

Real Time Information: impact on IR35 customers

General Information including timeline

- In April 2013 HM Revenue & Customs (HMRC) is introducing a new way of reporting PAYE: Real Time Information (RTI)
- 'Real Time Information' means that employers and pension providers will be legally required to tell HMRC about PAYE payments at the time they are made as part of their payroll process.
- Payroll software will collect the necessary information and send it to HMRC online. Employers can use commercial payroll software or HMRC's Basic PAYE Tools. HMRC's Basic PAYE Tools is only for employers with nine employees or fewer.
- The vast majority of employers will be legally required to report payroll information in real time from April 2013 with all employers doing so before October 2013.
- HMRC is liaising with the very largest employers (those with +5,000 employments) to agree individual start dates, either before April 2013 or between June and September 2013 to allow these employers to avoid their end of year peak and to allow implementation of pensions auto enrolment.
- For more guidance including answers to frequently answered questions about RTI, visit [Preparing to operate PAYE in real time \(RTI\)](#)

Specific impacts on IR35 customers

Reporting arrangements

- Payments of salary made during the year should be reported on a full payment submission (FPS) on or before the time of payment.
- If no payment of salary is made in the month, then the Personal Service Company (PSC) should submit an employer payment summary (EPS) so that HMRC is aware not to expect an FPS or any payments that month.
- On the last FPS or EPS during the tax year the PSC should declare that it is their final return of the year and answer the questions currently found on the P35.
- The final FPS will include a specific question to indicate that this is a Service Company and have operated the Intermediaries legislation otherwise known as IR35. Employers who have operated IR35 should answer this question positively which will then alert HMRC that the scheme falls into the special arrangements for IR35.

Payment arrangements

- Payments of deductions to HMRC should be made on the same basis as they are at the moment - quarterly or monthly dependent on size of business by the 19th or 22nd of the month.
- The provisional calculation of the deemed payment for PSCs should be reported on an FPS 'on or before' 5 April.
- As is currently the case, we would expect any outstanding deductions on the deemed payment that could not be calculated before 19 April to be paid by the following 31 January - the current rules on interest and penalties will apply.
- Where a provisional payment of tax and National Insurance contributions has been made because it has not been possible to accurately calculate the deemed payment and deductions by 19 April, then any adjustments should be reported via an Earlier Year Update (EYU) submitted electronically to HMRC before the following 31 January.