

# PAYE Real Time Information Main Migration Research

January 2014

Research Report no. 304



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# 1. Glossary

For the purpose of this research report the definitions below have been used.

End of Year (EOY) return	An annual summary of employer payments to all its employees under the previous PAYE system
Full Payment Submission (FPS)	Under real time reporting, employers submit a FPS to HMRC on or in advance of each payday, showing the amount paid to employees, deductions such as Income Tax & National Insurance contributions, and starter/leaver dates if applicable.
Basic PAYE tools (BPT)	HMRC provides some basic tools for employers to help them run a PAYE system for their employees. For example, the tools allow employers to keep their employees' payroll records in an electronic format. It works out the tax and National Insurance contributions for employees in each pay period. The tools are designed for employers with nine or fewer employees.
Electronic Data Interchange (EDI)	EDI is a document standard which acts as a common interface between two or more computer applications in terms of understanding the document transmitted. In the case of HMRC, the documents in question are PAYE forms and returns. The EDI allows the sender's software to exchange information with HMRC.
Employer Alignment Submission (EAS)	HMRC matches an employer's employee details with the records they hold on the employees. All existing employers operating PAYE must pass through this matching process when they change to reporting payroll information in real time. To enable this matching process to take place, those employers who are large (250+ employees) or who have a complex payroll system (their PAYE scheme is 'split' because the employer has more than one payroll provider, two or more payroll systems - for example monthly and weekly - or the employer is unable to make a single FPS submission because of bandwidth restrictions) have to submit their employee records using an EAS before they submit their first FPS. Other employers can submit their employee records for payroll alignment when they send their first FPS, although they can choose to submit a separate EAS if they wish.
Government Gateway	The Government Gateway is the website you use to register for online government services. It is an important part of the Government's strategy of delivering 'joined up' government, enabling people to communicate and make transactions with government from a single point of entry.
National Insurance (NI)	NI is a system of contributions paid by workers and employers towards the cost of certain state benefits.
PAYE	Pay As You Earn PAYE is the system used by HMRC to collect Income Tax and National Insurance contributions (NICs) from employees (including directors of limited companies). The tax and NICs are deducted throughout the tax year based on the employees' earnings and then paid to HMRC.

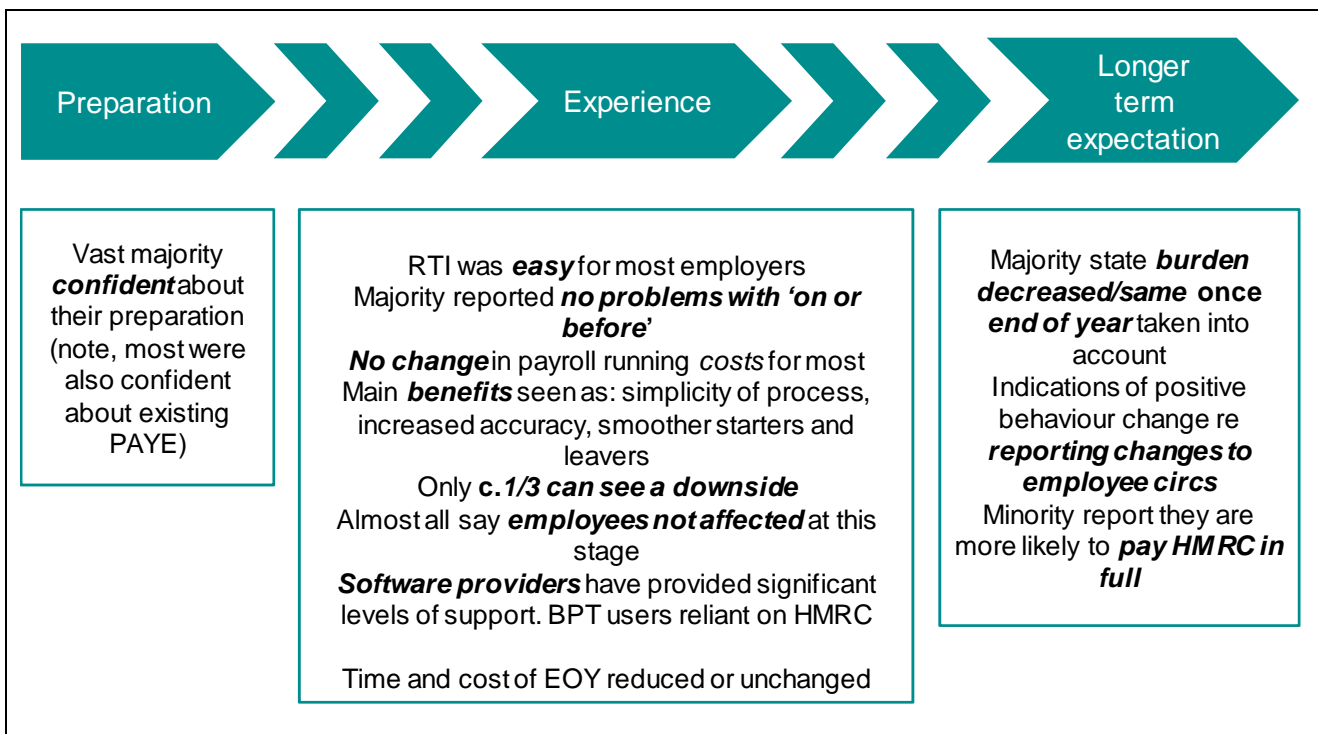
## 2. Executive Summary

### 2.1. Introduction

Real Time Information (RTI) is a key government programme which aims to improve the way in which employers submit PAYE information about their employees to HMRC. RTI is expected to bring significant benefits to businesses, taxpayers and HMRC, but migration to the new system has required employers to prepare and make changes to existing processes.

Following the completion of considerable research, consultation and development work, HMRC piloted RTI among volunteer employers. To evaluate the pilot, HMRC commissioned research amongst the volunteer employers at each of three stages of the pilot, and following the end of the 2012-13 financial year.<sup>1</sup> The overriding impression from that research was that RTI has been a largely positive experience for pilot participants. The key findings are summarised in Figure 1.

Figure 1. Summary of RTI Pilot customer experience



Participants in the RTI pilot were volunteers and therefore might not be wholly representative of all employers. In order to confirm that the RTI experience and impact is as positive as the research

<sup>1</sup> PAYE Real Time Information research reports: <http://www.hmrc.gov.uk/research/report264.pdf>  
<http://www.hmrc.gov.uk/research/report281.pdf>

amongst pilot participants suggested, HMRC commissioned research with a representative sample of employers approximately five or six months after the Main Migration commenced in April 2013. It is this research project which is the subject of this report.

The aim of this research was to measure and provide insights into employers' experience of migrating to RTI, and the benefits and burdens of RTI compared with the previous PAYE system. Both qualitative and quantitative research was used to meet the research objectives.

The **quantitative** research consisted of a telephone survey of a representative sample of employers who had migrated to RTI in the main rollout from April 2013 onwards. A total of 1,750 telephone interviews were conducted between 28 October and 15 November 2013, with a response rate of 49%<sup>2</sup>.

The sample for the **qualitative** research consisted of a sub-sample of 25 of those employers who had been interviewed at the quantitative stage and who had agreed to further research. This sample was selected so as to provide a broad spread of employers by employer size, industry sector, type of software used and their experience of migrating to RTI. Of the 25 employers in the qualitative research, nine were selected for having a positive experience of migrating to RTI and 16 were selected because they had experienced an on-going difficulty, as recorded by the survey in order to understand those difficulties better. A breakdown of the sample can be found in Appendix A. The qualitative interviews were carried out during November and December 2013.

## 2.2. Key findings

### *Experience of setting up and running RTI*

Employers' experience of setting up and running RTI was generally very positive.

- 87% of employers were confident post-implementation of RTI that their business had done everything required of it;
- 67% were confident in their understanding of the requirements of RTI prior to implementation;
- 77% were confident about what will be required of them at year end;
- 70% found RTI easy to deal with overall;
- 63% said it was easy to submit their first FPS;
- 56% rated the time, effort or costs involved in setting up and running RTI as minimal (1 or 2 on a scale of 1 to 5 where 1 means it has involved minimal time, effort or costs and 5 means it has caused huge administrative burden in terms of time or cost);
- 69% said PAYE took the same or less time under RTI compared to the previous system;
- 67% said that setting up and running RTI had been as easy or easier than expected;
- 65% rated the burden of PAYE under RTI as low (1 or 2 on the above scale of 1 to 5);
- 72% rated the burden under RTI lower or the same as under the previous system;
- 76% expected the long-term burden of RTI to be lower or the same as the previous system;
- The mean average number of hours reportedly spent on PAYE was lower under RTI than under the previous system (1.6 hours vs. 2.6 hours);
- 72% said RTI has reduced or made no difference to the cost of running payroll.

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<sup>2</sup> 4482 business records were loaded into the field; 11% of these records were found to be invalid or wrong numbers while 5% of screened records were ineligible for interview as they either took part in the pilot or were not employers. The ineligibility rate was applied to remaining records to produce an estimated response rate of 49%.

As a broad generalisation, the sorts of employer who were more likely to report a positive experience were those handling payroll totally in-house and those using commercial software.

### ***Benefits of RTI***

Overall, 42% of employers mentioned one or more benefit of RTI. In the quantitative research, the most commonly mentioned benefits were:

- RTI is quicker (13%)
- RTI will save time at year end (10%).

The qualitative research highlighted that it is perceptions of RTI as fast and error free which are driving employers' positive experience. Employers perceived that RTI does involve some new tasks compared to the previous system, but on the other hand, they recognised that some time-consuming tasks have been removed. Specific benefits mentioned in the qualitative research were:

- Payroll is slightly faster;
- Calculation errors are reduced;

Employers in the qualitative research who had moved from paper-based to software-based payroll had noticed the following additional benefits:

- Payroll is based on more accurate employee information;
- Less paperwork;
- More secure digital storage.

### ***Downsides of RTI***

Overall, 32% of employers mentioned one or more downside of RTI. The most commonly mentioned downsides in the quantitative research were:

- It takes more time each payday (7%); and
- General time issues, which includes spending more time on corrections, the rigidity of timings and that it is generally time consuming (6%).

In the qualitative research, four downsides of RTI were unearthed:

- The need for mandatory nil returns;
- An inability to correct errors without re-submitting the FPS;
- The new deadlines for submission may not fit well with the business timetable;
- The cost of RTI-enabled software;

In addition, those in the qualitative research who had moved from a paper-based payroll indicated that the payroll process had become more time-consuming in the short term because they had had to learn how to use the software.

### ***'On or before'***

On the whole, employers found it easy to comply with the requirement to submit data to HMRC on or before paying staff. Three-quarters (77%) confirmed that this rule was easy to comply with. Just 12% found it difficult.



Of the employers who said that they have fewer than 50 staff and that they pay them more often than monthly, 65% said they were already complying with 'on or before', and the vast majority had done so from the start. The remaining third (35%) – who either were either still only submitting data on a monthly basis, or who did not know how frequently they were submitting it - equates to about 11% of all employers. About half (49%) of those still submitting only monthly were unable to say when they would be complying with 'on or before'. This equates to about 3% of all employers. Of these, 83% were using the help of a third party for all or some of their payroll and presumably the latter will be reminding their clients of HMRC's easement deadline.

### **Costs**

Employers using commercial software were more likely than those using BPT to think that RTI had increased the cost of running payroll (19% vs. 9%). Forty-two per cent of employers using commercial software had to spend money on upgrading their payroll software when they moved to RTI, although for some this will have included a retrospective general upgrade.

Levels of use of external help with payroll remained relatively unchanged under RTI. Most (59%) employers using third party help with payroll said that RTI had not resulted in an increase in cost for external help. However, 22% said that they had spent more on outside help.

### **Difficulties encountered**

About a third of employers (32%) reported any difficulty in setting up and submitting returns under RTI. The most common types of difficulty reported were rejection of submissions/payments to HMRC and software issues, each reported by 5% of employers. Difficulties with information or support were mentioned by 4%. Difficulties with complying with the need to submit a return on or before payment to employees or payroll tasks taking longer were raised by 3% of employers.

The qualitative research focused on employers who had encountered difficulties with RTI. This work therefore provided particular opportunity to explore further the nature of the difficulties encountered. It revealed five main types of difficulty:

- Procedural (e.g. rigidity of deadlines; having to provide nil returns for casual staff; uncertainty over whether leavers can be paid on the day they leave and whether errors in their pay can be corrected later)
- Software related (e.g. failed submission; password issues)
- Cost (e.g. additional cost of updated software)
- Confidence (e.g. not used to using any payroll software)
- Problems using BPT(e.g. lack of payslips; lengthy process)

Most (86%) employers who had had a difficulty at some point reported that the issue had been resolved. Just 11% said that they had an unresolved difficulty, equivalent to about 4% of all employers.

### **Support**

Three-quarters (75%) of employers had received or sought support or advice about RTI. HMRC was the most frequently mentioned source of support (40%), followed by external payroll provider (37%) or software provider (36%). Those who had had support from HMRC were asked the channel(s) through which they had received it. The most common HMRC channel – used by almost two-thirds – was the internet/online (62%). Around half (54%) used the telephone and a third used the post (34%). About a quarter (27%) used email. Four per cent had face to face contact.

Eighty-five per cent of those who received support from HMRC via the internet found it useful.

All employers were asked whether the level of support they had received from HMRC was sufficient to deal with PAYE under RTI. Six in ten (62%) felt that they had received sufficient support. Fourteen per cent did not.

### ***Behaviour change***

A quarter (23%) of employers reported that they were more likely to report a change in employee circumstances as a result of RTI. Eleven per cent said that they would be more likely to notify HMRC if an employee's earnings fell under the National Insurance lower earnings limit. A similar proportion (10%) said that they are more likely to pay HMRC in full as a result of RTI.

### **2.3. Key conclusions**

This research confirms the positive impact of RTI suggested by the feedback from the pilot volunteers. On the whole, employers have found it easy or easier than expected to migrate to RTI and most are confident that they are doing what is required under RTI.

Most employers report no change in the burden of running payroll under RTI to date. Many expect EOY to reduce the overall burden in the future. Employers tend to report that the payroll burden under RTI is low; any issues tend to be due to lack of confidence and on-going technical problems. Most employers are confident about requirements for EOY.

RTI is successfully encouraging compliance with paying HMRC promptly and with notifying HMRC of changes to employee circumstances.

### 3. Introduction

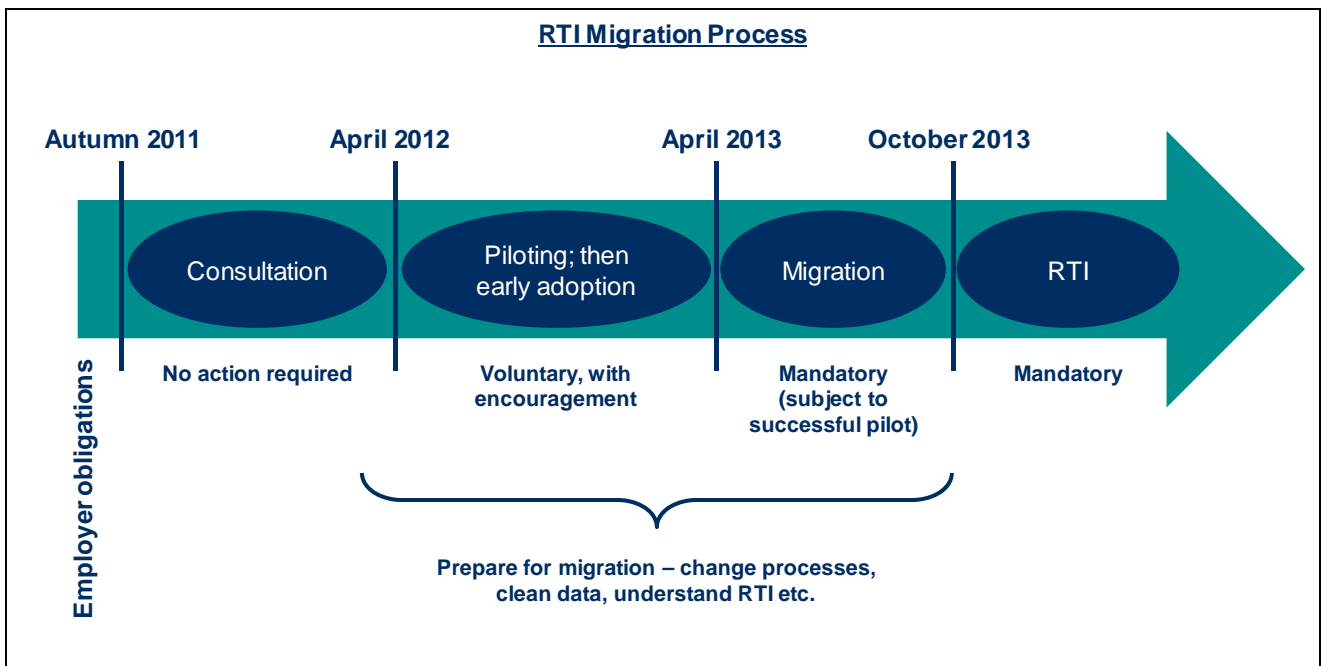
#### 3.1. Background

Real Time Information (RTI) is a key government programme which aims to improve the way in which employers submit PAYE information about their employees to HMRC. RTI is expected to bring significant benefits to businesses, taxpayers and HMRC, but migration to the new system requires employers to prepare and make changes to existing processes. Most significantly it requires employers to send HMRC details of employees' payments and deductions in 'real time' (at or before each payment).

Following the completion of considerable research, consultation and development work, HMRC piloted the approach among volunteer employers. The pilot was rolled out in three sequential stages, with the number of PAYE schemes increasing at each stage.

The timeline for RTI migration is shown in Figure 2 below.

Figure 2. Real Time Information migration timeline



The move to RTI has required employers to make some changes to their existing payroll processes:

- Reports to HMRC are made **as part of the regular pay run**; employers are able to submit information via the Government Gateway. Large employers and large payroll bureaux are more likely to use Electronic Data Interchange (EDI) for their PAYE submissions.

- Where the employer pays via the BACS system they are required to **include a cross reference** in the payment instruction and in the PAYE return so that HMRC can validate the amount paid with the amount reported.
- RTI data has to conform to a common quality standard, and employee information (National Insurance Number, Date of Birth, etc) needs to be **cleaned and aligned with the records held by HMRC** before migration to RTI
- The use of **updated payroll software** (in-house, third-party or HMRC tool) to allow for the submission of RTI data.

The RTI system is designed to deliver benefits to HMRC, employers and employees. These benefits include greater stability and reduced risk of over- or underpayment of tax for employees, simplification for employers at the end of year (no more need for an End of Year return) and for dealing with leavers and joiners, and reduced scope for error and fraud.

The RTI pilot tested the new IT systems in live running with volunteer employers; it contributed to the review of the costs and benefits of RTI to employers and of how well the pilot employers dealt with the need for data quality. It also provided a broader view of the experiences of pilot employers.

To evaluate the pilot, HMRC commissioned research amongst the pilot employers at each of the three pilot stages, to measure employers' experience of taking part in the RTI pilot programme. In particular, the research examined how well employers' experience matched their expectations and provided indicative measures of the impact of RTI, including burden. This research built up a picture of how employers found preparing for RTI, the initial implementation, and their experience after their first few RTI submissions when the system was more embedded<sup>3</sup>.

However the employers involved in the RTI pilot were volunteers and, as such, were not representative of the employer population as a whole. In order to understand the experience of employers as a whole HMRC commissioned further research following the migration of all employers (the "Main Migration") to RTI with a representative sample of employers. It is this research project which is the subject of this report.

### 3.2. Research Aim and Objectives

The aim of this research was to measure, and provide insights into:

- Employers' experience of migrating to RTI
- The benefits and burdens of RTI compared with the previous PAYE system, to help inform assumptions on the impact of the scheme.

More specific objectives were to assess employers' RTI experience in the following ways:

- Confidence in dealing with RTI
- Ease of reporting in real time
- Costs incurred
- Savings realised or anticipated
- Benefits and downsides of RTI
- Sources of support used
- Effect on employer behaviour

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<sup>3</sup> <http://www.hmrc.gov.uk/research/report264.pdf>

### 3.3. Methodology

The research involved quantitative and qualitative research among employers. The qualitative research was designed to explore issues arising in the quantitative research and to look in more depth at issues of particular interest to the RTI programme team, especially around any post-setup problems that employers had experienced.

Quantitative research generally asks a standardised questionnaire of a relatively high number of individuals. The individuals are usually a sample of the population in question. The output is a series of statistics with an estimable level of accuracy. Qualitative research, on the other hand, generally involves a relatively small number of individuals but explores a topic to the depth that is impossible in a time-constrained, rigid interview.

This report incorporates the findings from both the quantitative and the qualitative research.

#### 3.3.1. Quantitative research

The quantitative research consisted of a telephone survey of a randomly selected sample of 1,750 employers who had migrated to RTI in the main rollout from April 2013 onwards, excluding financial agents and payroll bureaux.

The quantitative sample was selected to ensure that it was representative of all employers. After excluding financial agents and payroll bureaux, the sample was drawn randomly from the Inter Departmental Business Register (IDBR). The overall population is naturally skewed towards micro (1-9 employees) and small employers (10-49 employees), so medium employers (50-249 employees) and large employers (those with 250 or more employees) were deliberately over-sampled in order to generate a robust number of employers for sub-group analysis. Data were then down-weighted back to their natural levels in the final data set. This was achieved by weighting the total sample data to match the profile of the overall population by number of employees, business sector and geographical region.

The individual interviewed on behalf of an employer was the person who had most involvement with implementing and running payroll under RTI.

Interviews were conducted between 28 October and 15 November 2013 and took an average of 20 minutes. The estimated response rate was 49%<sup>4</sup>. The following table summarises the fieldwork outcomes:

Outcome	n
Total completed interviews	1750
Deadwood (bad numbers, wrong numbers)	501
Screened ineligible sample (no payroll scheme, pilot employer, not running RTI)	208
Unresolved sample (engaged, no answer, general call backs)	1410
Unscreened resolved sample (refusals, language barrier, unavailable)	613
<b>Total Sample Records</b>	<b>4482</b>

<sup>4</sup> Calculation: Interviews / ((Interviews) + (Eligibility rate \* unresolved and unscreened resolved sample))

Further details of the sampling, data collection and weighting are given in Appendix A.

A copy of the questionnaire and the letter sent to the sampled employers by HMRC in advance are provided in Appendix B.

### **3.3.2. Qualitative research**

Qualitative interviews were conducted amongst 25 of the quantitative respondents during November and December 2013. Each interview took an average of 60 minutes. Twenty-one of these in-depth interviews were conducted face-to-face, the remainder were conducted by telephone due to participant availability.

Contact was made with selected quantitative research respondents to make an appointment for a follow up qualitative research interview. Respondents were selected to reflect a broad spread of employers in terms of business size, industry sector and payroll software used (commercial software and HMRC Basic PAYE Tools). In addition, two thirds of the employers were selected because they had had one or more negative experiences of implementing RTI or of its impact.

Further details of the sampling, data collection and analysis are given in Appendix A.

A copy of the recruitment guide and the discussion guide are provided in Appendix B.

### **3.4. Key findings from the RTI Pilot research programme**

The RTI Pilot research programme provides a picture of how those volunteer employers found preparing for RTI, its initial implementation, their experience after their first few RTI submissions and also at year end.

The overriding impression of the pilot research is of a largely positive experience. RTI was easier and less of a burden than pilot employers had expected. This is due to RTI eliminating the most time-consuming parts of the previous PAYE process. Even with decreasing levels of HMRC support to employers, stage by stage, employer confidence levels remained as high as under the previous system.

Inevitably, there were some short term implementation issues for employers, but the pilot provided the opportunity to smooth many of these out, and to fine-tune suitable guidance (particularly web guidance) and support. Even with transitional issues during the pilot, the vast majority of pilot employers anticipated a reduced long term burden under RTI.

Smaller commercial software users seemed at greater risk of problems, particularly those using off the shelf software. However, employers' felt that software providers were responsive in sorting out any software related issues. Employers using HMRC Basic PAYE tools (BPT) were likely to find HMRC support helpful, as long as technical problems were sorted out quickly. Larger employers wanted more reassurance, particularly that they have successfully submitted something to HMRC.

Once RTI was embedded, there was little evidence of any impact for the majority of employers on payroll costs, the use of external help, or downsides for employees, or any increase in burden. There was some confusion over costs from software providers, and a potential fear of additional work for some employers

with a weekly payroll. There was also a risk for those who pay staff on a casual basis that a minority may find it hard to submit via RTI on or before they pay their staff.

Prior to the end of the financial year, pilot employers were anticipating the potential benefits and a reduced burden under RTI at EOY. The research carried out after EOY confirmed that these anticipated benefits and lower burden were generally borne out.

### **3.5. Reporting notes**

Where percentages shown in charts or tables do not total to exactly 100% (or where they do not exactly total to a summary statistic given, such as agree/disagree) this will be due to rounding to the nearest whole number, or due to the exclusion of those who said "don't know".

Where the results for one group of respondents are compared against the results for another group, any differences stated are statistically significant at the 95% probability level, unless otherwise stated.

The following caveat around the research findings should be noted:

- Interviews were conducted only amongst employers; the views of third parties (e.g. external payroll organisations) acting on behalf of employers were not covered.

It should also be noted that the information contained in the IDBR about an employer's number of employees was used in selection of the sample but that the equivalent variable used in data analysis is derived from information about employee numbers given by the employer. These two sets of information did not match exactly. This means that the distribution of the data by number of employees does not exactly match the sample profile information given in Appendix A.

A further feature of the data is the relatively high proportion of employers giving "don't know" responses. Those employers who use third party help with payroll were much more likely than those carrying out payroll activity completely in-house to say that they do not know the answer to a question in the research.

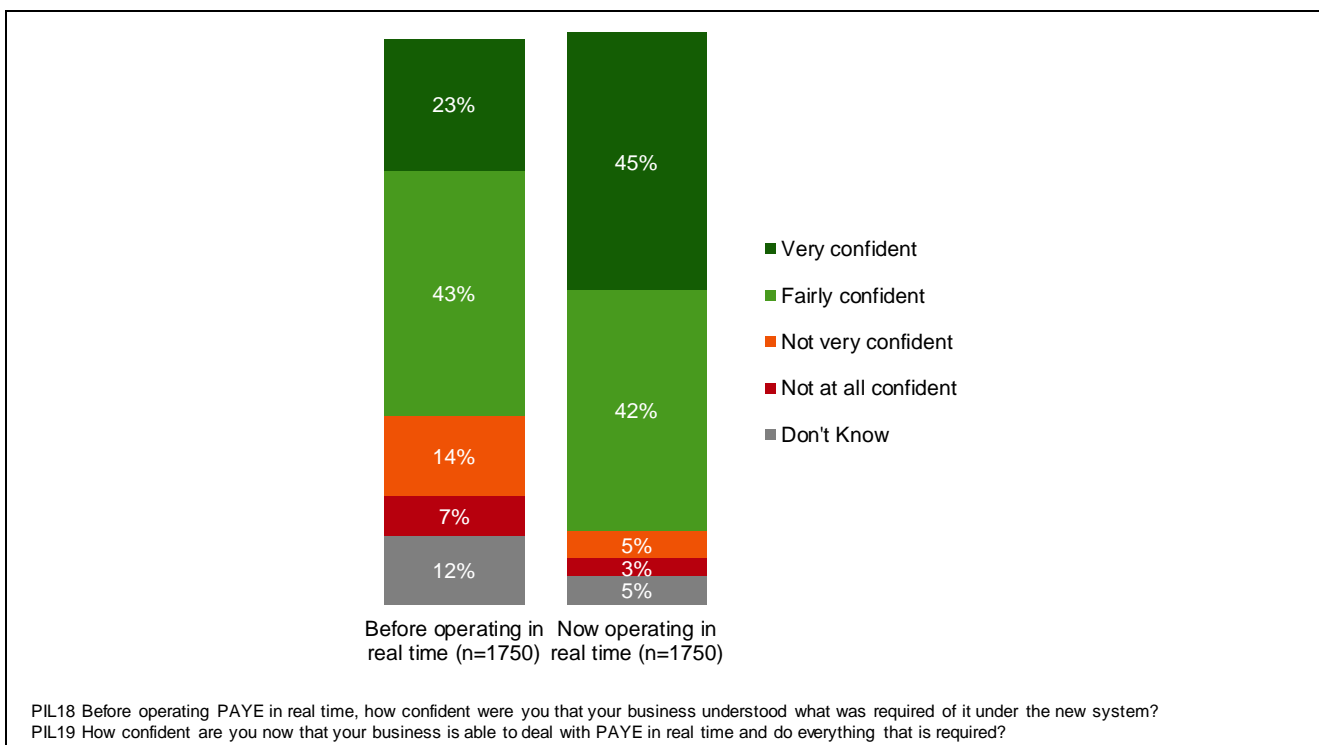
## 4. Experience of setting up and running RTI

To evaluate the RTI experience, this chapter explores employers' perceptions of the ease of setting up and using RTI, their confidence in understanding its requirements and their perceptions of the burden, work and various costs involved compared to the previous system.

### 4.1. Understanding of requirements of RTI

Prior to operating RTI, two-thirds (67%) of employers were already either very (23%) or fairly (43%) confident that they understood what was required of them. Levels of confidence increased further post-implementation, with just under half (45%) saying that they felt **very** confident that the business did everything required of it, with a total of 87% feeling either very or fairly confident (Figure 3).

Figure 3. Level of confidence in understanding RTI requirements/did everything required



The larger the employer the more likely an employer was to be confident. Large employers are more likely to use commercial software rather than BPT; commercial software users were more likely than BPT users to be confident. Employers which handle payroll in house were more likely to be confident than those using external help with payroll (Table 1).

Table 1. Confidence with requirements of RTI - by different types of employer business



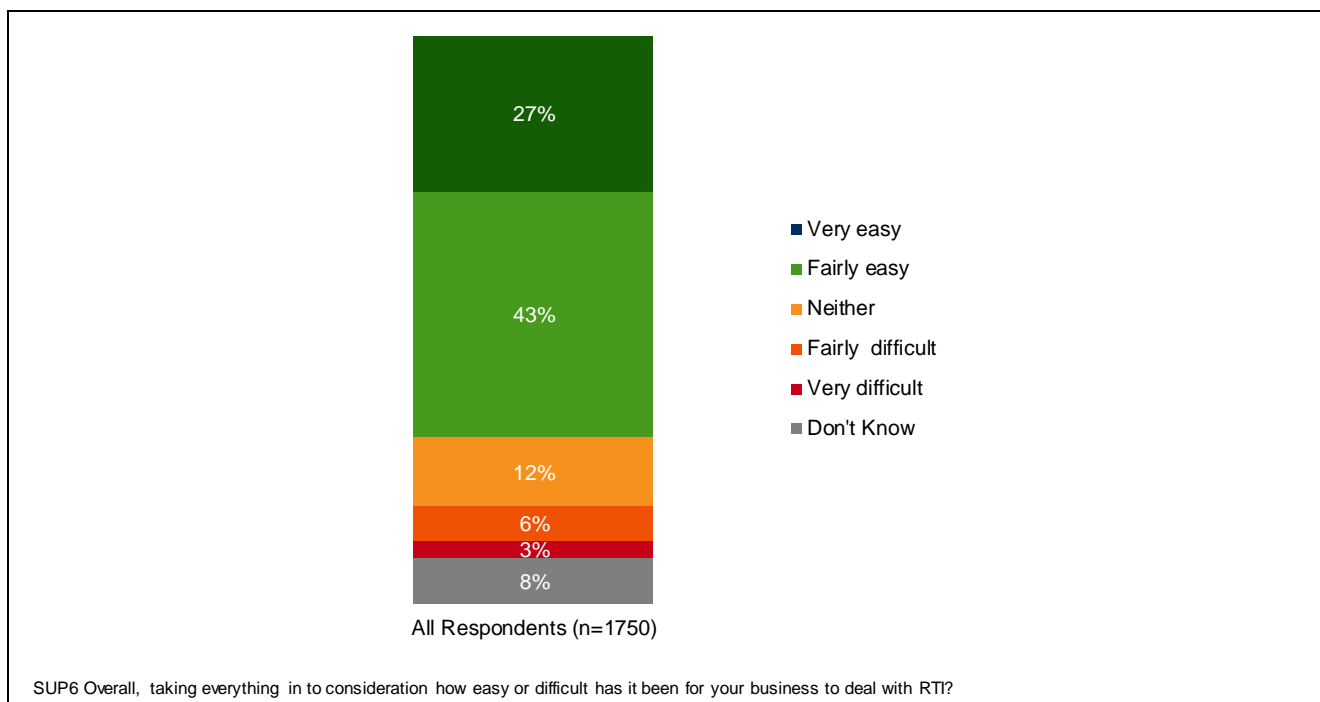
	% very/fairly confident prior to operating RTI	% very/fairly confident now	Sub-group base size
<b>BUSINESS SIZE</b>			
0-9	62	85	774
10-49	79	91	493
50-249	81	97	301
>250	85	95	171
<b>USE OF EXTERNAL HELP WITH PAYROLL TASKS</b>			
None (payroll all in-house)	79	95	862
All (payroll all handled externally)	55	79	722
<b>SOFTWARE USED</b>			
BPT	79	94	979
Commercial	66	88	268
<b>OVERALL</b>	<b>67</b>	<b>87</b>	<b>1750</b>

#### 4.2. Overall view of RTI

Employers' overall assessment of RTI was explored quantitatively and qualitatively. This assessment was generally very positive.

Seven in ten employers (70%) said that RTI had been either very (27%) or fairly (43%) easy to deal with overall. Only 9% said it had been difficult (Figure 4).

Figure 4. Ease of dealing with RTI overall



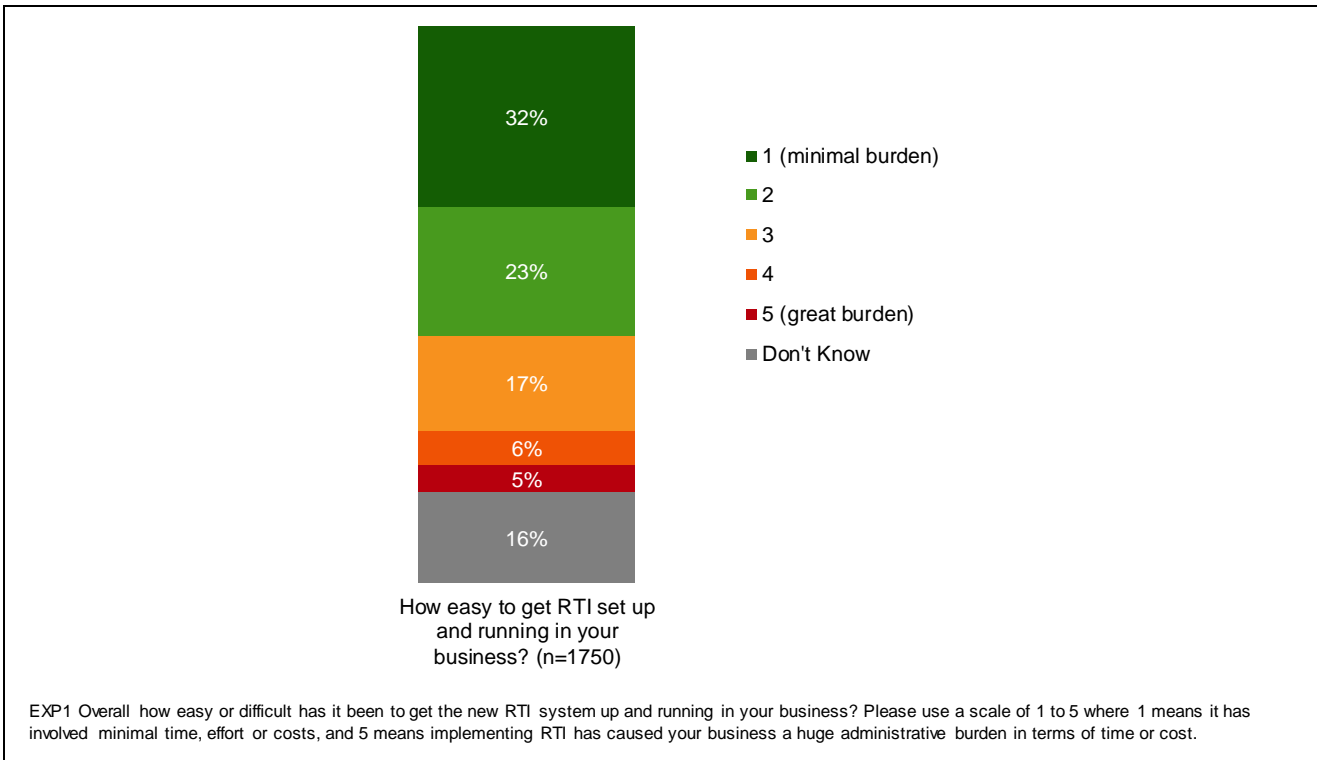
Some sub-groups were more likely than others to say that they found RTI easy: mid-sized employers (50-249 employees), those handling payroll entirely in-house, commercial software users and those who were more confident about RTI. Although the likelihood of an employer to classify themselves as feeling confident with RTI increased with increasing size of the employer, this pattern was not the case for finding RTI easy. Both the smallest and the largest employers were less likely than mid-sized employers to find RTI easy (Table 2).

Table 2. Ease of dealing with RTI

	<b>% very/fairly easy</b>	<b>Sub-group base size</b>
<b>BUSINESS SIZE</b>		
0-9	68	774
10-49	77	493
50-249	85	301
>250	72	171
<b>USE OF EXTERNAL HELP WITH PAYROLL TASKS</b>		
None (payroll all in-house)	82	862
All (payroll all handled externally)	60	722
<b>SOFTWARE USED</b>		
BPT	71	979
Commercial	82	268
<b>CONFIDENCE PRE-RTI</b>		
Very/fairly confident	82	1286
Not very/not at all confident	49	300
<b>CONFIDENCE POST-RTI</b>		
Very/fairly confident	77	1558
Not very/not at all confident	29	106
<b>OVERALL</b>	<b>70</b>	<b>1750</b>

Employers were also asked to rate the experience of setting up and running RTI in terms of a scale of 1 to 5 where 1 means it has involved minimal time, effort or costs and 5 means it has caused huge administrative burden in terms of time or cost. Just over half (55%) of employers rated the burden of RTI low (1 or 2). Around one in ten rated it high i.e. as 4 or 5 (Figure 5).

Figure 5. Time/effort/cost of getting RTI set up and running



Sub-groups more likely to rate the RTI experience positively were: those who handle payroll completely in-house, those who are confident about RTI, those who found RTI easier to deal with than expected and those whose difficulties with RTI had been resolved. There was little difference by size of employer apart from those with 10-49 employees being more likely than other employers to rate the burden as low (Table 3).

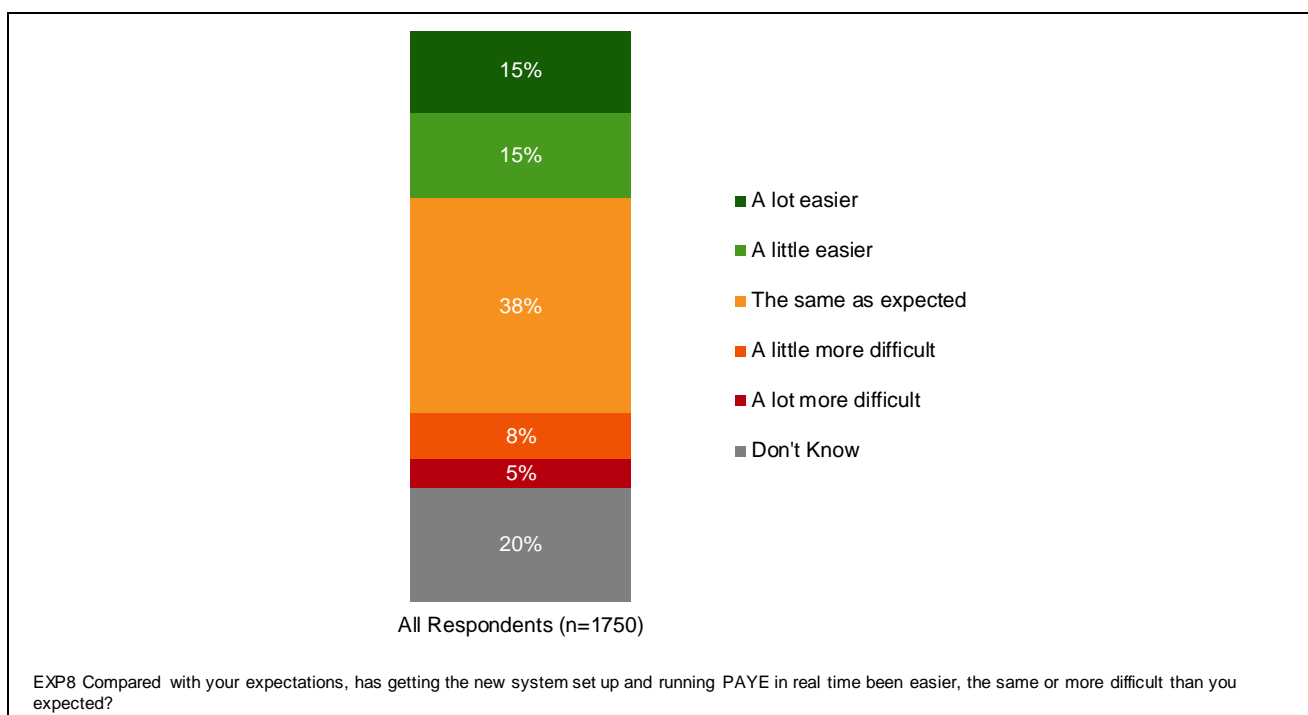
Table 3. Time/effort/cost of getting RTI set up and running

	% Low burden (1 or 2 out of 5)	Sub-group base size
<b>BUSINESS SIZE</b>		
0-9	54	774
10-49	64	493
50-249	53	301
>250	45	171
<b>USE OF EXTERNAL HELP WITH PAYROLL TASKS</b>		
None (payroll all in-house)	70	862
All (payroll all handled externally)	41	722
<b>SOFTWARE USED</b>		

BPT	56	979
Commercial	68	268
<b>CONFIDENCE PRE-RTI</b>		
Very/fairly confident	64	1286
Not very/not at all confident	41	300
<b>CONFIDENCE POST-RTI</b>		
Very/fairly confident	61	1558
Not very/not at all confident	17	106
<b>RTI vs. EXPECTATIONS</b>		
Easier	74	592
More difficult	30	191
<b>DIFFICULTIES</b>		
Resolved	59	822
Not resolved	46	93
<b>OVERALL</b>	<b>70</b>	<b>1750</b>

Employers were also asked how easy setting up and running RTI had been compared to what they had expected. A third of employers (30%) said that setting up and running RTI had been either a lot (15%) or a little (15%) easier than expected. A further 38% said it was the same as they had expected. Only 13% said it had been more difficult than expected (Figure 6).

Figure 6. Ease of setting up and running RTI compared with expectations



Once again, certain sub-groups were more likely than others to say that they found setting up and running RTI easier than expected: those handling payroll entirely in-house, commercial software users and those who were more confident about RTI. The likelihood of finding it a lot/a little easier than expected was significantly higher amongst employers with more than 250 employees than amongst smaller employers (Table 4).

Table 4. Ease of setting up and running RTI compared with expectations

	% a lot/a little easier	Sub-group base size
<b>BUSINESS SIZE</b>		
0-9	27	774
10-49	38	493
50-249	30	301
>250	60	171
<b>USE OF EXTERNAL HELP WITH PAYROLL TASKS</b>		
None (payroll all in-house)	41	862
All (payroll all handled externally)	17	722
<b>SOFTWARE USED</b>		
BPT	29	979
Commercial	42	268
<b>CONFIDENCE PRE-RTI</b>		
Very/fairly confident	34	1286
Not very/not at all confident	25	300
<b>CONFIDENCE POST-RTI</b>		
Very/fairly confident	33	1558
Not very/not at all confident	10	106
<b>OVERALL</b>	<b>29</b>	<b>1750</b>

The qualitative research sheds light on why the majority of employers found RTI easy to deal with:

*"We're a very small company; it's made it easier in that the information is sent every week when I do the wages."*

(1-5 employees BPT)

*"It has saved me an amount of time, because I had employees that were being paid monthly; I had some that were being paid daily; I had some that were being paid weekly- but now everybody is the same".*

(1-5 employees commercial software)

Employers also generally found RTI easier than expected. The key features of RTI from the employer perspective as highlighted in the qualitative research were that it is fast and error free.

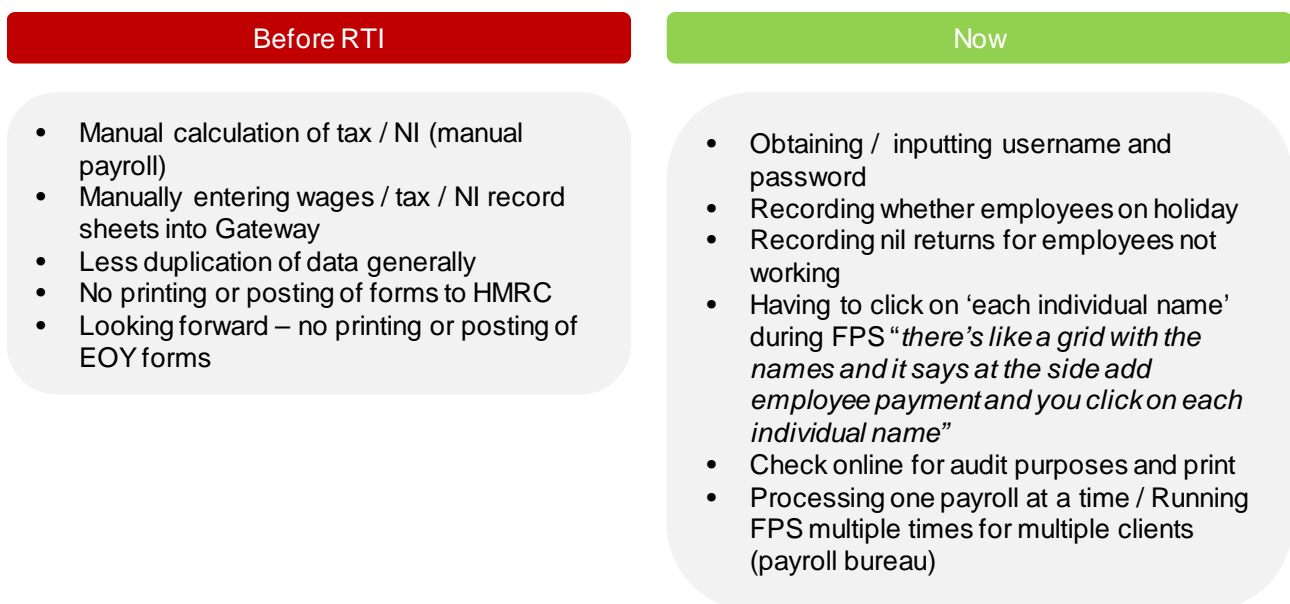
*"I was made to believe that [RTI] was going to be really, really difficult [from word of mouth and newspaper reports] - but now I feel that it's not that bad... it's been, so far, fairly easy going."*  
(10-49 employees, Commercial software)

*"I panicked a bit when RTI first came out...but then when I started doing it there was nothing to it...it's the same program other than the submission on a Friday which has not really made much difference."*  
(1-5 employees, BPT)

*"It's probably better than I expected to be honest. I get confirmation every time I do a payroll and how much I owe HMRC – the system works the figure out for you and you just look at it and know that you've got to send that amount off...so you know every month you don't have to wait until the end of the year for HMRC to say 'sorry but you haven't paid us enough, or you've paid us too much.'"*  
(1-5 employees, previously manual payroll, BPT)

Employers perceived that RTI does involve some new tasks compared to the previous system, but on the other hand, they recognise that some time-consuming tasks have been removed (Figure 7).

Figure 7. What is different about payroll under RTI (qualitative interviews)



It should be noted that some of the tasks that employers considered to be new were not necessarily RTI-related or are due to the way in which the employer has set up their software. For example, checking online for audit purposes is not a RTI requirement but reflects an employer's internal procedure.

*"The biggest bug bear I think I've had is when you have to file the information- the actual logging-on procedure takes forever, because the password is about 16 characters long, or whatever it happens to be, it's enormous ..."*

(1-5 employees, Commercial software)

Many of the commercial software users saw little change in the tasks required to undertake payroll under RTI..

*"On the whole it has made no difference at all. The only additional step is to send the FPS and that takes a couple of seconds.*

(10-49 employees, Commercial software)

Those employers that experienced the greatest change were employers that moved from paper-based payroll to using software.

*"[We used to do payroll] manually. Because HMRC stopped issuing paperwork and we had to download everything on the computer – in that respect it's quicker and easier"*

(1-5 employees, BPT)

The qualitative research also explored perceived differences with the new joiners and the leavers processes under RTI.

With the new joiners process, employers were aware of differences to the previous system (Figure 8) but judge the experience under RTI to be more formal yet at the same time more systematic. Employers indicated that under RTI there was need to ensure that payroll data was submitted in a particular format otherwise their FPS would not be successful. Under RTI, the initial data alignment process and the requirements of their payroll software meant that their payroll records were more likely to be complete, accurate and up to date. For new joiners this meant that employers could no longer set an employee up on their payroll system unless they had complete information. Consequently, employers saw the process of setting up new joiners as being more systematic than in the past. Typical views were:

*"It's all done automatically [now] under RTI; whereas before I had to transmit [the new starter's information to HMRC] separately."*

(10-49 employees, Commercial software)

*"Getting a tax code could take weeks, sometimes months. It is a much easier process now compared to before."*

(10- 49 employees, Customised software)

*"You just follow the online instructions, add new employee, make sure all the codes are right, put her details in...she had her P45 so I got it all off there. You get a bulletin through near the beginning of the year from HMRC telling you what the codes are."*

(1-5 employees, BPT)

*"The only other thing that has changed slightly now of course is, I now have to notify HMRC of new starters, and leavers, on the day they start or leave [electronically]... but the good thing about that is you have to get it right... because if I don't get all the information in correctly, the computer will say you've not done it correctly... that's a good check".*

(1-5 employees, Commercial software)

Figure 8. What is different for new joiners under RTI (qualitative interviews)

Before RTI	Now
<ul style="list-style-type: none"><li>• Posting employee information to HMRC</li><li>• Obtaining tax codes from HMRC could be a lengthy process</li><li>• More 'informal approach' to new joiners – less of a process</li></ul>	<ul style="list-style-type: none"><li>• Stricter process overall – setting up joiners, adhering to deadlines</li><li>• Joiners now set up online</li><li>• Joiner details required at start (e.g. address, NI number, DOB, passport info); software prohibits moving on until all details are provided</li><li>• Tax codes automatically provided</li><li>• Notifying HMRC <u>before</u> paying employee (used to pay first)</li></ul>

With the leavers' process, employers perceive some disadvantages under RTI compared with the previous system (Figure 9), although in some circumstances this is because they had misunderstood how RTI works. Employers incorrectly perceive, for example, that they can no longer pay employees on the day they leave and have to wait until the next payroll run. Some employers are also under the impression that it is no longer possible to correct errors in pay for a leaver.

*That's been OK... except that we have discovered a couple of times... the leaver's details have been submitted to the Revenue, and presumably the P45 printed out, before we've updated his final pay – so the figures are wrong, and we've been unable to correct them".*  
(100-249 employees, Commercial software)

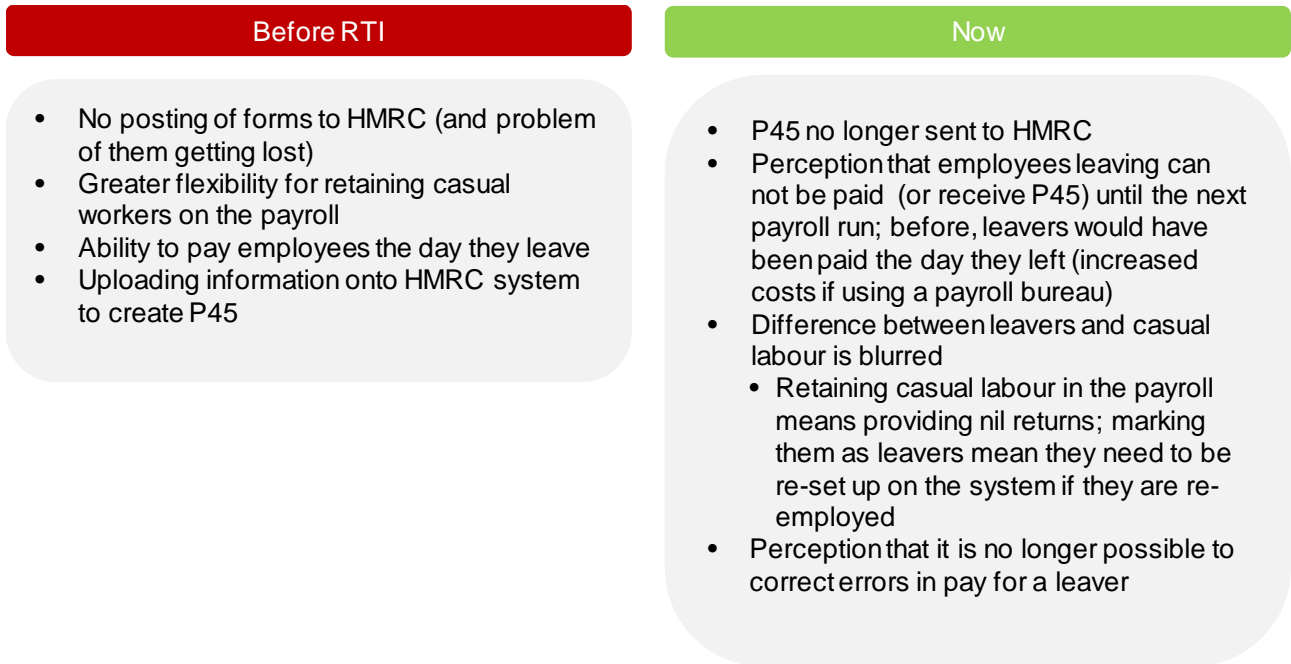
Some employers are not clear about whether to treat casual staff as leavers or not.

*"When does a casual member of staff become a leaver?"*  
(1-5 employees, BPT)

*"This is one of my problems with the system. At the moment we've got six casual staff who we could call on to work...one of them has gone back to university so we probably won't call on him until next summer if we do at all...so we try to have a pool of staff to work in the bar, but when does casual staff become not an employee and things like that?"*  
(1-5 employees, BPT)



Figure 9. What is different for leavers under RTI (qualitative interviews)

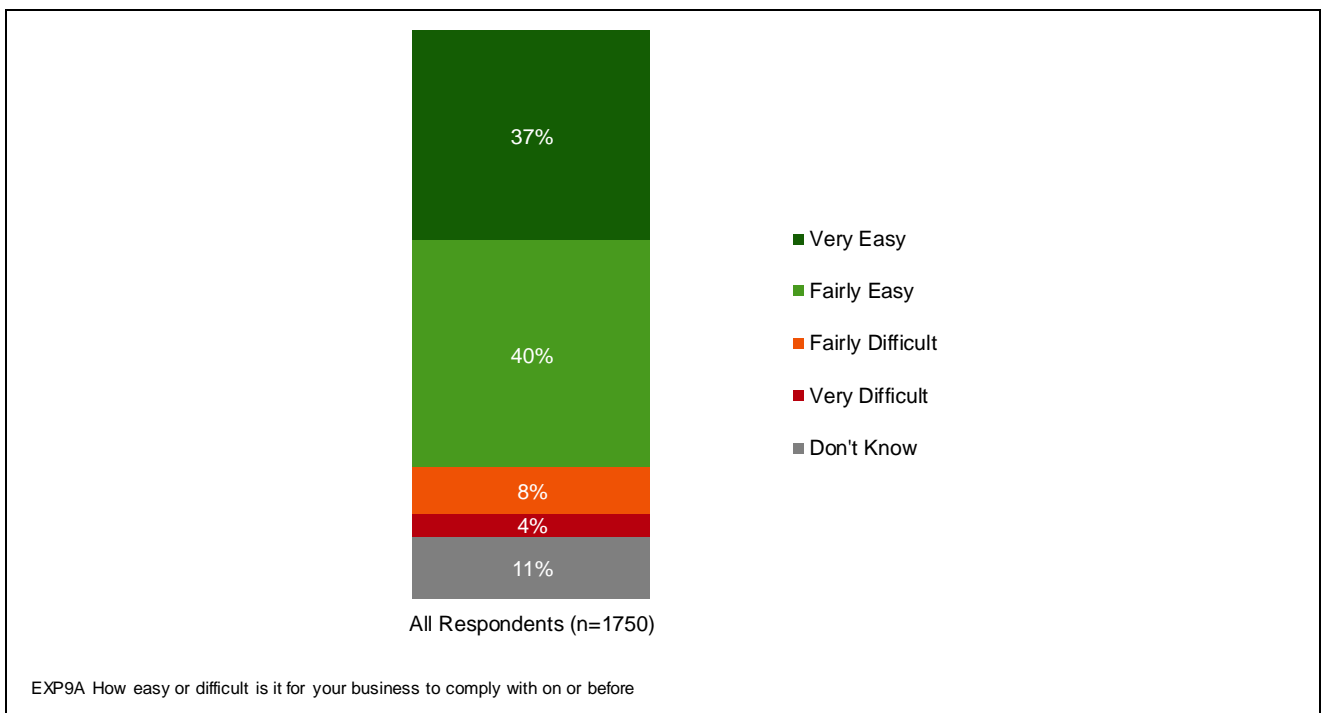


### 4.3. Compliance with 'on or before'

Under RTI employers have to submit data to HMRC on or before paying staff (the 'on or before' rule). This research explored whether employers had found complying with this requirement difficult.

Three-quarters (77%) of employers said that they found it very (37%) or quite (40%) easy to comply with 'on or before'. Just 12% found it very (8%) or fairly (4%) difficult (Figure 10).

Figure 10. How easy it is to comply with 'on or before'



Sub-groups more likely to find it difficult to comply with 'on or before' were those who handle all payroll in-house, those who operate more than one payroll scheme, those who do not feel confident about RTI and those who found RTI difficult or more difficult than expected (Table 5). The perceived ease of complying with 'on or before' increased with size of employer. One third (35%) of micro employers said it would be very easy to comply, rising to 53% of large employers.

Table 5. How easy it is to comply with 'on or before'

	% fairly/very difficult to comply	Sub-group base size
<b>USE OF AN EXTERNAL HELP WITH PAYROLL TASKS</b>		
None (payroll all in-house)	14	862
All (payroll all handled externally)	9	722
<b>NUMBER OF PAYROLL SCHEMES</b>		
One	12	1480
More than one	21	210
<b>CONFIDENCE PRE-RTI</b>		
Very/fairly confident	9	1286
Not very/not at all confident	26	300
<b>CONFIDENCE POST-RTI</b>		
Very/fairly confident	11	1558
Not very/not at all confident	36	106
<b>HOW EASY RTI TO DEAL WITH</b>		
Very/fairly easy	8	1275
Neither easy nor difficult/fairly/very difficult	31	342
<b>HOW EASY RTI vs. EXPECTATIONS</b>		
A lot/a little easier	8	592
A little/a lot more difficult	34	191
<b>OVERALL</b>	<b>12</b>	<b>1750</b>

Those who pay employees more often than monthly might be expected to be more likely than monthly payers to find compliance with 'on or before' difficult. This was the case, but not dramatically so: 15% of them said it was difficult vs. 11% of monthly payers.

In recognition of the potential burden of compliance with 'on or before' faced by small employers (fewer than 50 employees) who pay staff more often than monthly, HMRC granted them an easement until April 2014. Employers with fewer than 50 employees, and who pay them fortnightly or more frequently (33% of the weighted sample) were asked whether they were complying with 'on or before' already. Sixty-five

percent said they were, the vast majority of whom (83%) said they had done so from the start. The remaining third (35%) of this employer group were not able to say that they were complying with 'on or before', which equates to about a ninth (or 11%) of all employers. Of this sub-group, roughly half (49%) of these (equivalent to about 6% of all employers) confirmed that they were submitting only a monthly return to HMRC. The other half (51%) said they did not know if they were submitting 'on or before' or if they were submitting monthly, but this group was almost exclusively (98%) made up of employers that used external help for at least some of their payroll affairs.

Of the small, frequent payer employers still submitting only a monthly return to HMRC over a quarter (29%) said that they will start complying with 'on or before' by the April 2014. Half (49%) were unsure when they would be complying. The latter is equivalent to about 3% of all employers. Of this group who were unsure, 83% were using external payroll help for all or some of their payroll.

It was evident from the qualitative research that some employers may have misinterpreted the 'on or before' requirement. This perception of what on or before reporting requirements entailed had meant they had changed their payroll date.

*"The rigidity of the system is an issue for us I think; and I think the fact that... it's got to be done on or before is a bit of a pain because, as I say, we've had to change our payroll date to accommodate that. I mean, we thought we were complying, but then when I read the rules again, I realised the payment date had to be the date of the payroll run".*

(100-249 employees, Commercial software)

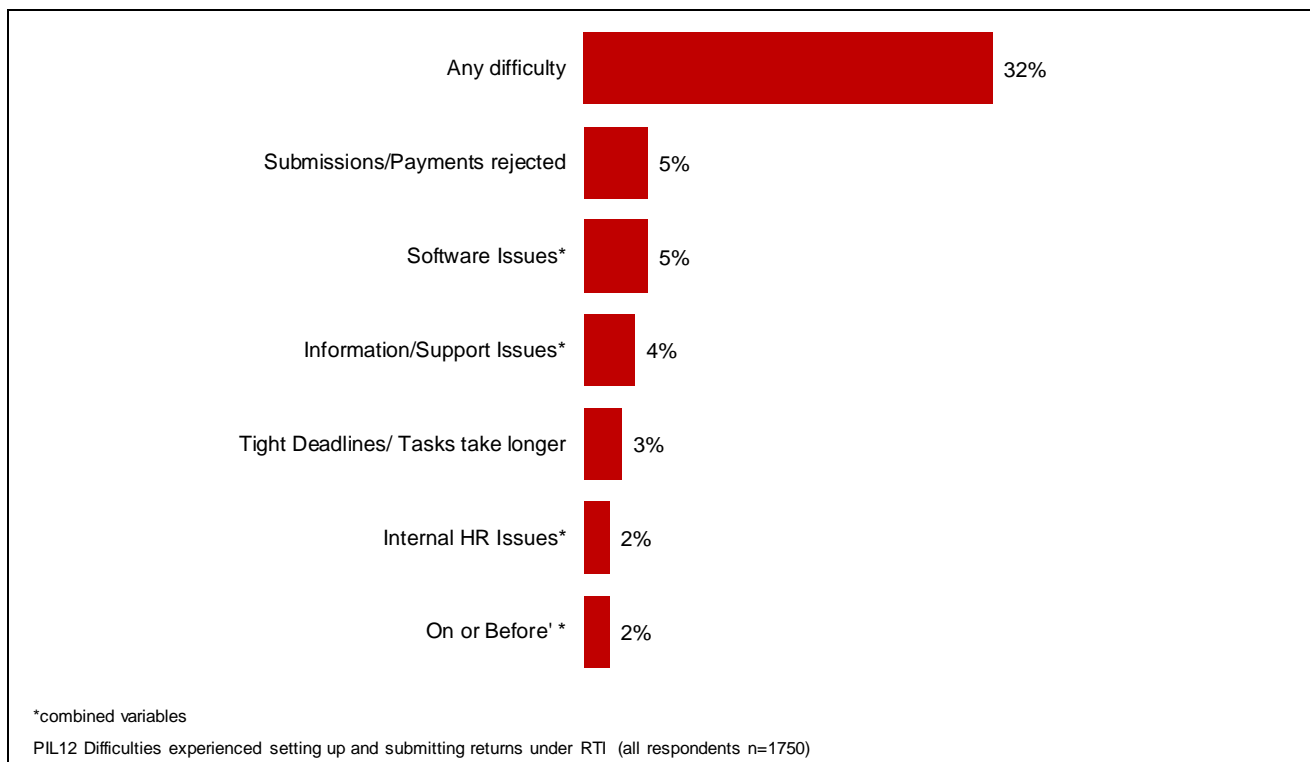
#### **4.4. Difficulties experienced**

The difficulties encountered by employers in setting up and submitting returns under RTI were explored both in the quantitative and the qualitative research.

In the quantitative research, employers were asked to describe any difficulties in their own words. These answers were then later coded into common categories. There were numerous such categories, many of which arose with relatively low frequency, partly due to there being only a minority (32%) of employers who reported experiencing any difficulty at all. Some of these categories were then combined into the broader categories shown in Figure 11. Even then, the frequency of occurrence of individual types of difficulty was relatively small on a whole population basis.

The most common types of difficulty reported were rejection of submissions/payments to HMRC and software issues, each reported by 5% of employers. Difficulties with information or support were mentioned by 4%. Difficulties with complying with the need to submit a return on or before payment to employees, or payroll tasks taking longer were raised by 3% of employers. Problems with the 'on or before' system was specifically mentioned by 2%. The sorts of "internal HR issues" mentioned by 2% were to do with RTI matters pertaining to individual employees (Figure 11).

Figure 11. Difficulties with setting up or submitting under RTI



Large employers and those who were not confident with RTI were more likely than average to report having any difficulty (Table 6).

Table 6. Had a difficulty setting up or submitting under RTI

	% experiencing a difficulty	Sub-group base size
<b>SIZE OF EMPLOYER</b>		
Large (250+ employees)	69	171
<b>CONFIDENCE PRE-RTI</b>		
Not very/not at all confident	50	300
<b>CONFIDENCE POST-RTI</b>		
Not very/not at all confident	55	106
<b>OVERALL</b>	<b>32</b>	<b>1750</b>

The most common difficulties cited by large employers were with tighter deadlines/tasks taking longer (10%), HMRC figures not matching theirs (10%), complying with 'on or before' (9%) and poor helpline experience/advice (7%).

The most common difficulties cited by those who were not confident with RTI were with submissions/payments being rejected (6% not confident pre-RTI; 8% not confident now), difficulty navigating/locating information/instructions (5% not confident pre-RTI; 8% not confident now) and poor helpline/explanation (4% not confident pre-RTI; 9% not confident now).

The qualitative research contained a deliberately high proportion of employers who had encountered difficulties with RTI. This work therefore provided an opportunity to explore further the nature of the difficulties encountered and employers' perceptions of the requirements of RTI. The difficulties described fell into the following five main types:

## 1. Procedural

- Dealing with rigid timescales ('on or before') and discussed in section 4.3

*"Difficult for me to take a holiday as I am the only one who can run the payroll. I have to take my laptop on holiday. With FPS you are tied to deadlines to HMRC, no flexibility."*

(6-9 employees, BPT)

- Providing nil returns for casual staff

*"Now I have to go into the system and put a 0 for casual staff who have not worked, put them on hold effectively. This is an extra 3 hours."*

(50-99 employees, Commercial software)

- Inability to make advance payments

*"We often used to give our employees advances on their wages. But we can't do that now. It has made it quite difficult for some of them."*

(10-49, Commercial software)

- Method of correcting errors

*"If we'd created a pay slip and it was wrong, you could delete and go back and correct it. [Now] you can't, because once that information is gone, you can't change it"*

(10-49, Commercial, Commercial software)

*"If I make a mess of the wages, I won't be able to go backwards like before...I could go back one week and sort it out but now I just add it on the week after or deduct it the week after...if there are slight fluctuations with the wages it's going to make one week look more or less healthy than the other."*

(10-49, Commercial software)

*"To rectify the mistake once you've submitted is a very long process."*

(10-49 employees, Commercial software)

## 2. Software related

- Failed submissions; busy Gateway, delayed FPS confirmations

*"I've had the odd time where the HMRC gateway is busy, but once you've pressed submit it keeps doing it anyway until it goes through."*

(1-5 employees, BPT)

*"I think there's been once where I didn't get my receipt email back, so I've had to phone them up and ask if it's gone through and it had."*

(1-5 employees, BPT)

*"Sometimes it takes longer to actually get its act together, but it doesn't take me any time, because I press the button and then let it run."*

(10-49 employees, commercial)

- Mismatch between submission and entries on HMRC website

*"As you can see the figures we submit are different to those that HMRC receives."*

(100-249 employees, Bespoke software)

- HMRC messages

*"...The other odd thing is – and I don't know whether it's a drawback of the software I'm using, or whether it's a drawback from HMRC – but, I get an email back from HMRC to say, 'you have successfully sent us the information, thank you very much', but then I get a second email, at the same time, telling me that I've sent them a test paperwork... I absolutely have no idea why".*

(1-5 employees, Commercial software)

- Password issues

*"I can't see it being any different because it's like a click of a button and then it sends it, but the reason I can't do it at a click of a button is because I don't have the username and password – I assumed that my accountant was submitting for me, but now I've just realised that he wasn't doing it either..."*

(10-49 employees, Commercial software)

### **3. Cost**

- Additional cost of updated software

*"Our payroll software was more expensive this year...yes, it does go up most years when all the thresholds are updated but it seemed to be more expensive this year."*

(1-5 employees, Commercial software)

*"We don't always update our payroll programme every year...we didn't last year as the business wasn't doing too well. But we had to buy [new software] this year because of RTI."*

(10-49 employees, Commercial software)

### **4. Inconvenience / Confidence**

- Employers that were new to using computer-based systems found it initially inconvenient to have to change their processes and then lacked confidence in undertaking their payroll using software

*"You're told by HMRC that you have to go online now for everything – so you find a way to do it. It's not ideal...It's a weekly payroll but I usually do it once a month – I do three or four weeks in one go...because the PC that I use is at [another] house which is about eight miles down the road."*

(1-5 employees, BPT)

*"When I first spoke to HMRC about the situation [lack of computer] I was told that another option would be my local library, which I think is totally inappropriate as this is people's private information and it shouldn't be out there in the public for anyone to look over my shoulder, plus all the libraries are being shut down."*

(1-5 employees, BPT)

- Often new software users (i.e. employers who had previously used a manual payroll system) and generally not confident with either software or payroll

*"I don't really understand what I'm doing. I follow a set of instructions. If it goes wrong I don't know what to do."*

(1-5 employees, BPT)

## 5. BPT

- Seen as unsophisticated and lengthy; lack of payslip production; and poorly advertised RTI-enabled version available

*"There's too much there that does not relate to small companies...you don't have to complete, them but you still have to go through it all"*

(1-5 employees, BPT)

*"The only thing we think it lacks is that it doesn't do payslips...at the moment you get all the data and you input it to a payslip format which is Excel or Word or whatever, and there is a chance that something could be typed incorrectly. You don't want to give an employee a piece of data that's incorrect."*

(1-5 employees, BPT)

Employers who reported experiencing difficulty were also asked whether they were still experiencing problems. 86% of employers who had a difficulty are either no longer encountering it or have now resolved it. Only 11% said they were still experiencing an unresolved difficulty, equivalent to about 4% of all employers. However, a quarter (28%) of the 69% of large employers who experienced difficulties are still doing so, equivalent to 18% of all large employers. Similarly, a quarter (23%) of the 55% of those not confident with RTI now who experienced difficulties are still encountering problems, equivalent to 13% of all who are not confident with RTI now.

Some specific examples from the quantitative research of unresolved difficulties were:

*'We have a problem with RTI conflicting with our Quick Books, which sometimes results in non-submission of RTI. The information we are submitting will be incomplete.'*

(10-49 employees, Commercial software)

*'When I send the EAS or FPS the 1<sup>st</sup> time, it usually fails.'*

(250+ employees, Commercial software)

Employers reported a range of types of unresolved difficulty, meaning that no one type was mentioned by very many of those who still had any difficulties. The sort of difficulty most likely to remain unresolved was information/support issues, mentioned by 2% of those who had remaining difficulties. The single most commonly mentioned item (by 0.5% of those still experiencing difficulties) was 'difficult to

navigate/locate information/instructions' which is included in information/support issues category. The qualitative research revealed that this item mainly reflects difficulties with getting good quality help from HMRC by telephone (See also section 4.6).

*"I really need to talk to somebody from HMRC, face-to-face, so they can explain how the thing works from their end, and I can show them how it works from my end, and then we'll know what's going on".*

(10-49 employees, Commercial software. Employer had many conversations with the HMRC telephone helpline but the problem remained unresolved)

#### **4.5. Level of burden under RTI**

Employers' perception of the level of burden under RTI was explored generally and then specifically in terms of the amount of time and cost involved.

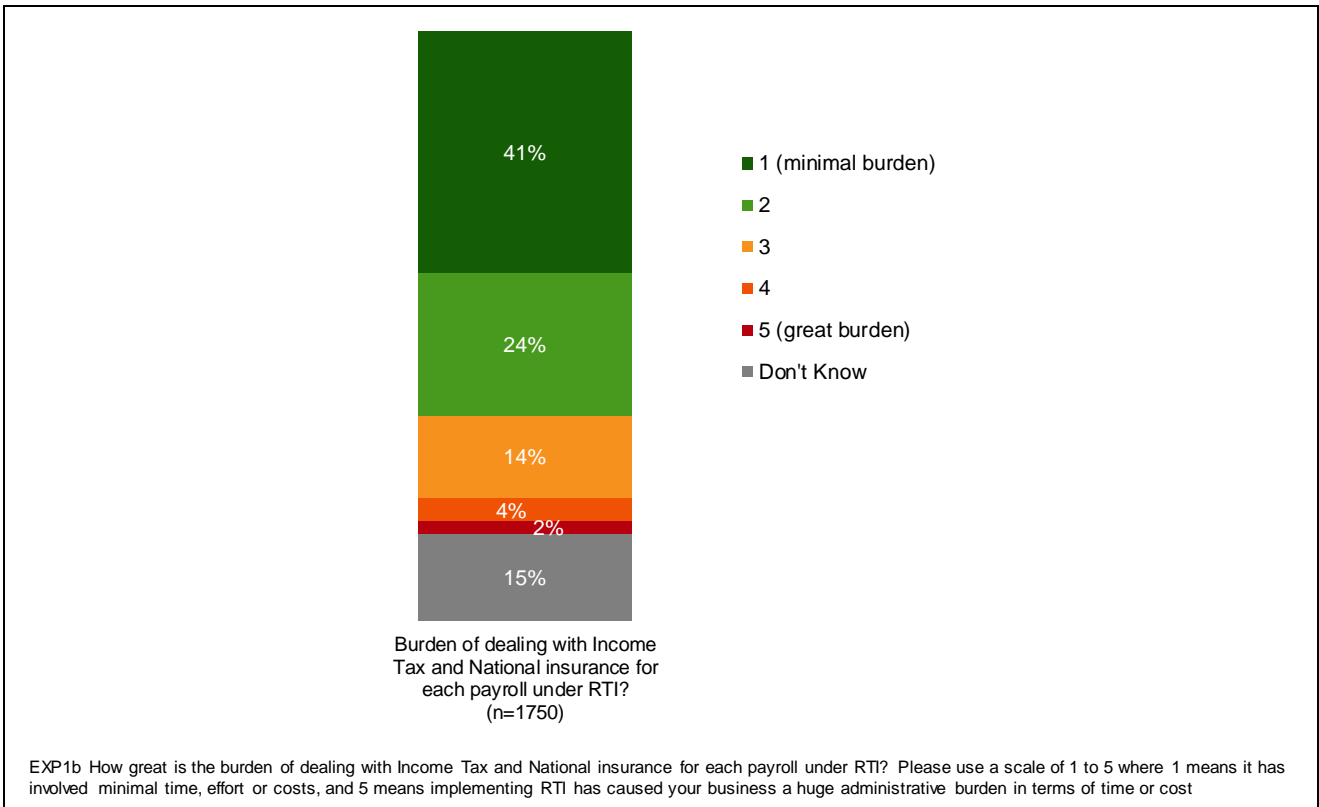
##### **4.5.1. Overall view of level of burden**

Employers were asked to rate the level of burden of dealing with Income Tax and National Insurance under RTI. The level of burden was rated on a scale of 1 to 5 where 1 is a minimal burden in terms of time, effort or costs and 5 means it has caused huge administrative burden in terms of time or cost. Two-thirds (65%) of employers rated the burden as low (1 or 2). Around one in twenty (5%) rated it high i.e. as 4 or 5 (Figure 12).

A relatively high proportion (15%) of employers said that they did not know the level of burden. This rose to 26% among those who used external payroll help. If those who said 'don't know' are excluded from the base, three quarters of all remaining employers (77%) rated the burden as low (1 or 2) and 6% rated it high (4 or 5).



Figure 12. Time/effort/cost of dealing with Income Tax and National Insurance for each payroll under RTI



Again, some sub-groups were more likely than others to rate the RTI experience positively: those who handle payroll completely in-house, those who are confident about RTI, those who found RTI easier to deal with than expected and those whose difficulties with RTI had been resolved. There was little difference by size of employer apart from those with 10-49 or 50-249 employees being more likely than other employers to rate the burden as low (Table 7).

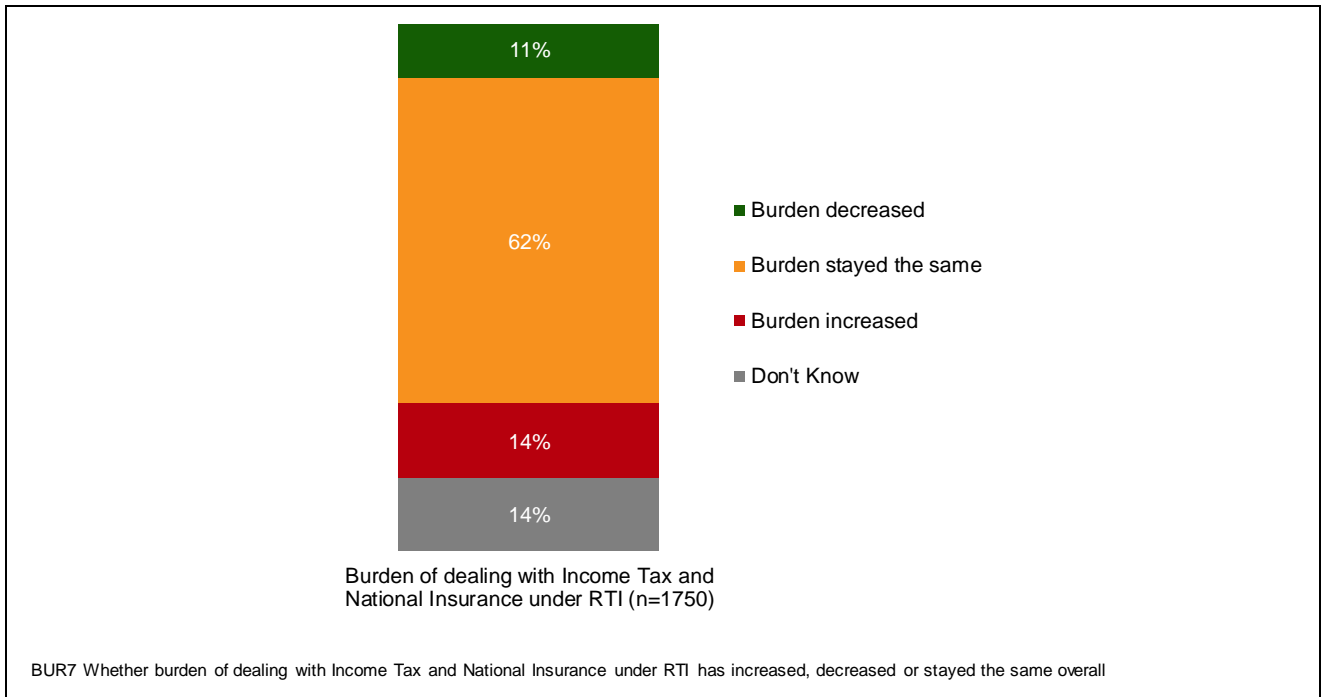
Table 7. Time/effort/cost of dealing with Income Tax and National Insurance for each payroll under RTI

	% Low burden (1 or 2 out of 5)	Sub-group base size
<b>BUSINESS SIZE</b>		
0-9	63	774
10-49	74	493
50-249	63	301
>250	79	171
<b>USE OF EXTERNAL PAYROLL HELP PAYROLL TASKS</b>		
None (payroll all in-house)	84	862
All (payroll all handled externally)	46	722
<b>CONFIDENCE PRE-RTI</b>		
Very/fairly confident	75	1286
Not very/not at all confident	55	300
<b>CONFIDENCE POST-RTI</b>		
Very/fairly confident	72	1558
Not very/not at all confident	33	106
<b>RTI vs. EXPECTATIONS</b>		
Easier	85	592
More difficult	49	191
<b>DIFFICULTIES</b>		
Resolved	73	822
Not resolved	59	93
<b>OVERALL</b>	<b>65</b>	<b>1750</b>

#### 4.5.2. Change in level of burden

Employers were asked whether they think the level of burden has increased, decreased or stayed the same under RTI so far. The majority (62%) said that the burden had stayed the same. 14% said it had increased and 11% felt that the burden had decreased (Figure 13).

Figure 13. Change in burden under RTI



Sub-groups more likely to say the burden has decreased are the largest employers (250+ employees), those using BPT and those who say that their payroll costs have decreased as a result of RTI (Table 8).

Table 8. Decreased burden under RTI

	% burden decreased	Sub-group base size
<b>BUSINESS SIZE</b>		
0-9	10	774
10-49	11	493
50-249	8	301
>250	28	171
<b>SOFTWARE</b>		
Commercial	12	979
BPT	18	268
<b>PAYROLL COSTS</b>		
Increased	7	318
Stayed the same	8	1153
Decreased	49	115
<b>OVERALL</b>	<b>11</b>	<b>1750</b>

Sub-groups more likely to say the burden has increased are those not confident with RTI and those who found dealing with RTI more difficult than expected (Table 9).

Table 9. Increased burden under RTI

	% burden increased	Sub-group base size
<b>CONFIDENCE PRE RTI</b>		
Very/fairly confident	12	1286
Not very/not at all confident	21	300
<b>CONFIDENCE POST RTI</b>		
Very/fairly confident	12	1558
Not very/not at all confident	39	106
<b>RTI vs. EXPECTATIONS</b>		
Easier	6	592
More difficult	35	191
<b>OVERALL</b>	<b>14</b>	<b>1750</b>

The 14% of employers who had experienced an increase in burden were asked what had caused this and the most commonly cited reasons are listed in Table 10. The single most common reason given was having to send information every payday (24%). It being more time consuming or taking longer was cited by 16%. Increased costs was mentioned by 11% and the timescales being inflexible by 10%. It is also of note that we also asked employers specifically about the time and cost involved and 70% of those saying the burden has increased also said that the time and/or costs involved in dealing with RTI had increased (this is equivalent to 10% of all employers), suggesting that for the majority of these employers, the increased burden is real and not just perceived.

Table 10. Reasons for increased burden under RTI (answers of 5% frequency or more)

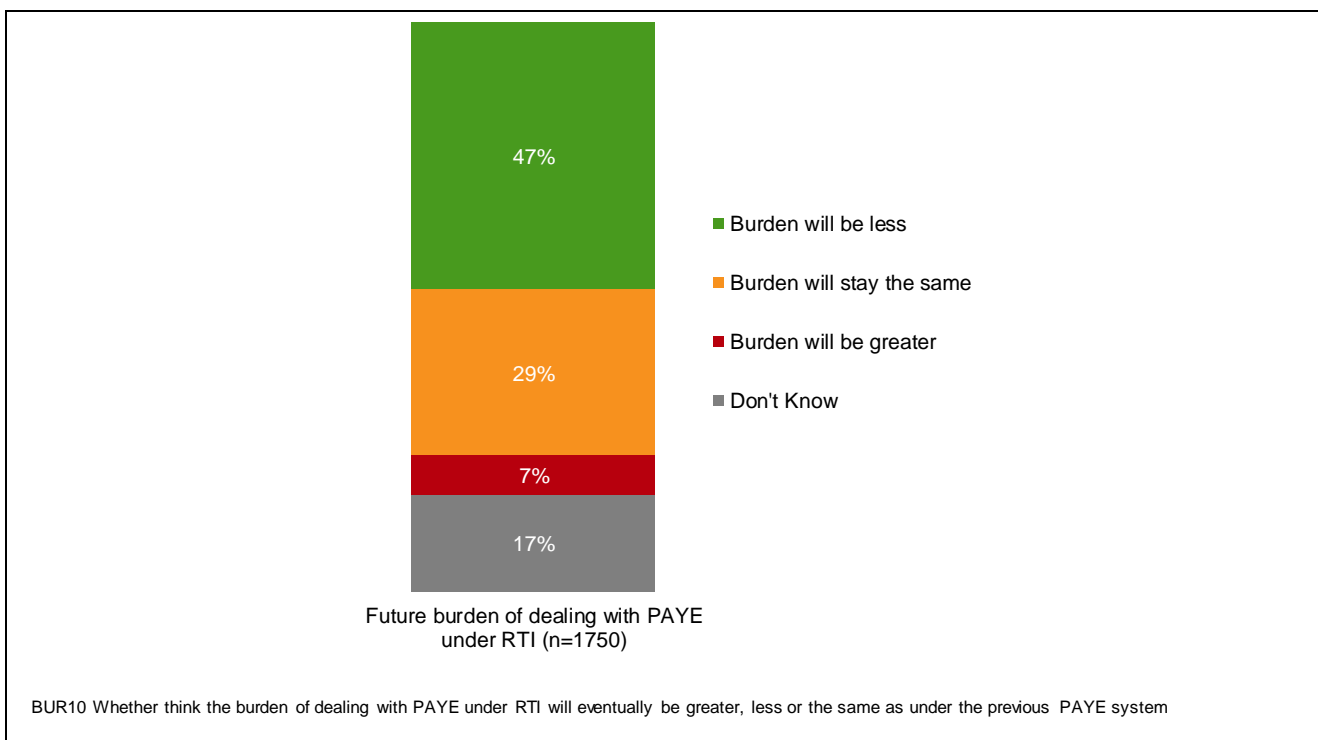
	% mention
Having to send information every payday	24
Time consuming/takes longer	16
Costs	11
Rigid timelines/not flexible	10
Involves more work	9
Additional reporting/paperwork required	7
Had to outsource it	7
Ensuring that it is correct before submission	6
Having to learn the new system	6

Base: Burden has increased (225)

Some employers in the qualitative research thought that there was an increased burden under RTI, for three key reasons: employers that paid part-time or temporary employees on the days they worked had previously only run their payroll weekly or monthly – now they had to run it more often; some implementations of the FPS process in their payroll software meant that there were addition screens or processes to follow; employers that were not confident in their ability to run a payroll system – often just following a set of instructions – considered that undertaking the FPS within a specific timescale had added to their level of stress and thereby added to the burden of undertaking the payroll process. With the exception of those employers that continued to have on-going problems that had not been resolved, most of the employers in the qualitative research thought that the burden would decrease over time and as they became more confident with RTI. However, employers that were running multiple payrolls, or were now running their payroll more frequently thought that the increased burden of RTI would remain.

Employers' expectations of the future burden posed by RTI were also explored to see how many predict the burden will eventually be lower or higher than the previous PAYE system. Almost half (47%) expect the burden to decrease in the longer term. Twenty-nine percent expected the burden to be the same and 7% expected it to be higher (Figure 14). Taken together with the earlier findings (Figure 13) this suggests that, like pilot employers, employers at main migration do not report a reduction in burden as yet but anticipate that there will be one in the longer term, once end of year is taken into account.

Figure 14. Eventual burden under RTI compared to previous PAYE system



Sub-groups more likely to predict that the eventual burden will be lower under RTI than with the previous system are the largest employers (250+ employees), those who received support from HMRC and those who conduct all payroll affairs in-house (Table 11).

Table 11. Burden under RTI will eventually be less than under previous system

	% burden will be less	Sub-group base size
<b>DIFFICULTIES</b>		
0-9	46	774
10-49	51	493
50-249	51	301
>250	62	171
<b>NUMBER OF PAYROLLS</b>		
None (payroll all in-house)	69	979
All (payroll all handled externally)	26	268
<b>PAYROLL COSTS</b>		
Any	51	1386
From HMRC	60	752
None	36	301
<b>OVERALL</b>	<b>47</b>	<b>1750</b>

Sub-groups more likely to predict that the eventual burden will be greater under RTI than with the previous system were those who are still experiencing difficulties with RTI, those who run more than one payroll and those whose payroll costs have increased (Table 12).

Table 12. Burden under RTI will eventually be greater than under previous system

	% burden will be greater	Sub-group base size
<b>DIFFICULTIES</b>		
Resolved	6	822
Not resolved	19	93
<b>PAYROLL COSTS</b>		
Increased	22	318
Stayed the same	3	1153
Reduced	0	115
<b>NUMBER OF PAYROLL SCHEMES</b>		
One	6	1480
More than one	15	210
<b>OVERALL</b>	<b>7</b>	<b>1750</b>

A third (31%) of the 14% employers (equivalent to 4% of all employers) who said that the burden under RTI is higher to date than under the previous system, said that they expected it to remain higher. A further third (37%) expect the eventual burden to remain the same and a fifth (19%) predict that it will eventually be lower. Twelve percent did not know how the burden would compare in the longer term.

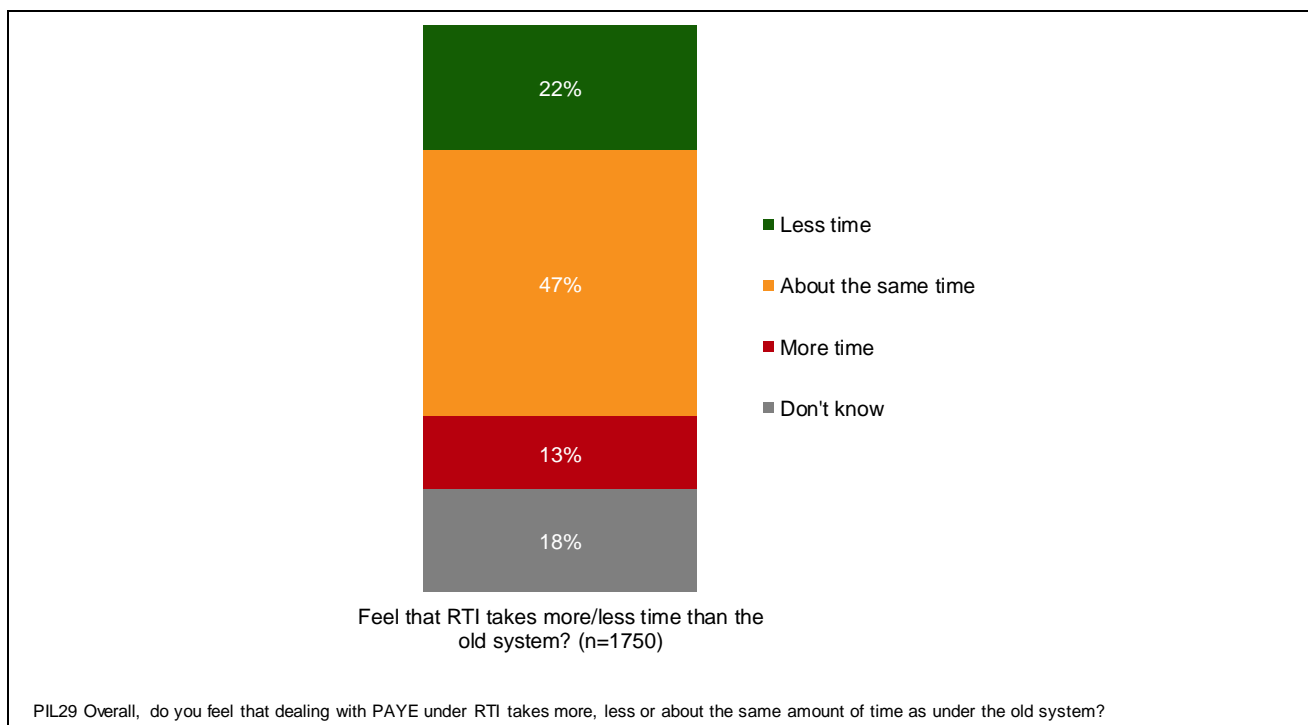
More than three quarters (79%) of the 98 employers (equivalent to 5% of all employers) in the sample who predicted that the burden of dealing with PAYE will be greater under RTI said elsewhere that the time it takes to deal with PAYE under RTI has increased and/or the cost of running payroll has increased. The single most common reasons given by this group for thinking that the eventual burden will be greater were that it's more work (for small employers), that there are more reports/returns, that they have to pay an accountant and that queries have to be resolved immediately.

### 4.5.3. Amount of time taken

The amount of time taken under RTI was explored both descriptively and absolutely.

In descriptive terms, 22% of employers said that PAYE under RTI takes less time than previously. Around a half (47%) felt that it took about the same amount of time. Only 13% said it takes more time (Figure 15).

Figure 15. Amount of time taken by PAYE under RTI compared to previous system



Employers who feel that the burden has increased under RTI were particularly likely to say that RTI takes more time. Those who are not confident with RTI, or who are still encountering problems are also more likely than average to feel that the new system takes more time (Table 13).

Table 13. RTI takes more time than previous system

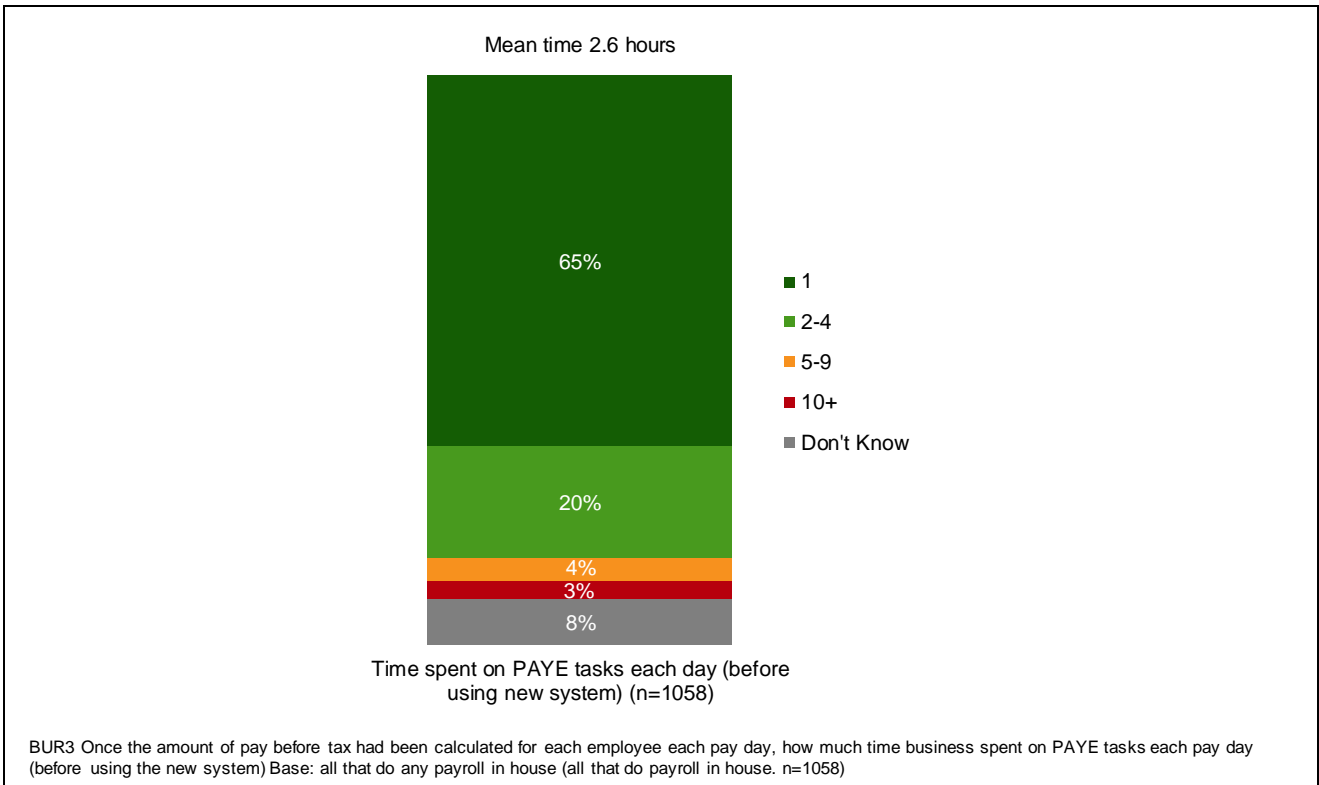
	% RTI takes more time	Sub-group base size
<b>BURDEN UNDER RTI</b>		
Has increased	55	225
Stayed the same	7	1111
Decreased	1	192
<b>CONFIDENCE PRE RTI</b>		
Very/fairly confident	11	1286
Not very/not at all confident	23	300
<b>CONFIDENCE POST-RTI</b>		
Very/fairly confident	11	1158
Not very/not at all confident	32	106
<b>DIFFICULTIES</b>		
Resolved	17	822
Not resolved	27	93
<b>OVERALL</b>	<b>13</b>	<b>1750</b>

In absolute terms, the number of hours employers reported spending on PAYE tasks under RTI was lower than under the previous system.

Employers who undertake any payroll tasks in-house were asked to estimate the number of hours spent on PAYE each payday under the previous system, assuming the amount of pay before tax for each employee had already been calculated. The mean average time spent was 2.6 hours, with 65% of employers saying it took them an hour (Figure 16). If this percentage is recalculated to exclude those who did not know how long it took them, that figure becomes 70% saying it took them an hour.



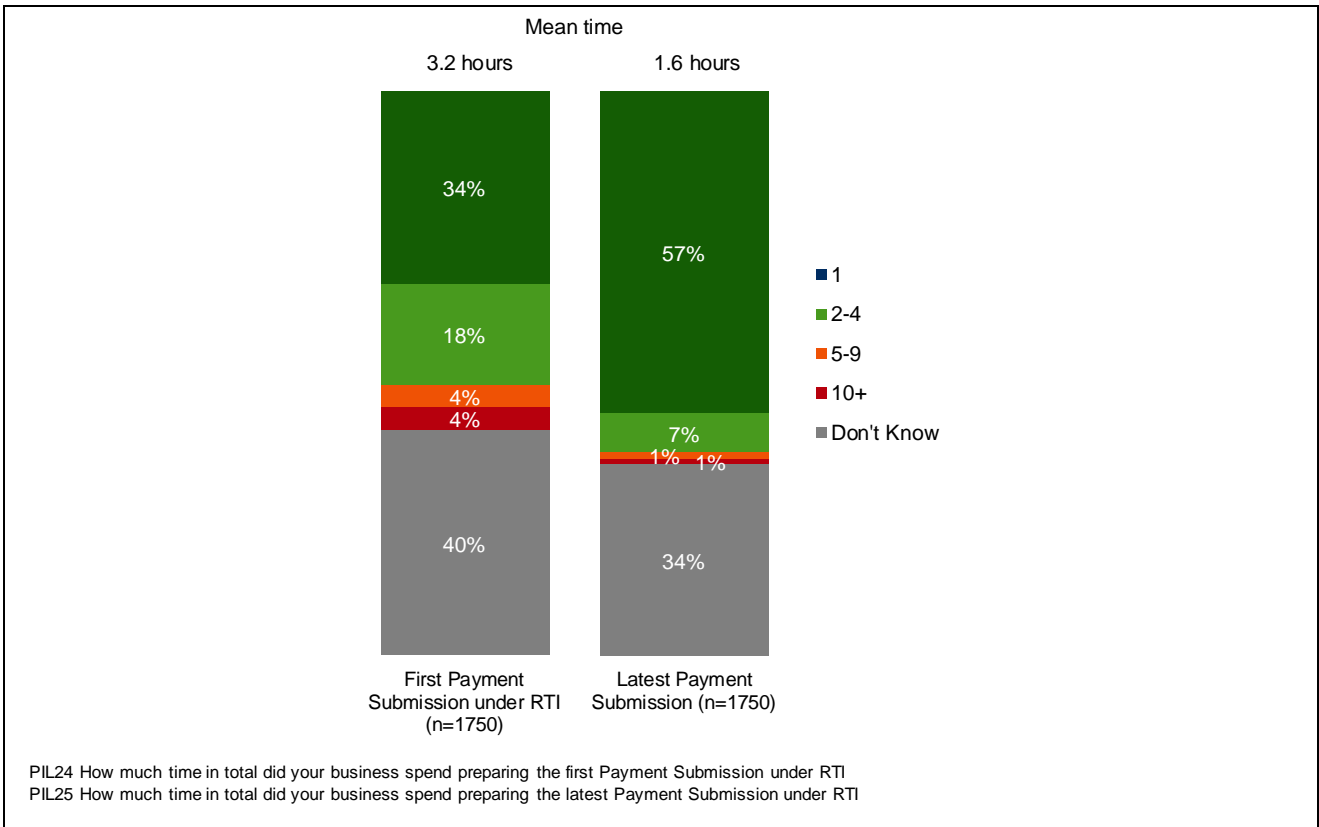
Figure 16. Time taken by PAYE under previous system



Under RTI, the equivalent task at each payday is FPS submission. The mean average time taken for employers' most recent FPS was 1.6 hours i.e. lower than the average pre-RTI PAYE time of 2.6 hours (right hand bar in Figure 17). This equates to 57% saying it takes them one hour. However, this figure rises to 86% once the relatively high proportion of those saying don't know is excluded. This is higher than the equivalent 70% figure saying that PAYE took them one hour prior to RTI (although that figure is based on only those who do any payroll tasks in-house).

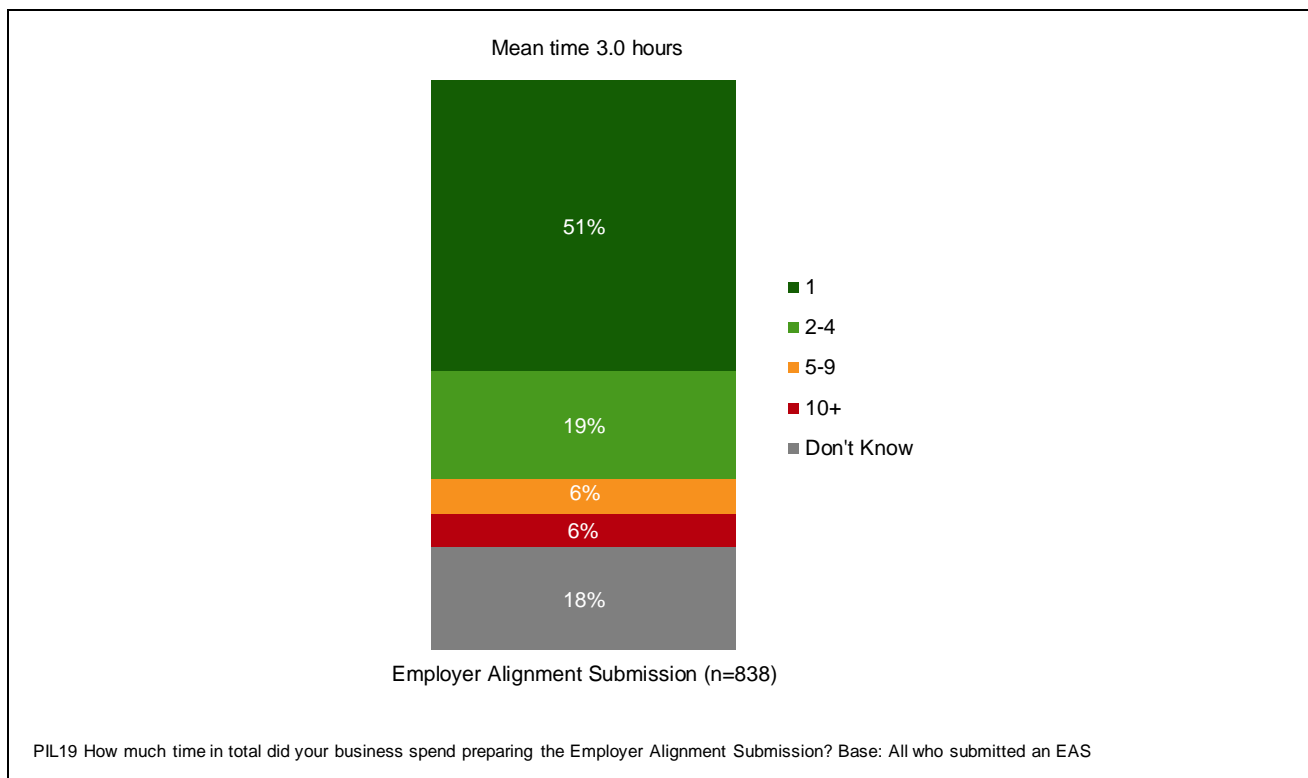
The mean average time taken by an employer to submit their first FPS was 3.2 hours. Naturally, the time taken improved with familiarity, and so the time taken to submit the latest FPS (1.6 hours) is a fairer comparator for the previous system.

Figure 17. Time taken by PAYE under RTI (to submit FPS)



The time taken by employers to submit an EAS under RTI was also established. Not all employers have to submit an EAS. Of those who had submitted one, the average time taken to prepare it was 3.0 hours (Figure 18). Fifty-one percent of employers said it took them an hour to do so, or 62% once those saying don't know are excluded.

Figure 18. Time taken to prepare EAS



Time taken to submit FPS and prepare EAS was higher the larger the employer, if an employer had more than one PAYE scheme, if they were still not confident about RTI, if they were still experiencing difficulties and if they felt that the burden had increased under RTI (Tables 14 + 15). However, even for these groups the time taken to complete the latest FPS was still slightly lower than under the previous system.

Table 14. Mean average time taken by latest FPS submission and under previous system

	Mean average time (hours) Latest FPS	Mean Average time (hours) Previous system	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>			
0-9	1.3	1.6	774
10-49	2.0	2.7	493
50-249	2.6	7.2	301
250+	3.6	19.4	171
<b>NUMBER OF PAYROLL SCHEMES</b>			
One	1.5	2.1	1480
More than one	2.7	7.5	210
<b>RTI CONFIDENCE NOW</b>			
Very/fairly confident	1.4	2.5	1558
Not very/not at all confident	2.6	4.2	106

	Mean average time (hours) Latest FPS	Mean Average time (hours) Previous system	Sub-group base size
<b>DIFFICULTIES</b>			
Resolved	1.6	2.7	822
Not resolved	1.9	3.4	93
<b>BURDEN UNDER RTI</b>			
Decreased	1.3	2.3	192
Same	1.4	2.6	1111
Increased	2.5	3.0	225
<b>OVERALL</b>	1.6	2.6	1750

Table 15. Mean average time taken to submit EAS

	Mean average time (hours)	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>		
0-9	1.9	213
10-49	2.7	278
50-249	6.5	204
250+	11.0	138
<b>NUMBER OF PAYROLL SCHEMES</b>		
One	2.5	678
More than one	6.3	154
<b>RTI CONFIDENCE NOW</b>		
Very/fairly confident	2.9	705
Not very/not at all confident	5.6	108
<b>DIFFICULTIES</b>		
Resolved	3.2	433
Not resolved	7.6	56
<b>BURDEN UNDER RTI</b>		
Decreased	3.1	108
Same	2.8	597
Increased	4.6	112
<b>OVERALL</b>	3.0	838

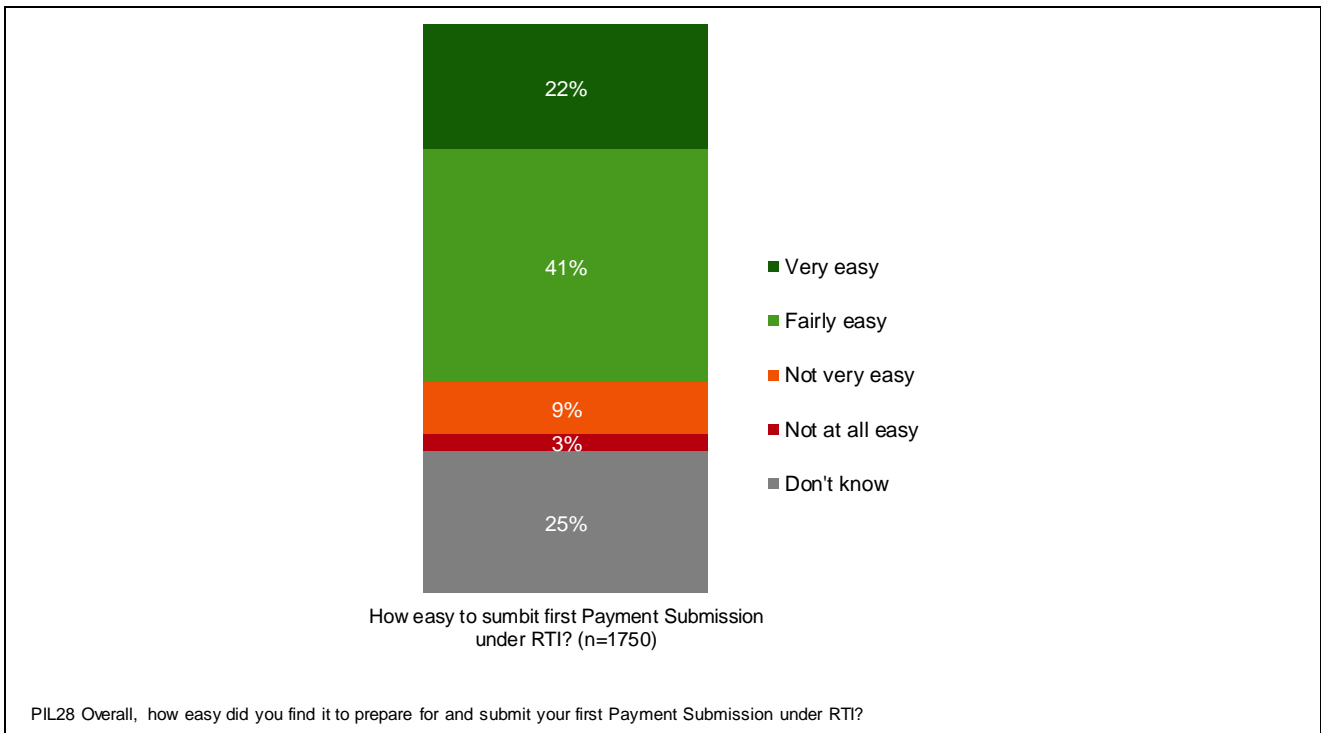
Base: All who submitted EAS

#### 4.5.4. Overall ease of FPS

Around two-thirds (63%) of employers found it very easy (22%) or fairly easy (41%) to submit their first FPS. Only 12% did not find it easy (Figure 19).

A quarter (25%) of all employers said they did not know how easy it was to prepare and submit their first payment submission, and this figure was higher at 43% among only those that had external help with their payroll affairs. If employers that said 'don't know' are excluded from the base, 29% of those remaining said the FPS was very easy to prepare for and submit and a further 55% said it was fairly easy.

Figure 19. How easy to prepare first FPS



Those who were most likely to find it easy to submit their first FPS were those who were using commercial software rather than BPT, those doing payroll totally in-house, those confident about RTI and those who have received support. Micro employers (0-9 employees) were less likely than other employers to find it easy (Table 16).

Table 16. Found first RPS submission easy

	% very/fairly easy	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>		
0-9	59	774
10-49	73	493

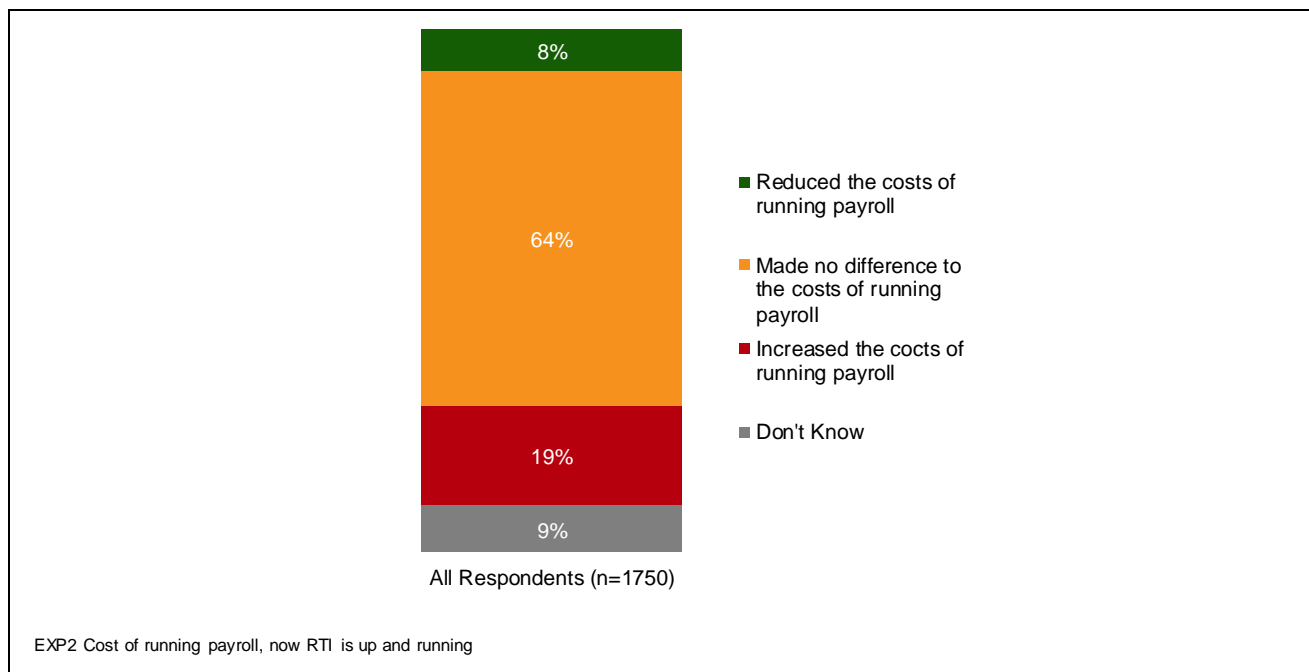
	<b>% very/fairly easy</b>	<b>Sub-group base size</b>
50-249	81	301
250+	79	171
<b>USE OF EXTERNAL PAYROLL HELP PAYROLL</b>		
None (payroll all in-house)	84	862
All (payroll all handled externally)	42	722
<b>CONFIDENCE PRIOR TO RTI</b>		
Very/fairly confident	74	1286
Not very/not at all confident	50	300
<b>RTI CONFIDENCE NOW</b>		
Very/fairly confident	69	1558
Not very/not at all confident	31	106
<b>SUPPORT</b>		
Received any	70	1386
None	47	301
<b>OVERALL</b>	<b>63</b>	<b>1750</b>

#### 4.5.5. Cost of running payroll

Employers were asked to judge the impact of RTI on payroll costs.

Most employers (64%) think that RTI has made no difference to the cost of running payroll. Eight per cent judged the impact to have reduced cost and 19% thought that it had increased the cost (Figure 20).

Figure 20. Impact of RTI on cost of running payroll



Those who were most likely to find RTI had increased the costs of running payroll were those using commercial software rather than BPT, those using external help with payroll, the largest employers, those with more than one payroll scheme, those not confident about RTI, those with unresolved difficulties, those who found RTI more difficult than they expected, those who did not find RTI easy overall, and those who feel that the burden under RTI has increased (Table 17).

Table 17. RTI has increased the cost of running payroll

	% cost has increased	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>		
0-9	19	774
10-49	20	493
50-249	19	301
250+	31	171
<b>SOFTWARE</b>		
Commercial	19	979
BPT	9	268
<b>USE OF EXTERNAL HELP WITH PAYROLL</b>		
None (payroll all in-house)	13	862
All (payroll all handled externally)	26	722
<b>NUMBER OF PAYROLL SCHEMES</b>		

	% cost has increased	Sub-group base size
One	19	1480
More than one	29	210
<b>CONFIDENCE PRIOR TO RTI</b>		
Very/fairly confident	16	1286
Not very/not at all confident	31	300
<b>RTI CONFIDENCE NOW</b>		
Very/fairly confident	17	1558
Not very/not at all confident	41	106
<b>DIFFICULTIES</b>		
Resolved	20	822
Unresolved	41	93
<b>RTI vs. EXPECTATIONS</b>		
Easier	15	592
Same	17	664
More difficult	32	191
<b>EASE OF RTI OVERALL</b>		
Very/fairly easy	14	1275
Neither/not easy	40	342
<b>BURDEN OF RTI</b>		
Increased	48	225
Same	14	1111
Decreased	13	192
<b>OVERALL</b>	<b>19</b>	<b>1750</b>

#### 4.5.6. Software costs

Amongst those employers using commercial software, two fifths (42%) had to spend money on upgrading their payroll software when they moved to RTI, although for some this will have included a retrospective general upgrade. The proportion was higher (65%) amongst the sub-group who said that their payroll costs had increased.

The qualitative research indicated that some of the smaller employers did not upgrade their software every year, even though this meant that they may have been using out of date tax and NI thresholds. In some instances the reported cost of 'updating software to be compliant with RTI' also brought the company up to date.

Amongst those who had paid for a software upgrade, the mean average cost incurred was £270, although a third (36%) did not know the cost. The larger the company, the higher the cost (Table 18).



Table 18. Cost of software upgrade

	Mean average expenditure £	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>		
0-9	219	774
10-49	296	493
50-249	434	301
250+	705	171
<b>NUMBER OF PAYROLL SCHEMES</b>		
One	250	331
More than one	438	70
<b>OVERALL</b>	<b>270</b>	<b>405</b>

Base: All who paid for software upgrade

#### 4.5.7. Cost of external payroll help

Employers who had used a third party to help with payroll for RTI were asked whether there had been an increase in the cost to their business of such help due to RTI overall. The majority (59%) indicated that there had been no increase in third party costs. A quarter (22%) of employers said there had been an increase in costs (equivalent to 13% of all employers).

Some sub-groups were more likely than others to have paid more for outside help as a result of RTI. Those who lacked confidence with RTI before migration were more likely to have increased expenditure on outside help, but this was not the case for those who lacked confidence now. Those who received support, those who did not find RTI easy and those who found an increased burden under RTI were more likely to report an increase in the cost of external help due to RTI (Table 19).

Table 19. Whether had spent more on outside help with payroll due to RTI

	Yes, paid more for outside help due to RTI	Sub-group base size
<b>CONFIDENCE PRIOR TO RTI</b>		
Very/fairly confident	20	557
Not very/not at all confident	35	172
<b>RTI CONFIDENCE NOW</b>		
Very/fairly confident	23	727
Not very/not at all confident	24	197
<b>SUPPORT</b>		
Any	28	613

None	11	209
<b>EASE OF RTI OVERALL</b>		
Very/fairly easy	19	556
Neither/not easy	39	197
<b>BURDEN OF PAYE UNDER RTI</b>		
Increased	46	117
Same	19	496
Decreased	17	58
<b>OVERALL</b>	<b>22</b>	<b>884</b>

Base: All who use outside help with payroll

The mean cost incurred by those who had paid more for outside help with payroll due to RTI was £355. The relatively low base size means that meaningful sub-group analysis of this expenditure is not possible.

The most common reasons given for needing to pay more for extra help were that the payroll bureau was paid extra for every payroll under RTI (63%), to pay for the additional work incurred as a result of the introduction of RTI (63%) and for setting up RTI (52%). Some employers gave more than one of these reasons, and some of the reasons are not mutually exclusive. Twenty nine per cent of employers gave all three reasons.

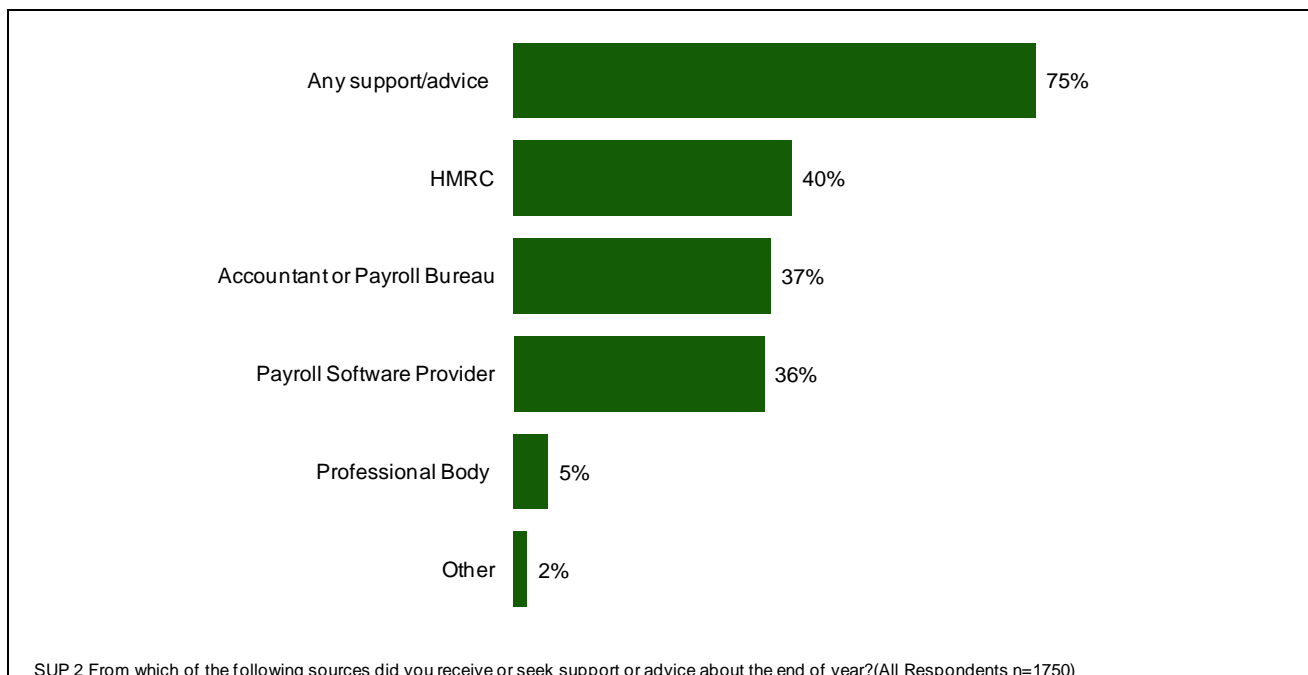
#### 4.5.8. Cost of banking

Employers were also asked if their banking costs had increased as a result of RTI. The vast majority (89%) reported no increase. One percent reported a large increase in banking costs and 2% reported a small increase.

#### 4.6. Support

Three-quarters (75%) of employers received or sought support or advice about RTI (Figure 21). HMRC was the most frequently mentioned source of support (40%), followed by an accountant or payroll bureau (37%) or software provider (36%).

Figure 21. Sources of support or advice on RTI



Some types of employer were more likely than average to seek support. The larger the employer the more likely they were to have sought support. Those who handle all their payroll in-house, those with more than one payroll scheme, and those who now feel confident about RTI were all more likely to have sought support (Table 20).

Table 20. Whether sought support/advice on RTI

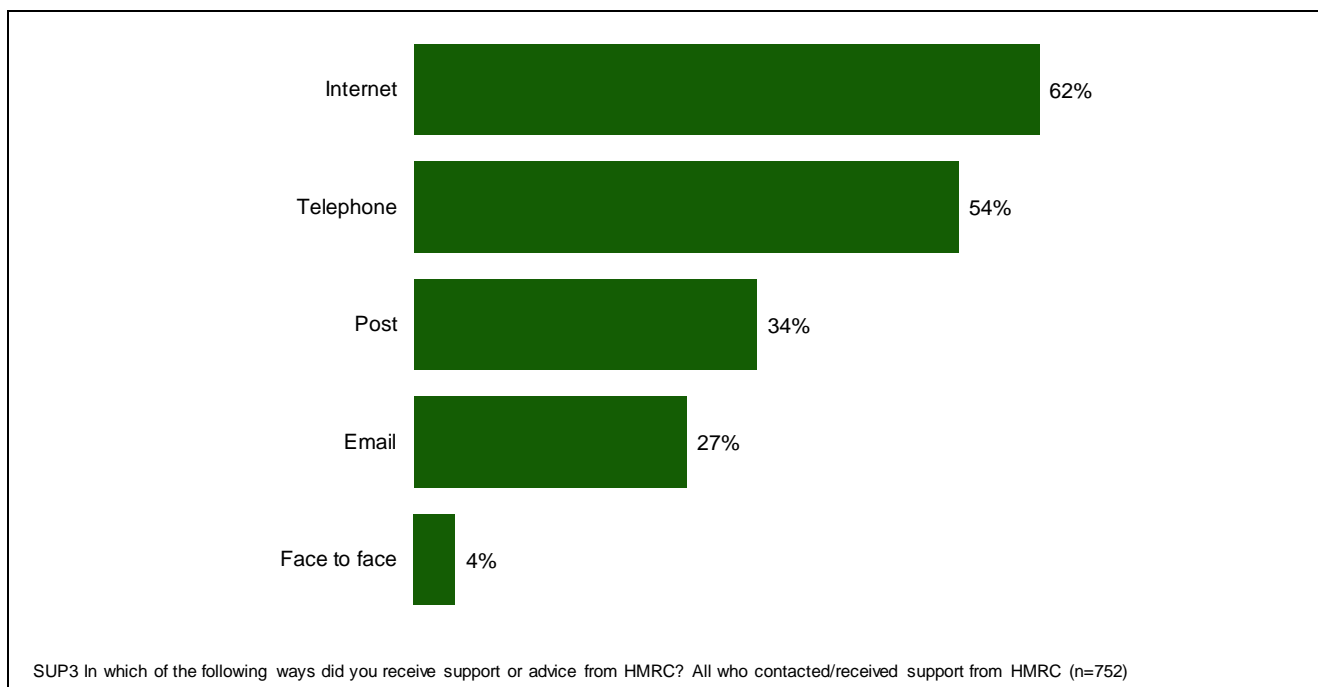
	Yes, sought support/advice	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>		
0-9	73	774
10-49	79	493
50-249	84	301
250+	95	171
<b>USE OF EXTERNAL HELP WITH PAYROLL</b>		
None (payroll all in-house)	85	862
All (payroll all handled externally)	65	722
<b>NUMBER OF PAYROLL SCHEMES</b>		
One	75	1480
More than one	83	210
<b>CONFIDENCE PRIOR TO RTI</b>		
Very/fairly confident	79	1286
Not very/not at all confident	82	300

<b>CONFIDENCE NOW ABOUT RTI</b>		
Very/fairly confident	78	1558
Not very/not at all confident	68	106
<b>OVERALL</b>	<b>75</b>	<b>1750</b>

The largest employers (250+ employees), those who handle all their payroll in-house and those with more than one payroll were more likely than average to have sought support from HMRC or from their software provider and less likely than average to have sought it from an accountant/payroll bureau. The largest employers and those with more than one payroll were also more likely than average to have approached a professional body for support.

Those who had had support from HMRC were asked the channel(s) through which they had received it. The most common channel – used by almost two-thirds – was the internet/online (62%). Around half (54%) used the telephone and a third used the post (34%). About a quarter (27%) used email. Four percent had face to face contact (Figure 22).

Figure 22. Channel of HMRC support



Large employers (250+ employees) were the most likely to receive support from HMRC via phone or internet (81% for both) or face to face (17%). Medium-sized employers (50-249 employees) were the least likely to receive support via post (19%).

Eighty-five percent of those who received support from HMRC via the internet found it useful (very: 26%; fairly: 59%). Small employers (10-49 employees) were the most likely to think the HMRC online support was useful (92%). Large employers were the most likely to think it was not useful (24%).

The qualitative research provided more depth to the experience of seeking support. Support was generally only sought by those employers that had experienced problems with operating their payroll under RTI. Employers' perceptions should therefore be considered in that light, particularly as the qualitative interviews focusing on those who reported difficulties:

- For commercial software / process issues employers relied on their software provider, colleagues, or accountant, but would contact HMRC if their query could not be resolved. Software providers were generally considered to provide high quality support.
- The HMRC web site support received mixed reviews amongst those employers that were experiencing continuing difficulties; it did not resolve their difficulty; relevant information tended to be seen as difficult to find, or understand and cluttered.
- Problems were reporting in accessing HMRC telephone support. It was either difficult to get through, or unable to help with a technical RTI query.

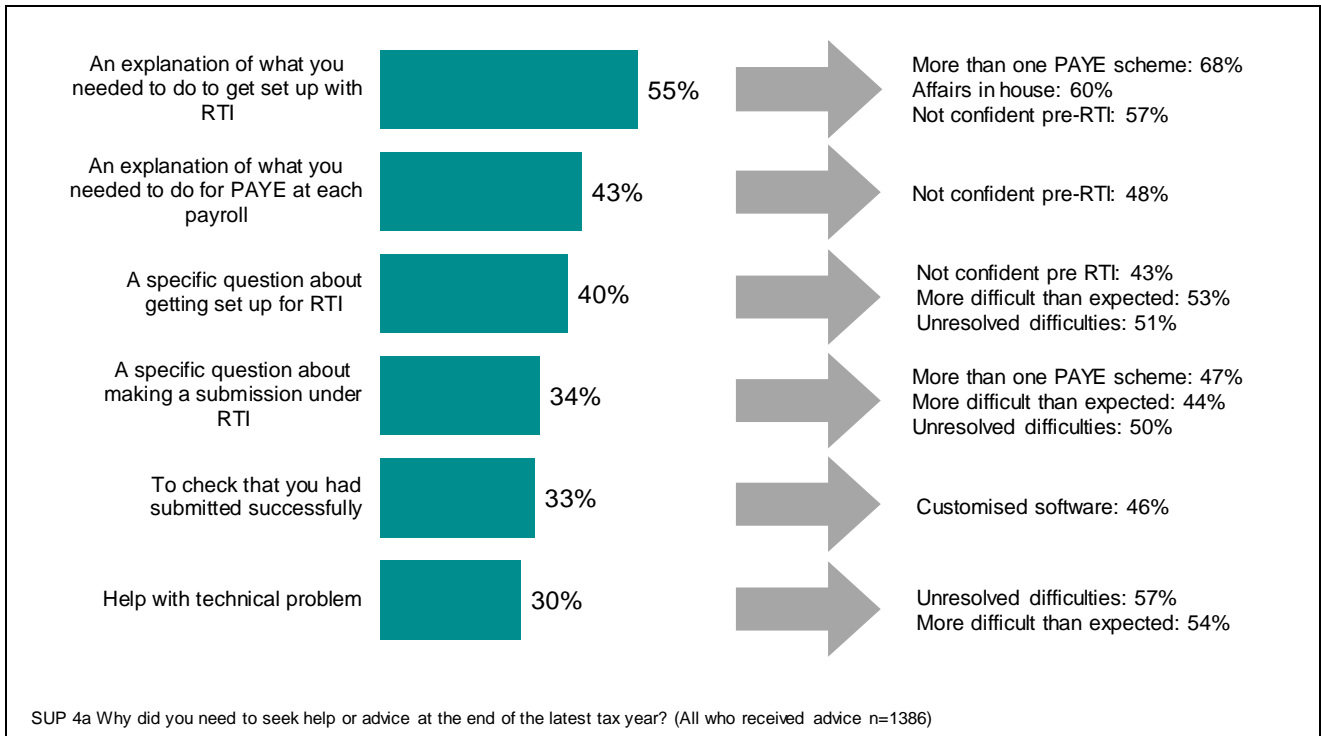
*"Personally, I find online is best; telephone is the worst- and the reason for that is, have you ever tried to get through to HMRC on the phone? It is not even remotely funny; it takes forever, and it's a real pain. So, they need to look at that".*

(1-5 employees, Commercial software)

- Employers using BPT sought information from the HMRC web site or telephone helpline depending on how technical / specific the query was. Generally, the helpline staff were not considered to be as helpful or knowledgeable about RTI as employers desired, especially for those with on-going problems.

Figure 23 shows the most common reasons given in the quantitative research for needing support amongst those who sought help, along with the sub-groups most likely to give each reason. The reasons listed are all examples of technical issues. Two of the most common categories were to do with setting up RTI.

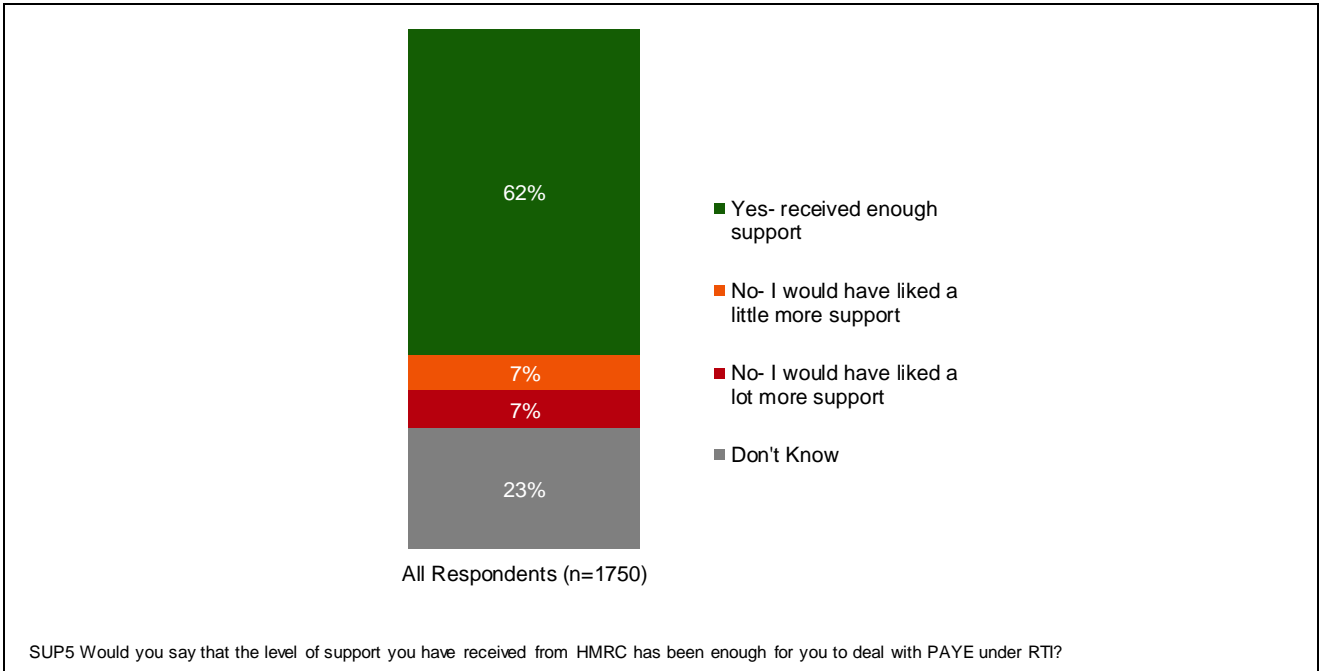
Figure 23. Reasons for seeking support with RTI



All employers were asked whether the level of support they had received from HMRC was sufficient to deal with PAYE under RTI. The majority (62%) felt that they had received sufficient support. Fourteen percent did not (Figure 24).

A high proportion of employers (23%) did not know whether the level of support they received from HMRC was sufficient, which rose to 35% among those that used external help to deal with their payroll affairs. If those who said don't know are removed from the base, 81% of employers that remain said they had received sufficient support and 19% said they would have liked more.

Figure 24. Whether received sufficient support from HMRC



Some sub-groups were considerably more likely than average to have wanted more support. These were those employers still not confident now with RTI (45%), those who found RTI more difficulty than expected (37%) and those still encountering problems (47%).

Those who were somewhat more likely than average to want more support were large employers (28%), BPT users (19%) and those who deal with all payroll affairs in house (18%).

## 5. Views of overall RTI programme

As well as focusing in on employers' experience under RTI, the research also explored employers' feedback on the overall RTI programme. In particular, the perceived benefits, drawbacks and impact on reporting behaviour were examined.

### 5.1. Benefits and downsides

Employers were asked unprompted questions about the benefits and downsides they could see of the RTI system compared to the previous system (Figure 25). Two-fifths (42%) mentioned any benefit. This is lower than the three-quarters or more who mentioned a benefit in the RTI pilot research. A quarter (25%) said that there was no benefit to RTI and a third (33%) said they did not know or could not think of a benefit.

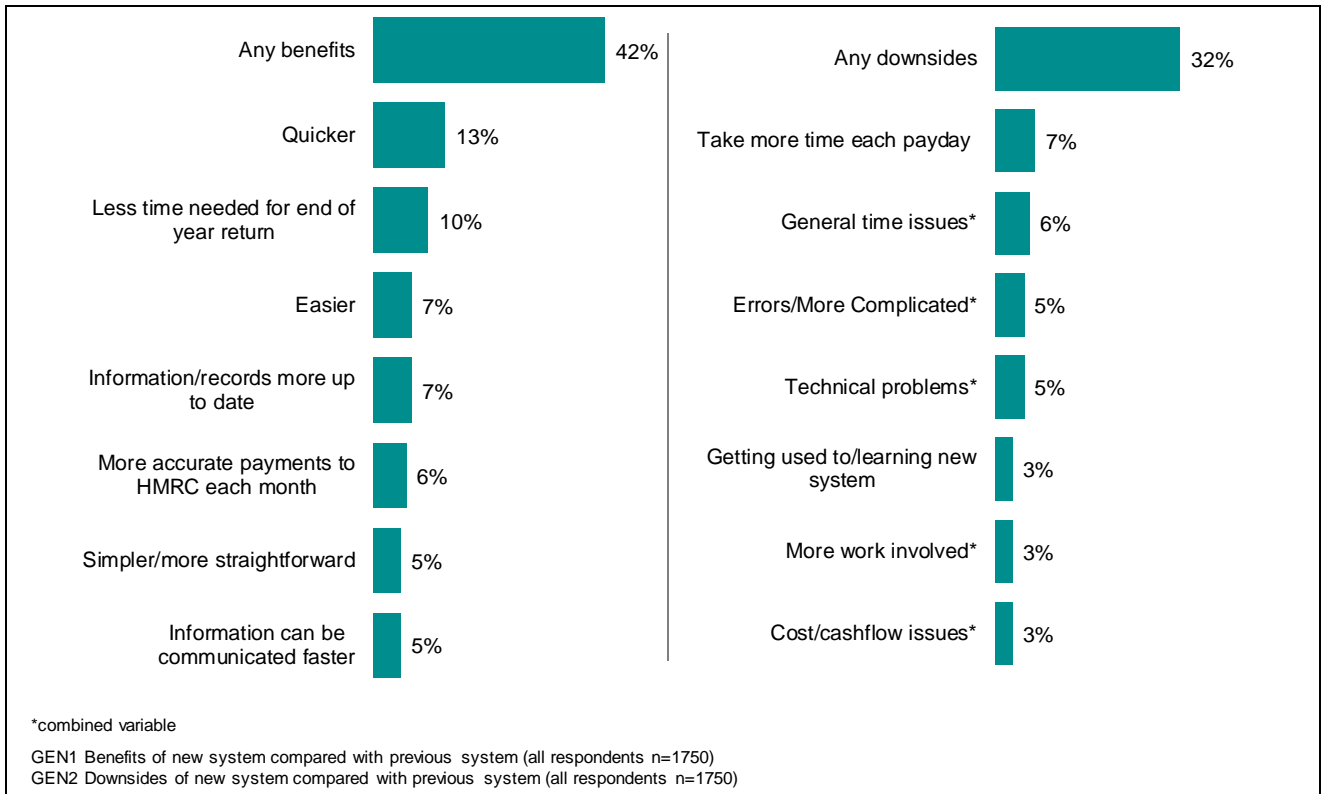
The mostly commonly mentioned benefit of RTI was that it is quicker (13%), followed by time-savings at EOY (10%).

A third (32%) of employers could think of any downsides of RTI. This is similar to the levels reported in the pilot research. A third (34%) of employers said that there were no downsides, and the same proportion said that they did not know or could not think of a downside.

The most commonly mentioned downsides of RTI were to do with it taking more time.



Figure 25. Benefits and downsides



The qualitative research provided further insight into the quantitative findings. While some employers using commercial payroll software saw little difference in pre- and post-RTI payroll, others considered that there were a range of benefits, either now, or in the longer term when it came to EOY.

- No difference

*“To be honest I can’t see any difference. Except just the extra click to send the FPS.”*  
 (10-49 employees, Commercial software)

*“It’s easy. No different from before really. It doesn’t save any time compared to before but it isn’t any more difficult either. I am hoping that next April will be easier.”*  
 (10-49 employees, Custom software)

- Improved accuracy

Employers noted greater accuracy of PAYE records as employee details are now more likely to be correct, tax codes are obtainable faster, and reconciliation is correct every payroll

*“It makes good sense to me...to reconcile every month. It makes sure we are getting the tax and NI correct for everyone and for HMRC”.*  
 (1-5 employees, BPT)

*“We needed to computerise and this forced us. And it will make it easier and more accurate in the long run.”*  
 (6-9 employees, BPT)

- Faster processing time

*"It's probably half the time – it's was probably two hours before [RTI] and one hour now per month."*

(1-5 Employees, BPT)

*"It just seems to be a lot quicker because I don't feel like 'oh gosh I don't have all this to input'...I reckon it probably saves 20 minutes a month."*

(1-5 employees, BPT)

*"We used to use the paper system and then enter onto the computer. We now use Basic PAYE (BPT) and it is much faster than having to look up the tables."*

(1-5 employees, BPT)

*"With FPS that (collating information) goes straight through so that takes out having to formulate this information when it's time for the payments, plus the payments are already broken down per person so I can just add that up, add it to my CIS payment and make the payment whereas before you'd have to go back to all the files and collate the information yourself...I would say it would take an extra 45 minutes before RTI; now it's literally taking these figures, putting them in a spreadsheet with the CIS, it's a 10 minute process really."*

(6-9 employees, Positive, Commercial software)

- End of year is expected to easier and faster

*"I'm expecting end of year to be much easier. No more reconciliation."*

(50-99 employees, Commercial software)

The downsides of RTI, from the perspective of the employers in the qualitative research were centred on three key areas:

- For some employers RTI had increased payroll time, either because of the way it had been implemented by their software suppliers or there were additional tasks that had to be performed because of the way in which RTI functioned. This was particularly so for employers or payroll bureaux with multiple payrolls. As they could no longer submit all their payrolls in one process, RTI had added to their workload and was therefore considered to be more burdensome;
- *"The biggest bug bear I think I've had is when you have to file the information- the actual logging-on procedure takes forever, because the password is about 16 characters long, or whatever it happens to be, it's enormous..."*  
(1-5 employees, commercial)
- On-going problems that had not been resolved gave the impression that RTI was complicated, difficult to use and time-consuming. While these employers recognised that their views about RTI were being coloured by their experiences they assumed that because they had not been able to resolve the issues after many months and often with numerous calls to HMRC, that RTI would continue to be a problematic system for them;

*"There is clearly an issue with the process as we keep getting errors, but HMRC can't find out why and they have washed their hands of us. They don't want to know and say it is our problem."*

(10-49 employees, bespoke software)

- Employers that had misunderstood some aspects of RTI – such as the approach to correcting errors or moving payroll dates in order to comply with ‘on or before’ saw RTI as more burdensome as it had engaged them in additional work.

*“The only problems I’ve got now, because RTI, as I keep saying, doesn’t allow you to correct mistakes.”  
(10-49 employees, commercial)*

*“To rectify the mistake once you’ve submitted is a very long process.”  
(10-49 employees, commercial)*

Large employers (250+ employees) were much more likely to be able to cite any benefits of RTI (84%). They were particularly more likely to mention it being quicker, easier, simpler and that less time is needed for EOY return. However, large employers were also more likely than average to mention any downsides (55%). In this case, key issues were rigid timings (15% vs. 5%), and issues related to PAYE compliance including inability to make minimal monthly payments to HMRC (6% vs. 1%), the fact that HMRC will know how much the employer owes them (8% vs <1%) and the need to reconcile payments (9% vs. 1%).

Other groups who were more likely to cite any benefits or any downsides of RTI were those running more than one payroll scheme and those who carry out all payroll in-house (Table 21).

The following groups were more likely to cite any benefits and less likely to cite any downsides: those who are confident with RTI now, those whose payroll costs have reduced under RTI, those who found RTI easier than they expected and those who judge the burden of payroll under RTI to have decreased (Table 21).

Table 21. Mention of any benefits/downsides

	% any benefits	% any downsides	Sub-group base size
<b>NUMBER OF EMPLOYEES</b>			
0-9	38	32	774
10-49	47	30	493
50-249	55	31	301
250+	84	55	171
<b>NUMBER OF PAYROLL SCHEMES</b>			
One	41	32	1480
More than one	61	43	210
<b>USE OF EXTERNAL HELP WITH PAYROLL</b>			
None (payroll all in-house)	62	39	862
All (payroll all handled externally)	22	25	722
<b>RTI CONFIDENCE NOW</b>			
Very/fairly confident	46	31	1158
Not very/not at all confident	22	62	106

<b>PAYROLL COSTS</b>			
Increased	35	54	318
Decreased	83	27	115
<b>RTI vs. EXPECTATIONS</b>			
Easier	69	28	592
More difficult	31	67	191
<b>BURDEN OF RTI</b>			
Increased	27	77	225
Decreased	88	23	192
<b>OVERALL</b>	<b>42</b>	<b>32</b>	<b>1750</b>

Two possible negative repercussions for employers of the introduction of RTI were explored: any shift towards needing outside help with payroll and any reduction in the frequency with which employers pay their staff.

#### **5.1.1. Changes in use of payroll/bureau/accountant**

Levels of use of external help have remained relatively unchanged. Only 2% of employers said that they now use outside help as a result of RTI and did not use it previously. A further 8% said that they previously used outside help and now use it more while 1% who previously used outside help and now use it less.

#### **5.1.2. Change in payday frequency**

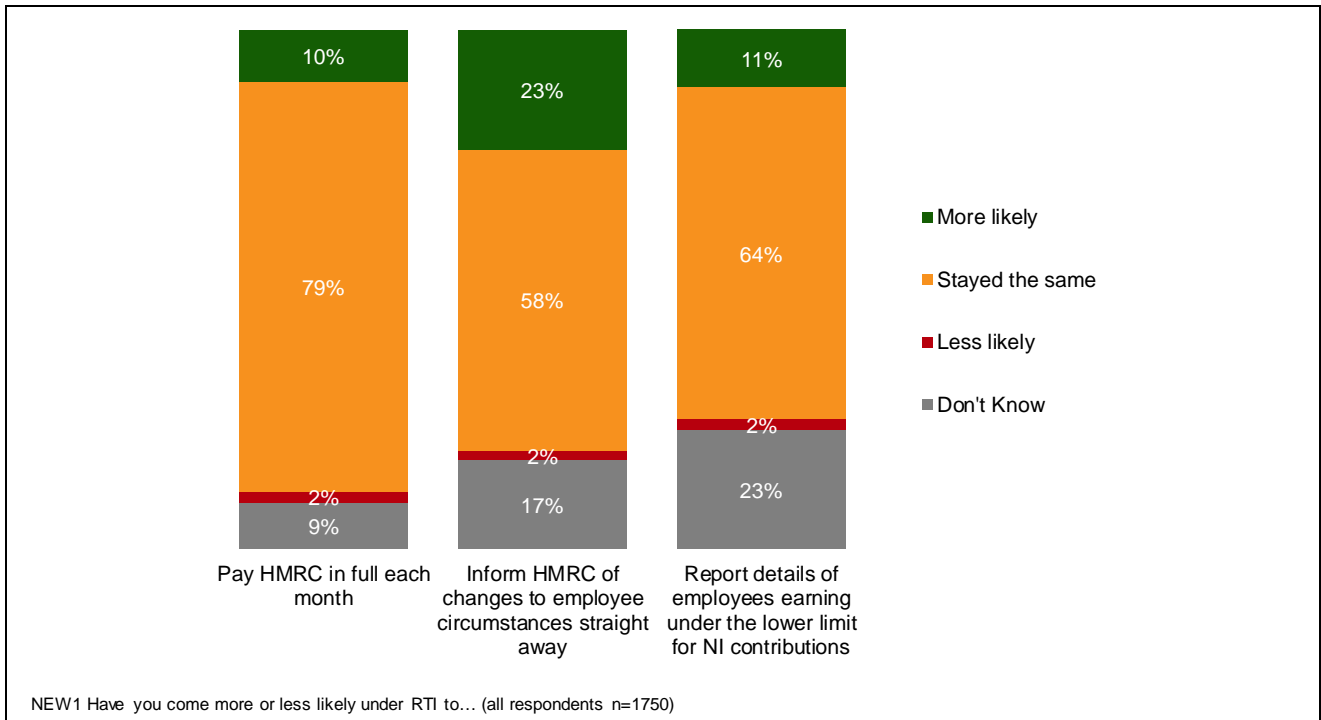
Only 5% of employers have changed the frequency with which they pay staff as a result of RTI: 4% have reduced the frequency and 1% have increased the frequency. 94% of employers report no change in how often they pay their employees.

### **5.2. Behaviour change**

Most employers (58%-79%) felt that there had been no change in their behaviour as a result of the introduction of RTI, but where there was a change, it was positive on balance.

The introduction of RTI has had the most positive effect on employers notifying HMRC of a change in employee circumstances. A quarter (23%) of employers reported that they were more likely to report a change in employee circumstances. One in ten (11%) said that they would be more likely to notify HMRC if an employee's earnings fell under the National Insurance lower earnings limit. A similar proportion (10%) said that they are more likely to pay HMRC in full as a result of RTI (Figure 26).

Figure 26. Impact of RTI on payment and reporting behaviour



Micro employers (0-9 employees) were more likely than large employers to say that they were now more likely to pay HMRC in full (10% vs. only 4% for employers with 250+ employees). Those conducting all payroll affairs in-house were also more likely than those totally reliant on an outside help to be more likely to pay HMRC in full (12% vs. 8%).

Medium employers (20-249 employees), large employers and those conducting all payroll affairs in-house were more likely than average to say that they were now more likely to inform HMRC of changes in employee circumstances straightaway (30% in all three cases vs. 23%).

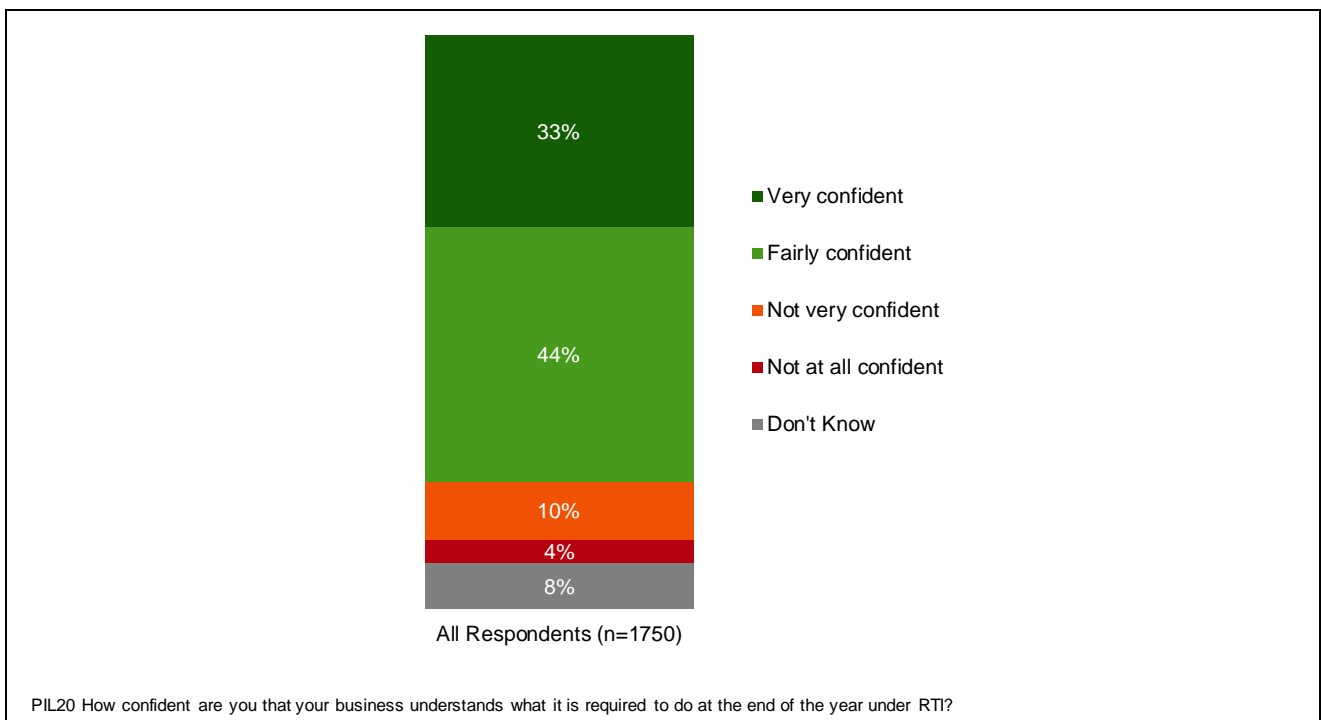
Medium sized employers (16%) and those conducting all payroll affairs in-house (16%) were more likely than average to now be more likely to notify HMRC if an employee is earning under the National Insurance lower earnings limit (16% in both cases vs. 11%).

## 6. Expectation of End of Year under RTI

Employers were also asked about their levels of confidence about EOY processes under RTI.

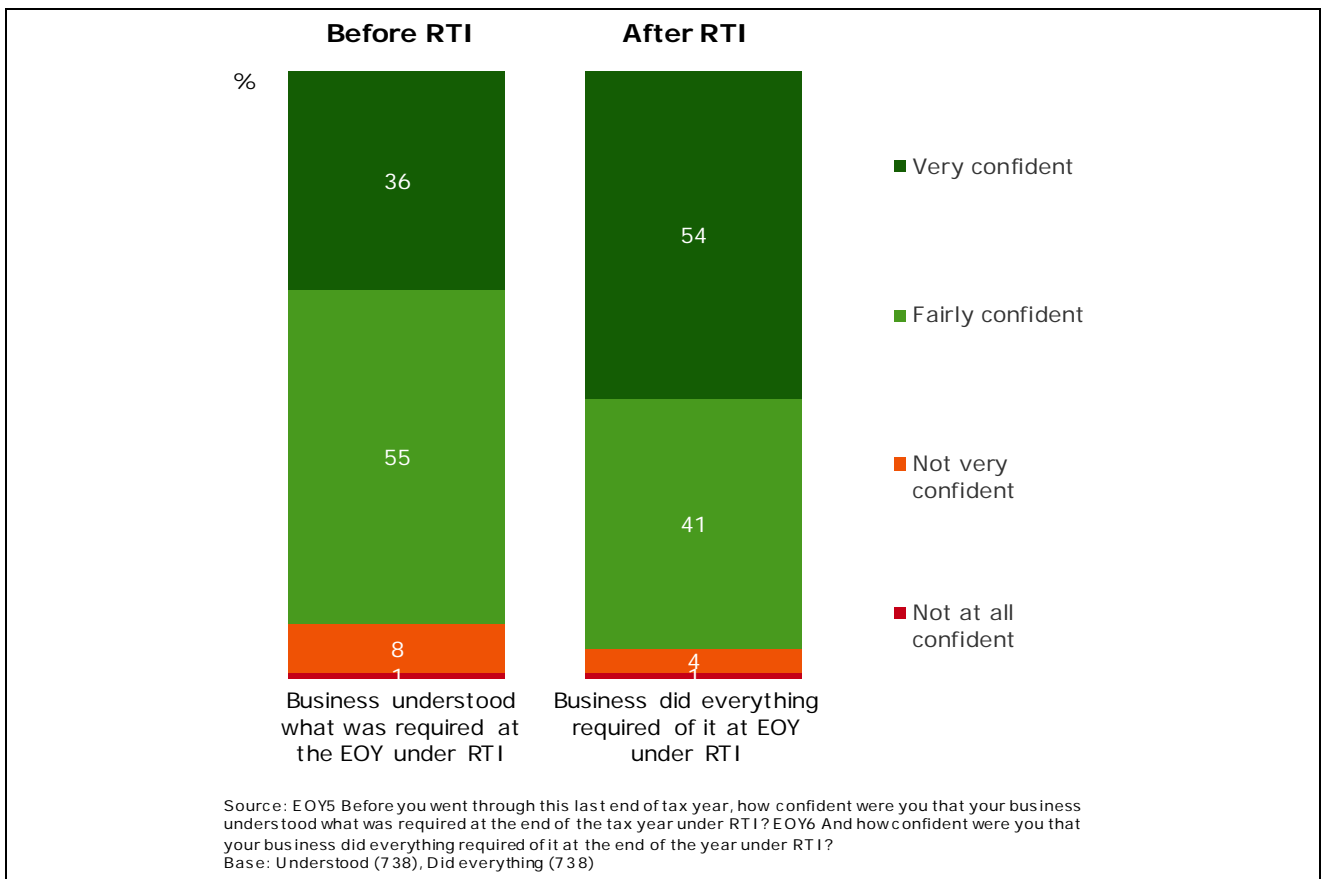
Three-quarters (77%) of employers were either very confident (33%) or fairly confident (44%) about what is required of them at year end. Only 14% were not confident (Figure 27).

Figure 27. How confident about EOY requirements



Putting question differences to one side, employer confidence levels about EOY in this research and in the pilot research would appear to be broadly similar (Figure 27 vs. left hand column in Figure 28). If Main Migration employers have a similar experience to pilot employers, the right hand column of Figure 28 would suggest that Main Migration employers' confidence about EOY will be even higher once they have experienced EOY.

Figure 28. Level of confidence in understanding RTI EOY requirements/did everything required – EOY pilot research



There is a strong link between being confident about EOY and being confident with RTI in general. Of those who are confident on RTI now, 90% are confident about EOY, whilst for those who are not confident on RTI now, only 30% are confident about EOY. Similarly those who rated RTI easy overall were more likely than those who did not to be confident about EOY (85% vs. 60% confident).

Large employers and those conducting payroll completely in-house were less likely than average to be very confident about EOY (24% and 25% respectively vs. 33% of all employers).

Employers in the qualitative research generally thought that EOY would be “easier, faster and more accurate” although some of the commercial software users thought that EOY would be no different to the previous year as their software already calculated EOY automatically.

*“To be honest I think it’s going to be a lot easier because we’ve done the submissions on a weekly basis and nothing’s ever come back as being a problem...because I’m assuming that when these submissions go through they’re automatically checked. I think if there’s a problem the computer will throw it back.”*

(1-5 employees, BPT, Positive)

*“I think there’s going to be fewer submissions for us to do...fewer things for us to complete because that information is already with HMRC through the FPS.”*

(6-9 employees, Commercial software)

*"It's too early [to tell] because the whole idea is next year end rather than reconciliation, I don't have to do that, it's too early [to tell] but I'm guessing it's going to save me time."*

(1-5 employees, Commercial software)

As this was their first year operating payroll under RTI, there were employers that thought they might run a parallel system to check that their EOY submission was correct - and for this year only EOY would be more burdensome. Employers still experiencing problems with RTI also thought that if their difficulties were not resolved soon then they too may experience problems with EOY and it would become a burdensome process.

*"I think the year-end submission will just go off straight away, but I think the problems will come after that because it won't tie up with what the Revenue have got; and they will try and charge us extra tax."*

(100-249 employees, Commercial software)

It should also be noted that based on a misunderstanding of how RTI operates, there were employers in the qualitative research that expected EOY to be more complicated because they thought that this was the only time they could rectify any in-year errors that had occurred.



## 7. Conclusions

Research amongst this representative sample of employers has confirmed the positive impact of RTI suggested by the feedback from the pilot volunteers.

On the whole, employers have found it easy or easier than expected to migrate to RTI and most are confident that they are doing what is required under RTI.

A minority of employers are less confident and some employers are still encountering difficulties with RTI. The sort of difficulty most likely to remain unresolved was information/support issues, including obtaining required information from the helpline or website and software issues.

The research has highlighted some confusion, albeit at low levels, with elements of the process, for example, that errors can only be corrected at end of year and how to deal with leavers and casual staff. Matters to consider addressing in order to improve the employer experience are the HMRC web and telephone support interfaces. Additional communications may be required in order to dispel some of the inaccuracies in employer understanding of the RTI process.

Most employers have found it easy to comply with the 'on or before' requirement. Most small employers with more frequent payrolls have or intend to comply by April 2014. There is a minority who are not clear about the requirement or their intent to comply by the deadline<sup>5</sup>.

Most employers report no change in the burden of running payroll under RTI to date. Many expect EOY to reduce the overall burden in the future. Employers report that the payroll burden under RTI is low; issues tend to be due to lack of confidence and on-going technical problems. Most employers are confident about requirements for EOY. However, targeted communications about EOY for those who are less confident is likely to be cost effective as it will help minimise calls to the HMRC for support

RTI is successfully encouraging behaviour change with paying HMRC promptly and with notifying HMRC of changes to employee circumstances.

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<sup>5</sup> Since the research was carried out HMRC have announced a time-limited relaxation for existing micro employers until April 2016.

## 8. Appendix A – Further methodological detail

### 8.1. Quantitative Research

This section expands on the methodological detail in the main report.

#### 8.1.1. Sample design

A sample of live enterprises was randomly drawn from the Inter Departmental Business Register (IDBR) after excluding financial agents and payroll bureaus (SIC2007 codes 69201, 69202 and 69203). Medium employers (50-249 employees) and large employers (250+ employees) were over-sampled to provide large enough sub-samples for robust analysis.

The payroll manager at each employer, the person who had had the most involvement with implementing and running the payroll under RTI, or the most involvement with the accountant or payroll bureau who runs RTI for them, was targeted for interview.

The sample of employers was obtained by stratifying the IDBR list by number of employees and geographical region and then selected randomly on a 1 in n basis. A total of 7,245 employers were selected. Typically only 14% of IDBR records have a telephone number, so all selected records

Table A.1 shows the number of records selected in each sizeband and the number of valid records after telephone number lookup.

**Table A.1 Number of sample records selected and successful in telephone number lookup**

<b>IDBR Size Classification (Size):</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>	<b>250+</b>	<b>Total</b>
Number of IDBR records sampled	4832	1355	770	288	7245
Telephone number lookup successful	2394	1131	696	261	4482
Number of interviews achieved	788	515	318	129	1750
Field conversion rate (of valid numbers)	33%	46%	46%	49%	39%

#### 8.1.2. Fieldwork

Interviews were conducted between 28 October and 15 November 2013 and took an average of 20 minutes.

A total of 1,750 interviews conducted. This represents an estimated<sup>6</sup> response rate of 49%. Table A.2 shows the all fieldwork outcomes.

**Table A.2. Fieldwork outcomes**

<b>Outcome</b>	<b>n</b>
<b>Total Completes</b>	<b>1750</b>
Appointment	25
General call back	694
Partial interview	15
Engaged	18
Answer machine	302
No answer	356
<b>Subtotal - Unresolved Sample</b>	<b>1410</b>
Bad Number	269
Modem / fax / beeper	135
Wrong number	82
Moved	6
Calls Barred	1
Duplicate Number	8
<b>Subtotal - Deadwood</b>	<b>501</b>
Do not operate payroll scheme	136
Started RTI before April 2013	59
Not currently running payroll under RTI	13
<b>Subtotal - Ineligible</b>	<b>208</b>
Hard refusal	256
Deferral	16
Payroll bureau/agent does everything and do not want to take part	99
Opt out to HMRC or before fieldwork	34
Unavailable during fieldwork	178
Insufficient language skills	9
Insufficient communication skills (not language)	4
Payroll bureau/agent could not get referral	6
Could not identify correct respondent in business	11

<sup>6</sup> Unresolved sample and resolved sample that was not screened is assumed to have the same eligibility rate as screened sample. By applying this assumption we can estimate the response rate.

<b>Subtotal - Resolved Sample</b>	<b>613</b>
<b>Total Sample Records</b>	<b>4482</b>

### 8.1.3. Weighting

Data was rim weighted by employer size, business sector and geographical region at the analysis stage to correct for the over-sampling of large employers and any differential response by these sub groups.

The first column of Table A.3 shows the actual number of interviews conducted by sub group ie before weighting was applied. The second column shows the number after corrective weighting was applied.

Table A.3. Unweighted and weighted number of interviews

	<b>Interviews completed (=unweighted)</b>	<b>Weighted number of interviews</b>
<b>SIZE</b>		
1-9 employees	788	1436
10-49 employees	515	254
50-249 employees	318	48
250+ employees	129	12
<b>SECTOR</b>		
Production	215	171
Construction	99	209
Services	1059	1221
Education, Health, Public administration, Defence	377	150
<b>REGION</b>		
North East	51	54
North West	190	179
Yorkshire and Humber	124	118
East Midlands	124	119
West Midlands	149	150
East	204	189
London	216	295
South East	266	280
South West	188	166
Wales	84	68
Scotland	154	130

#### **8.1.4. Questionnaire**

The questionnaire was developed by HMRC and TNS BMRB to address the research objectives. A copy is given in Appendix B.

At employers with more than one PAYE scheme, the contact was asked to answer the questions with the answer that fitted best across all the schemes.

All employers were sent an advance letter shortly before fieldwork began. This was printed in black and white, on reasonable quality paper, with the HMRC logo included, and signed by a key HMRC stakeholder or researcher to give the letter authority.

#### **8.1.5. Data Collection**

The quantitative interviews were carried out with the aid of Computer Assisted Telephone Interviewing (CATI). CATI means that the questionnaire was displayed and responses captured on-screen. The CATI system also automatically calls respondents and alerts an interviewer when the call is answered, which improves efficiency. Interviewing was carried out in the controlled environment of the research agency's dedicated telephone interviewing centres. Rigorous interview quality control procedures prescribed in ISO 20252 were followed, including a supervisor listening into interviews remotely on a systematic basis.

### **8.2. Qualitative Research**

This section expands on the methodological detail in the main report.

#### **8.2.1. Research design**

The qualitative research was carried out as a follow-on stage from the quantitative survey with the aim of providing a more detailed understanding of employers' experience.

The study comprised a total of 25 in-depth interviews (21 carried out face to face and four by telephone as this was more convenient for the employer in order to meet the window for undertaking the research) with a cross-section of companies selected according to the criteria shown in Table A.4.

The qualitative research was designed to be broad ranging in terms of employer size, industry sector, type of RTI software used, and experiences of operating PAYE under RTI. In order to provide an overall picture of employers' experience those with positive (9 employers) and negative (16 employers) experiences of RTI were included with the sample skewed towards those experiencing on-going problems in order to understand the detail of issues arising for them.

Table A.4. Qualitative research recruitment criteria

Recruitment criteria	Interviews
<b>SIZE</b>	
1-5 employees	11
6-9	5
10-49	5
50-249	4
<b>SOFTWARE USED NOW</b>	
Commercial	15
Basic PAYE tools	10
<b>EXPERIENCE OF RTI, AS RECORDED IN SURVEY</b>	
Negative – fall into one or more of the following categories:	16
Those who are still encountering difficulties with RTI	6
Those who experienced downsides with RTI	2
Those where burden had increased under RTI	6
Those where cost had increased under RTI	5
Those where it took more time under RTI	3
Those where they used outside help more under RTI	2
Those less likely to comply under RTI	4
Positive	9
<b>TOTAL</b>	<b>25</b>

### 8.2.2. Recruitment and fieldwork

All participants in the qualitative research had taken part in the quantitative research. At the end of the quantitative survey, employers were asked if they would be willing to participate in a further piece of work. Only those agreeing were subsequently contacted for the qualitative research. A copy of the recruitment questionnaire is given in Appendix B.

Recruitment was carried out by telephone from TNS-BMRB's offices by its specialist qualitative recruitment team. Only those employers meeting the recruitment criteria were invited to participate in the research. Employers were given £50 for taking part.

All the interviews were structured using a topic guide (see Appendix B).

All interviews were digitally recorded with encryption occurring at the point of recording.

### 8.2.3. Qualitative analysis

A content / matrix analysis approach was used for analysing the data. Content analysis is the traditional method of qualitative analysis, involving discussion between researchers, review of transcripts and intuitive identification of themes and connections in the findings. It is an ideal method for producing insightful outputs, as it draws on the experience of researchers, and the thoughts and hypotheses that

occur to them during fieldwork as well as those that emerge during the formal analysis stage. Findings and insights were then ordered using a framework approach, known as 'Matrix Mapping', which provides analytical rigour and transparency without losing the benefits of intuition and creative thinking.

## 9. Appendix B – Fieldwork documents

### TELEPHONE: CATI QUESTIONNAIRE

<b>Job Number</b>	<b>120305</b>
<b>Name of survey</b>	<b>HMRC RTI Employers</b>
<b>Questionnaire Version Number</b>	<b>FINAL</b>
<b>Author</b>	Karen Bunt, 020 7656 5604 Alice Fearn, 0131 243 3935

<b>Methodology</b>	Telephone
<b>Questionnaire</b>	CATI
<b>Duration</b>	20 minutes
<b>Sample Size</b>	1750
<b>Sample Description</b>	Businesses with PAYE schemes
<b>Quotas</b>	Response rate survey
<b>Several targets?</b>	Response rate target
<b>No. open ends</b>	Max of 5 in costs – nb – will use do not read out precodes wherever possible
<b>No. other (specify) questions</b>	Max of 10 in costs



## INTRODUCTION

Good morning/afternoon/evening, my name is ..., and I am calling on behalf of TNS-BMRB, the independent social research company.

Please could I speak to the payroll manager ADD IF NECESSARY the person within the business that deals with payroll?]

IF NO PAYROLL MANAGER: can I speak to someone in your finance team

Good morning/afternoon/evening, my name is ..., and I am calling on behalf of TNS-BMRB, the independent social research company. We are carrying out a survey for Her Majesty's Revenue and Customs about the new system for reporting information on PAYE in Real Time that your business has recently implemented. The purpose of the research is to help HMRC fully understand employers' experience of the new Real Time Information system and the burden on businesses.

IF NECESSARY: You should have recently received a letter from HMRC about the study and requesting your help.(IF NECESSARY OBTAIN EMAIL ADDRESS AND RESEND LETTER)

IF NECESSARY EXPLAIN Real Time Information is the new system which requires employers to submit information to HM Revenue and Customs on their PAYE each time they run their payroll rather than just at the end of the tax year.

SCR 1 Can I just check, do you have a payroll scheme ADD IF NECESSARY Do you pay any people under PAYE (Pay as You Earn)

Yes

NO – THANK AND CLOSE (thank you for your time, but we are only speaking to businesses who have a payroll scheme)

And are you the best person in your business to ask about the new HMRC system for submitting PAYE information in real time? I need to talk to the person in your business who has had the most involvement with implementing and running your payroll under RTI.

IF SAY HAND ALL PAYROLL OVER TO AN ACCOUNTANT/PAYROLL BUREAU/AGENT – ask to speak to the person that deals with the accountant/payroll bureau/agent – as we want to find out about the experience of the business, not their accountant or payroll bureau

WHEN TALKING TO PERSON WHO DEALS WITH PAYROLL :

SCR2 When did you first start submitting information on PAYE to HMRC for each payroll under the new real time system? PROMPT AS NECESSARY

- Before April 2013 – THANK AND CLOSE (Thank you for your time, but we are only speaking to businesses who started submitting under RTI since April 2013)
- May 2013
- June 2013
- July 2013
- August 2013
- September 2013
- Running new system but cant remember when started
- Not currently running payroll under RTI - THANK AND CLOSE (thank you for your time, but we are only speaking to businesses who are currently operating PAYE in real time)

IF QUALIFY FOR INTERVIEW (SCR 2 =STARTING RUNNING PAYROLL BTN APRIL-SEPT 2013)

Is now a good time to ask you some questions?

IF NECESSARY: The interview should take around 15-20 minutes.

IF ASK FOR MORE INFORMATION ABOUT WHAT INTERVIEW WILL COVER The interview is about the new system for submitting PAYE information to HMRC with each payroll-called real time information. HMRC would like to hear about your experiences and views of the new system and the burden on businesses like yours of implementing the new system

IF ASKED ABOUT CONFIDENTIALITY: If you wish your responses to be kept confidential, then we will do this. However – we will ask at the end of the interview if you are happy for us to pass your details back to HMRC in a way that will let them link your answers to other information they have, to help evaluate how the introduction of RTI is working for businesses like yours

**NOTE – Provide interviewers with name and phone number for contact at HMRC if they want to check our credentials**

### **OUTCOME PRE SCREENER**

- Yes – CONTINUE
- No, but want to take part – MAKE APPOINTMENT OR GENERAL CALLBACK
- No, soft refusal – CLOSE AND CODE AS SOFT REFUSAL
- No, hard refusal – CLOSE AND CODE AS REFUSAL
- No PAYE scheme (SCR 1) – CLOSE AND CODE AS INELIGIBLE
- Started RTI before April 2013 (SCR2) CLOSE AND CODE AS INELIGIBLE
- Not started running RTI (SCR2) CLOSE AND CODE AS INELIGIBLE
  
- New telephone number
- Against company policy
- Deferral - May complete at later date
- Duplicate number
- Proxy Refusal

- Could not identify correct respondent in business
- Business closed down
- Business moved
- Insufficient language skills - unable to complete interview in English
- Communication skills (not language) – no respondent able to complete
- Unavailable during fieldwork
- Incorrect details on sample
- Payroll bureau/agents does everything – do not want to take part
- Payroll bureau/agent – could not get referral

Thank you for agreeing to take part in the survey. It is important to HMRC to understand employers' views and fully evaluate the impact of RTI on businesses like yours.

<b>PART 1</b> <b>BUSINESS BEHAVIOUR</b> (est 4 mins)
---

**ASK ALL**

First a few questions about how you deal with payroll in your business.

I am going to read out a list of PAYE tasks, and ask you to tell me for each one whether you deal with it totally in house, or whether you use someone outside of your business, such as an accountant or payroll bureau to deal with some or all of the work involved. So first of all ...

**BLI1**      [item] **IF NECESSARY Do you deal with this totally in-house, or does someone outside of the business deal with some or all of it?**

**IF NECESSARY: In-house means done by the owner or an employee of your business. Outside of the business means someone who is not an employee.**

**(SC each item) RANDOMISE**

1. Calculation each payday of employee Tax and NI
2. Preparing and submitting the final return at the End of the Year
3. Preparing and issuing P45 and P46
4. Making payments to employees
5. Making payments to HMRC
6. Dealing with employee tax code changes

**For each item: READ OUT IF NECESSARY**

- All done in-house
- Partly done within the business, partly outsourced
- All done by someone outside of the business
- **DO NOT READ OUT** Don't know

**ASK ALL WHO SAID ALL 'DONE IN HOUSE' AT ALL ITERATIONS AT BLI1 OTHERWISE FORCE TO NO IF BLI1=2,3 AT ANY ITERATION OR DK IF DK AT ALL BLI1 ITERATIONS – BASE ON TOPLINE SHOULD BE ALL**

**BLI2**      **Can I just check that you do not use anyone outside of your business, such as an accountant or payroll bureau to do any of the work involved in PAYE? (SC)**

- Yes - do everything in house
- No – someone outside of the business does some payroll work
- Don't know

**ASK ALL**

**BLI2b**

**Can I just check do you have just one PAYE scheme for this business or do you have more than one scheme**

- One PAYE scheme
- More than one PAYE scheme
- Don't know

**IF HAVE MORE THAN ONE PAYE SCHEME** : When you are answering the rest of the questions, please can you give the answer that fits best across ALL of the schemes you run.

**ASK ALL**

**BLI3**

**Do you provide or deal with any of the following for your employees? READ OUT. CODE ALL THAT APPLY (MC) RANDOMISE**

- Business expenses
- Benefits in kind (such as health insurance, company cars)
- Salary sacrifice schemes, (for example childcare vouchers)
- Student loan repayments
- Workplace pension scheme
- Statutory pay, for example sick pay or maternity pay
- None of these
- Don't know

**ASK ALL**

**BLI6**

**How often do you pay your employees? (MC).**

**INTERVIEWER NOTE: CAN MULTICODE IF RUN MORE THAN 1 PAYROLL SCHEME.**

- Daily
- Weekly
- Fortnightly
- Monthly
- Other (specify)
- Don't know

**ASK ALL**

**BLI8**

**And can I just check, how many employees does your organisation have besides yourself?**

**IF RESPONDENT UNSURE ASK FOR ROUGH ESTIMATE**

- 0 (i.e. Sole trader with no employees)
- 1 – 9
- 10 - 49
- 50 – 99
- 100 – 249
- 250 +
- Don't know
- Refused

**ASK ALL**

**BLI7** Do you use commercial payroll software that has been customised for your business, is it off the shelf, or do you use HMRC's Basic PAYE tools? (SC).

- Commercial software – customised to my business
- Commercial software – off the shelf
- Use HMRC Basic PAYE Tools (BPT)
- Other (specify)
- Don't know

**ASK IF BLI7=Commercial software/other (BLI7=1,2,4)**

**PIL3b** Did your business have to pay for its software upgrade for the new real time PAYE system? READ OUT (SC)

- Yes
- No
- DO NOT READ OUT Don't know

**ASK IF PIL3b=YES**

**PIL3c** Approximately how much did the software upgrade cost?

**INTERVIEWER NOTE: ANSWER IN GBP**

- Enter in figure
- DO NOT READ OUT Don't know

**IF DO ANY PAYDAY IN HOUSE: BLI1 CODE 1/2 AT ANY OF ITERATIONS 1/3/4/5/6**

Thinking about the work you would have done in relation to PAYE within your business, BEFORE you started submitting under the new real time system ...

**BUR3** Once the amount of pay before tax had been calculated for each employee each pay day, how much time did your business spend on PAYE tasks each pay day?

**IF NECESSARY:** I want you to estimate the total number of hours it would take if only one person was to do all of the work.

**HINT:** MULTIPLY NUMBER OF PEOPLE BY NUMBER OF HOURS PER PERSON OR ADD TOGETHER HOURS SPENT BY EACH PERSON

**NOTE – If less than one hour enter as 1**

- Enter number of hours (range 1-2,000)
- Don't know

<b>PART 2</b>	<b>GENERAL EXPERIENCE, VIEWS AND EXPECTATIONS OF RTI</b> (est 4.5 mins)
---------------	--

**ASK ALL**

I now want to ask you a few questions about your views and experiences of running payroll under the new Real Time system .

**ASK ALL**

**PIL17** Which of the following payroll tasks have you completed under the new Real Time system ? (MC) READ OUT AND CODE ALL THAT APPLY

- Paid HMRC and submitted PAYE information
- Sent HMRC an Employer Alignment Submission (EAS)
- Sent HMRC an Employer Payment Summary (EPS) (ADD IF NEC: to recover statutory payments such as sickness payments)
- Paid my employees
- Dealt with a new joiner
- Dealt with a leaver
- Used the National Insurance Number verification service
- Deducted Statutory Payments
- None of these
- Don't know

**ASK ALL**

**PIL18** Before you started to operate PAYE in real time, how confident were you that your business understood what was required of it under the new system? Were you ... READ OUT (SC)

- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

**ASK ALL**

**PIL19** And how confident are you now that your business is able to deal with PAYE in real time and do everything that is required? Is that ... READ OUT (SC)

- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

**ASK ALL**

**PIL20** And thinking forward to when you prepare and submit your final return at the end of the year, how confident are you that your business understands what it is required to do at the end of the year under RTI? Is that ...? READ OUT (SC)

- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

**ASK ALL**

**PIL12**

What, if any, difficulties have you encountered with setting up and submitting returns under RTI so far? **PROBE FULLY: What has gone least smoothly? What has required more work than you expected? (OE)**

- FULLY OPEN ENDED – write in response
- Nothing has been difficult
- Don't know/Can't think of anything

**ASK ALL EXCEPT THOSE SAYING NOTHING/DK AT PIL12**

**PIL12b**

Are you still encountering any difficulties or had any problems that you have not been able to resolve?

- Yes
- No
- Don't know

**ASK ALL**

**GEN1**

Still thinking about RTI, what benefits, if any, do you think this new system has or will bring, compared with the old system? **PROBE FULLY. DO NOT READ OUT (MC)**

- Less time needed for end of year return
- No need to correct payments at end of year
- Fewer under or over payments each payday
- More accurate payments to HMRC each month
- Will make business more efficient/more organised
- Employees tax affairs will be more accurate so fewer queries to employer
- Data held on employees will be more accurate
- More accurate tax codes
- Information/records more up to date
- Information can be communicated faster/more frequently
- Quicker return of information from HMRC Other (specify)
- Less paperwork
- Easier
- Quicker
- Simpler/more straightforward
- Other (specify)
- NO BENEFITS TO RTI
- Don't know/can't think of any

**ASK ALL**

**GEN2**

And what, if any, do you think the downsides of this new system have or will be, compared with the old system? **PROBE FULLY. DO NOT READ OUT (MC)**

- Take more time each payday
- More time spent on corrections in year
- Cash flow problems – difficulty paying HMRC on time
- HMRC will know how much the business owes them
- Can't make minimal monthly payments to HMRC to help with cash flow
- More errors made in the payday submissions
- Technical problems
- Rigid timings
- Unable to make changes/correct errors
- Lack of guidance/help
- Reconciling payments/discrepancies
- Getting used to/learning new system
- Other (specify)
- NO DOWNSIDE TO RTI
- Don't know/can't think of any

**ASK ALL**

**EXP8** Compared with your expectations, has getting the new system set up and running PAYE in real time been easier, the same or more difficult than you expected? Is that ...? **READ OUT (SC)**

- A lot easier
- A little easier
- The same as you expected
- A little more difficult
- A lot more difficult
- Don't know

**ASK ALL**

**EXP9A** Under RTI, employers have to submit their return before or at the same time as paying their employees. How easy or difficult is it for your business to comply with this requirement? Is it ...? **READ OUT (SC)**

- Very easy
- Fairly easy
- Fairly difficult
- Very difficult
- Don't know

**ASK IF SMALL EMPLOYER (BLI8=1,2,3) and PAY DAILY/WEEKLY/FORTNIGHTLY (BLI6=1,2,3)**

**EXP9B** You mentioned earlier that you pay employees[**TEXT SUB: BLI6**]. Are you currently submitting your return to HMRC before or at the same time as paying these employees or only monthly? **(SC)**

- On or before paying employees
- Monthly
- Don't know

**ASK IF ON OR BEFORE OR MONTHLY (EXP9B=1,2)**

**EXP9C** When [**TEXT SUB IF EXP9B=1: did**] [**TEXT SUB IF EXP9B=2: will**] you start submitting your returns on or before you pay your employees? **(SC)**

**EXP9B=1:**

- Paid on or before ...From the start (April 2013)
- Paid on or before ...After the first one or two submissions
- Paid on or before ...In the last month or two

**EXP9B=2:**

- Will start paying on or before...In the next few months (before end of 2013)
- Will start paying on or before...Early in 2014 (Jan-March 2014)
- Will start paying on or before...From April 2014/when required to

**ALL:**

- Other (specify)
- Don't know



I'd now like to talk in a bit more detail about the ease and burden of running PAYE under the new RTI system

**ASK ALL**

EXP1

Overall how easy or difficult has it been to get the new RTI system up and running in your business? Please use a scale of 1 to 5 where 1 means it has involved minimal time, effort or costs, and 5 means implementing RTI has caused your business a huge administrative burden in terms of time or cost.

Enter number from 1-5

- Don't know

**ASK ALL**

EXP1b

And now that you have been operating PAYE in real time for a few months, how great is the burden of dealing with Income Tax and National insurance for each payroll? Again, please use a scale of 1 to 5 where 1 means it involves minimal time, effort or costs, and 5 means it is a huge administrative burden in terms of time or cost.

Enter number from 1-5

- Don't know

**ASK ALL**

Still thinking about the PAYE system now RTI is up and running, and excluding any one-off activity to set up the new system in your business ....

BUR7

**Do you think the burden of dealing with Income Tax and National Insurance under RTI has increased, decreased or stayed the same overall?**

- Burden increased
- Burden stayed the same
- Burden decreased
- Don't know

**ASK IF BUR7=BURDEN INCREASED**

BUR 7b

**What has caused this increase in burden? (OE) PROBE FULLY**

- Write in...
- Other (specify)
- Don't know

**ASK ALL**

And thinking forward now, to when you will have dealt with RTI for a year or more, and bearing in mind that under RTI you do not have to do an end of year return, a P14 or P35 ...

BUR10

**Taking into account both payroll and end of year requirements, do you think the burden of dealing with PAYE under RTI will eventually be greater, less or the same as under the previous PAYE system?**

- Burden will be greater
- Burden will stay the same
- Burden will be less
- Don't know

**ASK IF BUR10=BURDEN GREATER AND NOT ASKED BUR7b (BUR10=1 AND BUR7<>1)**

**BUR 10b** Why do you feel the burden will be greater (OE)

**PROBE FULLY** What has caused this increase in burden?

- Write in...
- Other (specify)
- Don't know

**ASK ALL WHO SUBMITTED EAS (PIL17=2)**

**PIL19** You mentioned earlier that you had submitted an Employer Alignment Submission. How much time in total did your business spend preparing the Employer Alignment Submission [IF 2 OR MORE SCHEMES: for any of your schemes]?

**IF NECESSARY:** EAS is Employer Alignment Submission

**IF NECESSARY:** I want you to estimate the total number of hours it would have taken if only one person had done all of the work.

**HINT:** MULTIPLY NUMBER OF PEOPLE BY NUMBER OF HOURS PER PERSON OR ADD TOGETHER HOURS SPENT BY EACH PERSON

**NOTE –** If less than one hour enter as 1

- Enter number of hours (range 1-10,000)
- Don't know

**ASK ALL**

**PIL24** How much time in total did your business spend preparing the *first* Payment Submission under RTI [IF 2 OR MORE SCHEMES FROM SAMPLE: for any of your schemes]?

**IF NECESSARY:** by Payment Submission, we mean the information you provide to HMRC for each payroll (sometimes called a Full Payment Submission)

**IF NECESSARY:** I want you to estimate the total number of hours it would have taken if only one person had done all of the work.

**HINT:** MULTIPLY NUMBER OF PEOPLE BY NUMBER OF HOURS PER PERSON OR ADD TOGETHER HOURS SPENT BY EACH PERSON

**NOTE –** If less than one hour enter as 1

- Enter number of hours (range 1-10,000)
- Don't know

**ASK ALL**

**PIL28** Overall, how easy did you find it to prepare for and submit your *first* Payment Submission under RTI? (SC)

- Very easy
- Fairly easy
- Not very easy
- Not at all easy
- Don't know

**ASK ALL**

**PIL25** And thinking now about the *most recent* payment submission you made, how much time in total did your business spend preparing this latest Payment Submission under RTI [IF 2 OR MORE SCHEMES FROM SAMPLE: for any of your schemes]?

**IF NECESSARY:** by Payment Submission, we mean the information you provide to HMRC for each payroll (sometimes called a Full Payment Submission)

**IF NECESSARY: I want you to estimate the total number of hours it would have taken if only one person had done all of the work.**

**HINT: MULTIPLY NUMBER OF PEOPLE BY NUMBER OF HOURS PER PERSON OR ADD TOGETHER HOURS SPENT BY EACH PERSON**

**NOTE – If less than one hour enter as 1**

- Enter number of hours (range 1-10,000)
- Don't know

**ASK ALL**

**PIL29 Overall, do you feel that dealing with PAYE under RTI takes more, less or about the same amount of time as under the old system? (SC)**

- More time
- Less time
- About same amount of time
- Don't know

**ASK ALL**

**EXP2 In terms of the cost of running payroll, now RTI is up and running, do you think that it has ... (SC) READ OUT**

- Increased the costs of running payroll for your business
- Made no difference to the costs of running payroll for your business
- Reduced the costs of running payroll for your business
- Don't know

**ASK ALL WHO USE OUTSIDE HELP: (BLI2=2)**

**EYC4 Thinking about anyone you pay outside of your business to help deal with payroll, such as an accountant or payroll bureau, has there been any increase in costs to your business for this, because of RTI? SC**

**IF NECESSARY: Someone 'outside of your business' means anyone who is NOT an employee**

- Yes - paid more because of RTI
- No - not paid more for RTI
- DO NOT READ OUT Don't know
- DO NOT READ OUT Do not pay anyone

**ASK IF SAID YES PAID MORE AT EYC4**

**EYC5 How much extra will you pay in total for outside help in this tax year because of RTI**

**INTERVIEWER NOTE: ANSWER IN GBP**

- Enter in figure
- DO NOT READ OUT Don't know

**ASK IF SAID YES PAID MORE AT EYC4**

**EYC6 Why are you paying this extra amount? Have you ... (MC) READ OUT**

- Paid extra for setting up RTI
- Paid extra for every payroll because of RTI
- Asked them to undertake additional work because of the introduction of RTI
- Other (specify)
- DO NOT READ OUT Don't know
- DO NOT READ OUT Do not pay anyone

**ASK ALL**

**EYC7**

**One more question about costs: have your banking costs been increased because of RTI? IF SAY YES: was this a small or a large increase? (SC)**

- Yes – a small increase in costs
- Yes – a large increase in costs
- No increase
- Don't know

**PART 3**

**BEHAVIOUR CHANGE (est 2 mins)**

**ASK ALL**

I'm going to read out a list of payroll tasks. For each one, can you tell me if you have become more or less likely to do each one under RTI, or whether things have remained the same.

**NEW1**

**[...] Have you become more or less likely to do this under RTI or have things stayed the same?**

- More likely under RTI
- Stayed the same
- Less likely under RTI
- Don't know

**(SC) RANDOMISE**

1. Pay HMRC in full each month
2. Inform HMRC of changes to employee circumstances straight away
3. Report details of employees earning under the lower earnings limit for National Insurance contributions

**ASK ALL**

**BBD1**

**Have you changed how often you pay your employees because of RTI? (SC)**

**INTERVIEWER NOTE: IF CHANGED ASK IF CHANGED TO BE LESS OR MORE OFTEN. IF CHANGED, BUT NOT BECAUSE OF RTI, CODE AS NO**

- Yes – changed to be less often
- Yes – changed to be more often
- No – not changed
- Don't know

**ASK ALL**

I now want to know whether there has been a change in the way your business deals with payroll or you expect a change as a result of the introduction of RTI.

**ASK ALL WHO USED OUTSIDE HELP: BLI2=2**

**EXP4** Have or do you think you will use someone outside of the business to help you operate payroll **MORE** than you did under the old system, less, or about the same amount? (SC)

**IF SAY MORE:** Did you use someone outside of the business under the old system?

**IF SAY DON'T USE OUTSIDE HELP:** Do you think you would start to use someone outside of the business to operate payroll under RTI? (CODE AS MORE, DID NOT USE EXTERNAL HELP UNDER OLD SYSTEM IF SAY YES, NO CHANGE IF NO)

**IF NECESSARY:** Outside of the business means someone who is not an employee such as an accountant or payroll bureau.

- Use someone outside MORE, used external help under old system
- Use someone outside MORE, did not use external help under old system
- Use someone outside LESS than under old system
- No change – use the same amount
- Don't know

**ASK ALL WHO DO NOT USE AN AGENT AT ALL [BLI2=1]**

**EXP3** Did you deal with all payroll tasks in house under the old system and will continue to do so under RTI, OR do you expect to start to use someone outside of the business to deal with payroll tasks, OR have you now stopped using someone outside of the business? (SC)

**IF NECESSARY:** Outside of the business means someone who is not an employee, such as an accountant or payroll bureau.

- Continue to deal with payroll in house
- Expect to start to use someone outside of the business
- Stopped using someone outside of the business
- Don't know

**ASK ALL**

**SUP2** From which, if any, of the following sources have you received or sought support or advice on RTI? **READ OUT AND CODE ALL THAT APPLY (MC)**

**IF NECESSARY: You may have received support or advice in the post, by email, on the internet or over the phone or in some other way.**

- HMRC
- Your payroll software provider
- Your accountant or payroll bureau
- Professional body
- Other (specify)
- I have not had any support
- Don't know

**ASK IF SUP2=HMRC**

**SUP3** In which of the following ways have you received support or advice from HMRC? **READ OUT AND CODE ALL THAT APPLY. RANDOMISE (MC)**

- Over the phone
- Via the Internet or online
- By email
- By post
- Face to face
- Other (specify)
- Don't know

**IF SUP2=1,2,3,4,5**

**SUP4a** Why did you need to seek help or advice about RTI? Was it for ... **RANDOMISE. READ OUT (MC)**

- An explanation of what you needed to do get set up for RTI
- An explanation of what you needed to do for PAYE at each payroll
- A specific question about getting set up for RTI
- A specific question about making a submission under RTI
- Help with a technical problem
- To check that you had submitted successfully
- Other (specify)
- Don't know

**IF SUP3=VIA INTERNET**

**SUP4b** You said you sought information from HMRC via the website, how useful was the guidance provided by HMRC on the website? Was it ... **READ OUT (SC)**

- Very useful
- Fairly useful
- Not that useful
- Not useful at all
- Don't know

**ASK ALL**

**SUP5**

Would you say that the level of support you have received from HMRC has been enough for you to deal with PAYE under RTI or would you have liked more support? (SC)

INTERVIEWER NOTE IF NO-LIKE MORE SUPORT, PROBE: would you have liked a little or a lot more support?

- Yes - received enough support
- No – I would have liked a little more support
- No – I would have liked a lot more support
- Don't know

**ASK ALL**

**SUP6**

Overall, taking everything in to consideration how easy or difficult has it been for your business to deal with RTI? (SC)

- Very easy
- Fairly easy
- Neither easy or difficult
- Fairly difficult
- Very difficult
- Don't know

**PART 5**

**PERMISSION AND DEMOGRAPHICS**

**(est, 3mins)**

**ASK ALL**

**ETH1**

Which of the following groups do you consider you belong to? SINGLE CODE ONLY.

READ OUT CATEGORIES IN BOLD THEN PROBE WITH DETAILED CATEGORIES.

**SCRIPTING NOTE – SPLIT IN TO SEPARATE QUESTIONS**

- **White**
- English / Welsh / Scottish / Northern Irish/British
- Irish
- Gypsy or Irish traveller
- Any other white background (PLEASE WRITE IN)
- **Mixed**
- White and Black Caribbean
- White and Black African
- White and Asian
- Any other mixed/multi-ethnic background (PLEASE WRITE IN)
- **Asian or Asian British**
- Indian
- Pakistani
- Bangladeshi
- Any other Asian background (PLEASE WRITE IN)
- **Black or Black British**
- Caribbean
- African
- Any other Black background (PLEASE WRITE IN)
- **Chinese**
- **Any other background**
- Arab
- Other (PLEASE WRITE IN)
- **Refused**

**ASK ALL**

**DIS1** Do you have any physical or mental health condition(s) or illnesses lasting, or expected to last, 12 months or more? **(SC)**

- Yes
- No
- DO NOT READ OUT Don't know
- DO NOT READ OUT Refusal

**IF YES AT DIS1**

**DIS2** Do any of these condition(s) or illnesses affect you in any of the following areas? **CODE ALL THAT APPLY**

- Vision (for example blindness or partial sight).
- Hearing (for example deafness or partial hearing).
- Mobility (for example walking short distances or climbing stairs)
- Learning or concentrating or remembering.
- Memory
- Mental Health
- Stamina or breathing or fatigue
- Socially or behaviourally (for example associated with autism, attention deficit disorder or Asperger's syndrome)
- Other (specify)
- DO NOT READ OUT None of these
- DO NOT READ OUT Refusal

**IF YES AT DIS2**

**DIS3** Do any of your condition(s) or illnesses reduce your ability to carry out day-to-day activities? **(SC)**

- Yes, a lot
- Yes, a little
- No, Not at all
- DO NOT READ OUT Don't know
- DO NOT READ OUT Refusal

**IF YES A LOT, OR YES A LITTLE AT DIS3**

**DIS4** For how long has your ability to carry out day-to-day activities been reduced? **(SC)**

- Less than six months
- Between six months and 12 months
- 12 months or more
- DO NOT READ OUT Don't know
- DO NOT READ OUT Refusal

**ASK ALL**

**PER 1A** We may be conducting further research about RTI over the next few months. Would you be willing to help us further ? **(SC)**

- Yes
- No
- Don't know



**ASK ALL**

**PER1B** In order to fully evaluate the impact of RTI, HMRC would like to be able to link your answers to this survey to other RTI information they hold about you to fully understand employers' experience. Is it ok to pass on your answers in a way that will allow HMRC to identify you in order to do this? (SC)

- Yes
- No
- Don't know

**IF YES at PER1B**

**PER1C** Can I just check, what is the number of your PAYE scheme?

**IF MORE THAN ONE SCHEME:** I just need the number of your main scheme or largest scheme

**RECORD AND RECHECK NUMBER**

**END OF INTERVIEW – USUAL CLOSE SCRIPT AND QUALITY CHECKS. NB – MAKE SURE DON'T PROMISE CONFIDENTIALITY FROM HMRC IF AGREED TO PASS ON DATA.**

# RTI Main Migrations - Discussion Guide

## Summary of overall objectives:

The overarching objectives of this research are to:

- Provide insight into employers **experience of migrating to RTI**
- Provide indicative measures of **employer benefits and burdens** of RTI, testing administrative burden assumptions and calculations

Businesses will have been running payroll under RTI for 5-6 months (at the time of the interview) so should be at 'steady state'. It will thus:

- Provide a good indication of the **typical time involved in preparing payroll submissions** under RTI and how it **compares to the old system** as well as highlighting any **on-going issues or concerns** which need to be addressed.
- Examine their experiences of **migrating to the new system**, which will help us understand RTI better, including any ongoing issues employers are having.
- Look forward to examine their **expectations of end of year** and to highlight any **concerns or issues** which need to be addressed in addition to those recommended by the recent pilot end of year study. This suggested additional communication about end of year is targeted at those employers who are less confident about what is required as this will both improve their experience and reduce calls to HMRC for support (which will in turn help to defray the costs of this additional communication).

It is also recognised that the pilot underrepresented employers using an agent/payroll bureau for some or all their payroll tasks. This study will thus provide a more detailed understanding of the experiences of this key group who account for approximately half of all employers.

Stimulus:

- A – Blank Journey Map
- B – Task Matrix

## 10. Introductions and Background – 5 minutes

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- Thank you for agreeing to take part in this research looking at employers' on-going experiences of RTI (Real Time Information) **Note:** *this discussion needs to be focussed around on-going / current experiences of RTI, not experiences during the set up stage. Tasks associated with set up stage include:*
  - Data cleaning; installing software; anything before first FPS (Full Payment Submission)

- About TNS-BMRB – independent research agency
- Confidentiality / anonymity
- Following MRS guidelines
- Agreement to record the interview
- Length of interview: up to 60 minutes
- Organisation (size and sector) and role
- How regularly do you run your payroll(s)?
- What payroll software do you use?
- Do you have weekly/fortnightly/monthly payment – why?
- When did you make your first FPS / Full Payment Submission?
  - Start date? [If they can't remember exactly, just month required]

## 11. Overall experience of RTI – 5 minutes

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### Overall experience of operating payroll under RTI

- How has your overall experience of RTI been?
  - What has gone well?
  - Were there any issues?
    - With starting up with RTI
    - With RTI on an on-going payroll basis
- **Briefly (for overview):**
- How has running payroll compared to your expectations of running payroll under RTI?
- How has reporting under RTI compared with reporting under previous PAYE system?
  - Benefits of RTI ; PROBE savings of time, cost, bringing HR and payroll closer, other
  - Downsides of RTI; PROBE time, cost, whether these were 'one-off' issues, or recurring

## 12. Process mapping – each payroll run – 25 minutes

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### Mapping Payroll process prior to RTI implementation

- What were your experiences of running the payroll process prior to RTI implementation
  - Were there any positive/negative elements to the process?
    - Time
    - Cost
    - Other burdens
  - Which, if any, of these negative elements continued into payroll with RTI?
  - What, if anything, did you do to prepare for the transition to RTI?
  - How much support, if any, did you expect to need? From which sources did you seek support? Was it sufficient/satisfactory? Why/not?

### Mapping experiences under previous system

- Using a blank customer journey map (Stimulus A) ask the respondent to describe all the processes they went through under the **previous PAYE system**

- What were the individual activities in the payroll process?
- How long did the process take overall? NOTE DURATION E.G. IN MINUTES
- How long did the individual activities in the process take? NOTE DURATION E.G. IN MINUTES
- Who was involved; at what cost (level/time taken)? NOTE COST
- Did you need to seek help or support at any stage; PROBE: for what; from whom

**Mapping experiences following RTI implementation – most recent payroll run (and working backwards)**

- Using the same customer journey map ask the respondent which activities they no longer do **under RTI**
  - What activities are new, or done differently?
  - Which of these are new/different business practices vs. things that have to be done under RTI? Probe:
    - FPS (Full Payment Submission)
    - Paying HMRC
    - Employees / bank
    - Any other activities (i.e. anything after first FPS)
  - How long does payroll take overall? NOTE DURATION E.G. IN MINUTES
  - Compare the difference in time taken NOW and pre-RTI
    - Where are the differences occurring
    - What is taking longer
    - What is taking less time
  - Has RTI required less or more resource/cost compared with previous system; PROBE reasons; NOTE COST DIFFERENCE E.G. IN MINUTES
    - Has RTI had any impact on your cash flow; what; why
    - Has RTI had any impact on your ability to pay HMRC on time; why
  - Were there any perceived impacts upon the employees? If so what?
- What are the benefits and downsides of RTI compared with the pre-RTI process?
- Are there any on-going burdens / difficulties with running payroll under RTI? If so, could you describe in detail your experience of any problems with RTI? What kinds of problems are they?
  - Taking more time each payday – if so, why? What specific tasks?
  - Rigid timetables/can't correct errors
  - Could you describe in detail your efforts to resolve any problems with RTI?
- Is there anything specific to your business that makes RTI more/less difficult?
  - Explore size, staff turnover, sector, nature of business
- Where burden exists – has this had any impact upon filing and payment behaviour? PROMPT around: paying in full / on time, informing HMRC about changes in employee circumstances, informing HMRC about employees earning under the lower earnings limit etc. Why/not?

**Moderator: use relevant answers only to survey questions that identify specific experiences of burden**

*In the survey you mentioned:*

- you still have problems with RTI; why was that?
- the burden had increased; why was that?

- it took longer to do your payroll; why was that?
- costs of running payroll had increased; why was that?
- it was difficult to comply; why was that?
- there wasn't enough support; why was that?

### ***Less frequent operations***

- Have you dealt with a new joiner; how has that worked under RTI? Any difficulties? What
- Have you dealt with a leaver under RTI; how has that worked under RTI? Any difficulties? What
- Have you dealt with an under or overpayment in this tax year, etc. etc.
- Have you dealt with an under or over payment in the previous tax year, etc. etc.
  
- Have you used the EPS (Employer Payment Summary)?
  - Would you know when to use it; when
  
- Overall, what could HMRC do to improve your experience of RTI?
  - Decrease time/cost/burden

## **13. Agent use – 5 minutes**

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### **Impact upon agent use levels**

- Has there been any impact on your use of an agent / accountant / book-keeper for 'in year' payroll pre-RTI / now? If so,
  - What were the individual activities in the payroll process where more/less help was needed?
  - Were there any cost implications of this increased/decreased use?
  - Have agent fees increased/decreased/stayed the same? If increased or decreased why, and for what amount of work?
  - Have you ever considered finding another agent? If so, for what reason(s)?
- Will you still use an agent for the End of Year stage? If so, why? If not, why not?

## **14. Information sources – 10 minutes**

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- Did you require any help/support once RTI was up and running?; what for?
  - If yes, where did you get support from?
- If received support from HMRC and other sources, how did these fit together?
- What channels of support; what was most useful / effective?
  - Was it enough support?
  
- Do they see RTI as 'business as usual'? IF NOT, why not?
  - If applicable, what specific task(s) prevent reaching 'business as usual' with RTI
  - How could this be alleviated?
  
- Do you use any other HMRC sources? NOTE SOURCES. If so,
  - When do you use these sources?

- For a particular issue ask in what order they used the information sources; why this order?
  - Do you have a preference for one source over another? Reasons
  - What do you use them for?
  - Does the source you use vary depending on the type of query you have?
  - How would you describe the effectiveness of these sources?
- What are your channel preferences for help? Explore preferred use and experience of:
    - Online
    - Helpline
    - Other
  - Views about the HMRC website as a source of information and support; reasons for not using?
  - Are there any information gaps? If so, what else could be provided to help with the payroll process with RTI?

## 15. Perceptions of End of Year - 5 minutes

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- What are your expectations about doing payroll in the future/at end of year?
  - Same or different in relation to... (PROBE reasons)
    - Time
    - Cost
    - Support required

## 16. Thank and Close - 5 minutes

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- Overall, how did payroll under RTI compare vs their expectations
  - Did it fall short, meet, exceed expectations; explore reasons
- Specifically, how did it compare in relation to
  - Time
  - Cost
  - Support required
- Anything else they would like to add about their on-going experiences of using RTI?
- If there was one thing you could change about your RTI experience what would it be?

Thank and Close