

as HMRC can't process changes in-year. To avoid being sent multiple tax codes for your employees you should register before the annual coding process which usually starts around 21 December.

You can't use this service if you use HMRC's Basic PAYE Tools, as they won't support Payroll until the tax year 2017 to 2018.

If you don't register the benefits and expenses you intend to payroll you'll have to report them on a P11D.

6.2   EMPLOYEE BENEFITS (LISTS)

From the 2016 to 2017 tax year HMRC will no longer accept informal reports of employee benefits, sometimes referred to as lists.

All payrolled benefits and expenses need to be included when you report your payroll information in a Full Payment Submission. P11D (b) forms must still be completed, including the total benefits and expenses provided, whether or not they've been put through your payroll.

If you payroll car and car fuel benefit you mustn't complete P46 (Car) forms as you're deducting the tax due on these benefits at source. If you use a contracted out company car provider you must notify them of your decision to payroll and ensure they don't submit P46 (Car) forms for Payrolled benefits.

Using the online service you can:

- Choose which benefits and expenses you want to include in the payroll for the following tax year

- Add or remove benefits and expenses

- Exclude employees who receive benefits or expenses but don't want them payrolled - for these employees you must continue to report the benefit or expense on a P11D (you can exclude an employee at any time in a tax year but once you've done this you can't reverse the decision, in year)

Section M on the P11D is used to report 'other' items. For payrolling this needs to be treated with an all or nothing approach - you must either payroll all items usually reported within Section M or none. Income Tax paid but not deducted from a director's remuneration needs to be selected and payrolled as a stand-alone benefit within the PBIK service.

When you register HMRC will automatically:

- Identify all your employees that have the selected benefits or expenses in their tax code

- Remove the selected benefit or expense and issue an amended tax code

You only need to register to payroll each benefit for all your employees once – unless you remove the benefit Payrolling will be carried forward each tax year. Once the tax year has started you must continue to payroll the benefit or expense you've registered for the whole tax year or for as long as you provide it.

To use the service you'll need your Government Gateway ID and have enrolled for PAYE online. Agents can't directly access the service on behalf of clients.

Register to payroll benefits and expenses using the PBIKs service

Whatever method you choose, you will process these Benefits in Kind within Accentra in the usual way.