

PAYE Real Time Information (RTI) 'on-or-before' requirement – Research with micro and small employers

HM Revenue and Customs Research report 369



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Glossary

FPS (Full Payment Submission) is to be sent on or before each payday, and informs HMRC about the payments and deductions for each employee. An FPS contains: employer registration details (PAYE reference, Accounts Office reference, etc.); personal identifiable details for each employee (name, address, National Insurance Number, date of birth, gender, etc.); employment details for each employee (directorship, starter information, leaver information, etc.); year to date figures for each employee (Income Tax, National Insurance contributions, Student Loan deductions, pension contributions, statutory pay, etc.); and figures for the relevant period for each employee (payment date, gross pay, indication of unpaid absence, etc.)

NICs (National Insurance Contributions) is a system of contributions paid by workers and employers towards the cost of certain state benefits.

On-or-before (OOB) requirement. Under Real Time Information (RTI), employers and pension providers are required to tell HMRC in their Full Payment Submission (FPS) about Income tax, National Insurance contributions (NICs) and other payroll deductions they make, when, or before the payments to their employees or pensioners are made – the so-called ‘on-or-before’ reporting rule.

In order to give employers more time to adapt to on-or-before reporting HMRC announced in March 2013 a temporary relaxation or “**easement**” for small employers (those with 49 or fewer employees) who pay staff more often than monthly to report once a month. This was introduced from April 2013 for a six month period to 5 October 2013 but was subsequently extended for a further six months. This was replaced with a narrower easement in April 2014, which enables existing micro employers only (those with 9 or fewer employees) to report on or before the last payment day of the tax month until April 2016, with the clear intention that ALL employers need to adapt to ‘on or before’ reporting by April 2016.

PAYE (Pay As You Earn) is a tax on all payments of wages and salary or other compensation such as sick pay, maternity pay, directors' fees and pensions (but not the state pension). It is deducted by the employer from those payments where certain criteria is met. Specifically, if any employee is paid above the National insurance lower earnings level (currently £112 per week), get expenses and/or benefits, have another job or get a pension. The employer is responsible for reporting the payments and deductions made and for sending the tax on to HMRC each month.

RTI (Real Time Information) was a key government programme which aims to improve the way in which employers submit Pay As You Earn (PAYE) information about their employees to HM Revenue & Customs (HMRC). 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. In addition, RTI provides the essential platform for Universal Credit, a major government welfare reform programme.

Key findings

Real Time Information (RTI) was a key government programme which aims to improve how employers submit Pay As You Earn (PAYE) information about their employees to HM Revenue & Customs (HMRC). One requirement of RTI is to report PAYE information to HMRC 'on-or-before' the date they paid their employees. In March 2013 HMRC announced a temporary "easement" for employers with 49 or fewer employees which enabled employers who pay staff more often than monthly to report employee payments to HMRC once a month. This was introduced from April 2013 for a six month period but was subsequently extended for a further six months. This was replaced with a narrower easement in April 2014, which enables existing micro employers only (those with 9 or fewer employees) to report on or before the last payment day of the tax month until April 2016 with the clear intention that ALL employers need to adapt to 'on or before' reporting by April 2016.

HMRC commissioned research to help establish readiness among the existing micro employer population to move to full on-or-before reporting. The research comprised 50 telephone interviews with micro and small employers that had taken part in the previous RTI main migration¹ survey. Respondents were selected according to their use of the easement, size and industry sector.

Most employers in this research expect to be able to comply with the requirement without any major challenges for their business; there was very limited awareness of the implications of not submitting on-or-before for employers or employees.

While most employers in this research had not changed their payroll processes in order to report on or before, some made changes such as: moved from paper to electronic payroll; changed software provider (moved away from Basic PAYE Tools); or moved the payroll from weekly, or from a combination of weekly and monthly, to monthly, to ease administration. Micro and small employers that had chosen to comply with the on-or-before requirement from the outset tended to be very proactive and were comfortable making adjustments to their payroll to ensure they were able to comply.

Employers still using the easement: did not understand the on-or-before requirement; needed sign-off from senior staff who might not be available; late timesheets delayed the payroll process; or staff holidays meant submissions were late. Late submissions were also due to a general lack of familiarity with running the payroll or technical issues such as poor internet connections.

Some employers were confused by OOB and thought that it referred to making payments of income tax and NICs to HMRC at the same time as submitting their FPS. Consequently, some employers submitted the FPS late as they thought this enabled them to pay their income tax and NICs to HMRC late, thereby easing their cash flow.

Employers continuing to use the easement considered they needed support, including: tips and approaches to training staff in the RTI processes; information about how to deal with challenges/complications to submissions (e.g. sick pay, maternity/paternity pay) that potentially

¹ Pay As You Earn Real Time Information Main Migration: End of Year Customer Experience Research (HMRC 2014)

delay FPS submission; a process to follow if the employer experiences a mitigating circumstance which prevents them from submitting on time; how to resolve submission errors and the re-submission process; payroll software reminders to encourage submission 'on-or-before'; and a dedicated FPS submission helpline, on-line chat or email facility.

Executive Summary

Background and Methodology

Real Time Information (RTI) was a key government programme which aims to improve the way in which employers submit Pay As You Earn (PAYE) information about their employees to HM Revenue & Customs (HMRC). Under RTI, employers need to submit PAYE information to HMRC in real time which means before or at the time of paying employees. 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. In addition, RTI provides the essential platform for Universal Credit, a major government welfare reform programme.

As some small employers and their agents needed more time to adapt to the requirement to report 'on-or-before' the date they paid their employees, HMRC announced in March 2013 a temporary relaxation or "easement" for small employers (those with 49 or fewer employees). This was introduced from April 2013 for a six month period to 5 October 2013 but was subsequently extended for a further six months. This easement which ended in April 2014, enabled small employers (if they required it) who paid their employees more often than once a month, to report payments to HMRC once a month rather than each time they paid their employees.

In April 2014 HMRC replaced this temporary relaxation with a further narrower reporting relaxation. This was available to existing micro employers only (those with 9 or fewer employees) until April 2016, but with the clear intention that ALL employers need to adapt to 'on or before' reporting by April 2016.

A year into the new easement, HMRC decided to conduct research to help establish readiness among the existing micro employer population to move to full on or before reporting.

50 telephone interviews with micro and small employers were conducted. Respondents were recruited from the RTI main migration survey² (June/July 2014) and were selected according to whether they:

- Never used the easement;
- Used the easement at one time but no longer do so;
- Continue to use the easement.

Further details on the methodology may be found in the appendix.

Background to the payroll for micro and small employers

Employers in this research indicated that the more basic and consistent a payroll is (e.g. there is little variation in data month by month or week by week) the easier it is for employers to comply with the on-or-before requirement. Those employers with more complicated payrolls (e.g. they

² Pay As You Earn Real Time Information Main Migration: End of Year Customer Experience Research (HMRC 2014)

have more than one type of payroll; pay in advance; seasonal fluctuations; commission) are more likely to need to seek advice prior to making Full Payment Submission (FPS) or to need more time to make sure submissions are correct. If extra advice or time is needed, this can result in not being able to meet the 'on-or before' requirement'.

Employees taking part in the research generally felt knowledgeable and confident about running their own payroll, with sophisticated payroll software aiding their knowledge and confidence, especially where their software provider offers a support service.

Transition to RTI

Overall, employers were positive about RTI saying that it saves time (especially at the end of the tax year), decreases errors and improves payroll efficiency.

While most employers did not change their payroll processes to report on or before, some made changes such as:

- Moved from paper to electronic payroll;
- Changed software provider (moved away from Basic PAYE Tools);
- Moved the payroll from weekly, or from a combination of weekly and monthly, to monthly, to ease administration.

While making these changes, some employers were still unable to always meet the on-or-before requirement. This was because they: needed sign-off from senior staff who might not be available; late timesheets delayed the payroll process; or staff holidays meant submissions were late.

Awareness and use of the easement

Although employers often claimed that they understood the 'on-or-before' reporting requirement when they migrated to RTI, in reality some employers were confused. These employers thought the OOB requirement meant that they had to make payments of income tax and NICs to HMRC at the same time as submitting their FPS.

Micro and small employers that had chosen to comply with the on-or-before requirement from the outset tended to be more proactive and were comfortable making adjustments to their payroll to ensure they were able to comply.

This research shows that some employers had made a conscious decision to use the easement and a number were using it without realising they were. Their reasons for using the easement related to awareness and understanding of RTI and payroll processing challenges. These were:

- Awareness and understanding about RTI:
 - Limited understanding of how to run payroll, especially where there were issues that were unusual for the business, such as statutory pay, a joiner or a leaver;
 - Unaware of the requirement to submit FPS returns weekly when they pay their staff weekly.

- Process challenges:
 - Regularly receive late timesheets from employees;
 - Relying on one member of staff to manage the payroll process, resulting in late FPS submissions during periods of illness or holiday;
 - Internet connections that frequently disconnect.

In addition, a small number of employers said that they deliberately submitted their FPS late. By doing this they believed that they could pay the collected income tax and NICs to HMRC later than required, thereby using this to ease their cash flow.

Impact of being unable to submit 'on-or-before'

Despite low awareness that the easement will end, most employers in this research expect to be able to comply with the requirement without any major challenges for their business. Many understand they will need to change their attitudes and behaviours and become more disciplined. Only a few employers in the research consider they will not be able to comply (and will not be able to make changes to their payroll system or change when/how they pay employees).

Overall there was very limited awareness of the implications of not submitting on-or-before for employers or employees. Some believe warnings should be issued prior to penalties³ and a 'leeway' should be in place for mitigating circumstances (e.g. staff sickness or IT issues).

Supporting employers to comply with the 'on-or-before' requirement

When asked what support they needed to help them meet the on or before reporting requirement before the easement ended, employers suggested:

- Tips and approaches to training staff in the RTI processes;
- Information about how to deal with challenges/complications to submissions (e.g. sick pay, maternity/paternity pay) that potentially delay FPS submission;
- A process to follow if the employer experiences a mitigating circumstance which prevents them from submitting on time;
- How to resolve submission errors and the re-submission process;
- Reminders run in payroll software to encourage submission 'on-or-before';
- A dedicated FPS submission helpline, on-line chat or email facility.

³ HMRC issue electronic notifications if returns are late. It was announced on 17 February 2015 that no penalties would be charged if a return is sent within three days of the deadline. In addition, there is no penalty for the first default. If a penalty notice is received, the penalty may be appealed if the employer has a reasonable excuse for sending the return late.

1. Introduction and methodology

1.1. Research background

Real Time Information (RTI) was a key government programme which aims to improve the way in which employers submit Pay As you Earn (PAYE) information about their employees to HM Revenue & Customs (HMRC). RTI is designed 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). In addition, RTI provides the essential platform for Universal Credit, a major government welfare reform programme. Previous research has shown a high level of satisfaction with reporting in real time⁴.

Under PAYE Real Time Information (RTI), employers and pension providers are required to tell HMRC in their Full Payment Submission (FPS) about Income tax, National Insurance contributions (NICs) and other payroll deductions they make, when, or before the payments to their employees or pensioners are made – the so-called 'on-or-before' reporting rule.

In order to give employers more time to adapt to on-or-before reporting HMRC announced in March 2013 a temporary relaxation or "easement" for small employers (those with 49 or fewer employees) who pay staff more often than monthly to report once a month. This was introduced from April 2013 for a six month period to 5 October 2013 but was subsequently extended for a further six months. This was replaced with a narrower easement in April 2014, which enables existing micro employers only (those with 9 or fewer employees) to report on or before the last payment day of the tax month until April 2016, with the clear intention that ALL employers need to adapt to 'on or before' reporting by April 2016.

1.2. Research aims

The aim of this research is to provide an in-depth understanding of the experiences of employers eligible for the easement, their transition to reporting in real time, their understanding about the ending of the easement and the plans they may have to transition to real time reporting.

A qualitative method was used in order to gain a rich detailed understanding of individual employer's experiences and views. Because a qualitative approach was used based on a small sample, this means it is not possible to generalise results to that of the population of employers.

The interviews explored:

- the experiences of employers using the easement, and their plans for future transition;
- experiences of moving to reporting in real time after using the easement, the challenges they encountered and how they were overcome;
- knowledge and understanding that the easement will come to an end for micro employers and their support and guidance needs to enable successful transition

⁴ PAYE Real Time Information research reports: <http://www.hmrc.gov.uk/research/report264.pdf>
<http://www.hmrc.gov.uk/research/report281.pdf>

⁵ Pay As You Earn Real Time Information Main Migration: End of Year Customer Experience Research (HMRC 2014)

1.3. Research design and sample

The previous PAYE / RTI main migration research asked a question about the use of the easement. Those agreeing to be re-contacted provided the sample frame for the present research. As part of the screening process employers were again asked whether they had used the easement in the past and / or continued to do so. The present research was based on 50 telephone interviews with micro and small employers selected according to whether they had:

- Never used the easement;
- Used the easement at one time but no longer do so;
- Continue to use the easement.

The sample was also purposively selected on the basis of size and industry sector.

A sample profile may be found below in Table 1.

| Table 1: Achieved sample profile – 50 interviews | | | | |
|---|---|---|---|-------------------|
| | Never used easement | Have used easement but no longer | Continuing to use easement | Total (50) |
| Micro (0-9) | 7 | 7 | 17 | 31 |
| Small (10-49) | 11 | 8 | NA | 19 |
| Industry sectors | Services (3) Healthcare (3) Business Services (3) Government/public services (2) Leisure (1) Production (2) Automotive (1) Retail (1) Financial Services (1) Construction/infrastructure (1) | Services (5) Business Services (3) Healthcare (3) Education (2) Manufacturing (1) Production (1) | Business Services (3) Consumer Goods (2) Government/public services (2) Production (2) Services (2) Automotive (1) Construction (1) Financial Services (1) Media (1) Telecommunications (1) Transport (1) | |
| Uses external support for payroll | 3 | 2 | 4 | 9 |
| Does not use external support for payroll | 15 | 13 | 13 | 41 |
| | 18 | 15 | 17 | 50 |

The sample of employers used a wide range of payroll software including HMRC's Basic PAYE Tools and commercial off-the-shelf and bespoke software.

1.4. Report outline

Following this introductory chapter (chapter 1), there are five chapters:

Chapter 2 – provides a background to the types of payrolls run by those employers interviewed

Chapter 3 – explores employers' experiences of migrating to RTI;

Chapter 4 – considers employers' awareness and understanding of the on-or-before reporting easement;

Chapter 5 – explores employers' views about the impact of late FPS submission;

Chapter 6 - considers how to support employers in complying with the on-or-before reporting requirement.

Throughout the report quotations are used to illustrate some of the points made. They are attributed in the following way: (Employer type, Easement use).

2. Micro and small employers' payroll

2.1. Running the payroll

Many of the micro and small employers in the research have simple payrolls involving one payroll, run either monthly or weekly, by one person. Their payroll tended to be consistent each week or month, with few examples of overtime payments, expense claims or issues such as statutory payments (e.g. sickness or maternity).

"It's a very simple model and everybody gets the same each month."
(Micro employer, Continuing to use easement)

"We haven't got so many employees and it's quite straight forward so there isn't a great need for anything too complicated. We don't do expenses or benefits. We just pay people. A couple have deductions for childcare, but that's just it."
(Micro employer, Continuing to use easement)

Some of the micro and small employers have more complicated payrolls. For example they:

- Have two payrolls, one weekly and one monthly;
- Pay staff a week in advance;
- Have seasonal fluctuations in staff and wages (for example, they are in the Services or Construction sectors);
- Pay employees a basic wage and operate on a commission or overtime system;
- Pay some employees an annual salary and others an hourly wage.

Employers with simple and consistent payrolls generally found it easier to comply with RTI. However, even those with simple payrolls, occasionally experienced times when they needed to seek advice prior to submission (e.g. when they had new starters, leavers, or income deductions affecting employees pay).

"I ran payroll and there was an issue and I needed to clarify the issue before I submitted it. I had a query about maternity leave and one occasion about statutory sick pay and unfortunately when doing payroll I could not get hold of Acas or my HR consultant to say 'Is this correct, am I doing it correctly...so I did not file until 2 or 3 days after...so I used the easement then."
(Small employer, Used easement but no longer do so)

Employers with one person responsible for payroll were more likely to meet the 'on-or-before' reporting requirement regularly if they have also trained other members of staff in payroll processes to cover for absence or use other staff for internal data checks prior to FPS submission.

"We knew that it would be a problem to meet HMRC's requirements if I was on holiday and so we trained one of the admin girls to step in for me...that way we can always be sure that we don't miss the submission deadline."
(Small employer, Never used easement)

Employers with more complex payrolls were more likely to seek advice prior to signing off the payroll or needed more time to ensure that submissions are correct. These employers are not always able to meet the 'on-or-before' reporting requirement, sometimes reporting on time, sometimes not.

"We have a very flexible workforce with people coming and going all the time. Essentially, they are contract people but because we work with them a lot we put them on the payroll and only pay them when they work for us. It gets complicated running the payroll because you have to make sure you are paying the right people...and some of them are working abroad for us which adds to the complexity of the business too."

(Small employer, Used easement but no longer do so; occasionally does not meet OOB requirement)

2.2. Payroll knowledge and confidence

Amongst employees with payroll responsibilities, both for micro and small employers in this research, there was confidence and knowledge with matters relevant to their own payroll. This knowledge and confidence usually stemmed from having a long history of running their own payroll – and often a payroll that rarely changes. For some of the small employers in the research, this knowledge has been gained from formal accountancy qualifications.

"I can work out individual people's tax...but not all the in's and out's of say why a tax code changes, but I know enough to review and authorise the payroll and I can tell if the amount of tax a person is paying looks right or not."

(Small employer, Never used easement)

However, this knowledge and confidence does not necessarily extend to where changes occur. Where there are gaps in payroll knowledge, this tends to be in relation to income deductions, statutory pay, benefits and National Insurance.

"[Gaps in knowledge] Like who should pay NICs...we have a retired person working, not sure about NICs for him...I ask my secretary questions and if she can't answer I contact HMRC."

(Micro employer, Continuing to use easement)

A lack of knowledge and confidence also tended to be related to wider IT skills, not just being solely payroll related.

"HMRC think everybody is a computer geek, I had to learn to use a computer when this [RTI] first came in...I am far from being a geek."

(Micro employer, Never used easement)

The micro and small employers in this research with good IT skills thought that using payroll software had increased their confidence and understanding of their payroll. This was partly because of the on-screen help and partly because software providers also include in some of the packages a service where employers can gain advice and support.

"Because [software] is such a good package it forces you to question yourself all the time. Each stage it really takes you through it so there was never really any worry. The package itself does that for you."

(Micro employer, Never used easement)

Amongst the more knowledgeable payroll operators and those with payroll qualifications, regularly kept up to date with information sent from HMRC, accountancy magazines / publications and updates from their software providers.

However, some micro employers did not keep up to date regularly with information about payroll. They did not subscribe to any relevant magazines and were not members of professional bodies. Neither did they read information on HMRC's portal very often. They admitted that as payroll was such a small part of their job role they relied on software updates to ensure that they were being compliant.

3. Transition to Real Time Information (RTI)

3.1. Changes to payroll processes since RTI

Overall, there was little evidence of many employers in the research changing their approach to payroll reporting since moving to RTI, apart from an initial check and data cleansing exercise. Software had been updated but this tended to be a 'background process', rather than a notable change to their processes.

"It was fine because I got instructions from our [supplier] and it was all very straightforward."

(Micro employer, Used easement but no longer do so)

For a minority of employers in this research RTI has resulted in changes to their payroll processes. Some of these changes were recommended by their agent, others were made because after reading information about RTI they took the decision to make the changes to make their payroll easier to operate. The following are examples of those changes made:

- Moving from paper to software-based payroll

"It much easier with RTI...press of a button...It's just easier to understand...it's simpler...no jargon...no abbreviations."

(Micro employer, Continuing to use the easement – payroll is easier but they are not yet reporting on or before)

- Moving staff from weekly to monthly pay (and vice versa)

"It should be easier doing it monthly...the information is self-checking, more accurate at the end of the year."

(Small employer, Never used the easement)

- Changing the pay date to a more convenient time in the month

"We're hoping to move the payroll from Friday to Wednesday which are less busy days...Recently we bought a clocking in machine, this provides us with exact readings, so I will know what hours are done by Wednesdays."

(Small employer, Used easement but no longer do so)

- Increased use of a payroll agent to support payroll due to lack of IT and payroll skills.

"It's on-going support really...When the computer crashes, I call on her...she helps explain starters and leavers...I am using her on a monthly basis... It's reassurance really! Am I doing it right?"

(Micro employer, Never used the easement)

The employers that had made changes to their payroll generally felt positive about them. However, this does not mean they are always able to meet the 'on-or-before' reporting requirement of RTI. Despite adapting their payroll, barriers to timely submission still existed (e.g. they may need to seek advice about a change to the payroll, the payroll may need to be signed off or they may receive late timesheets, etc.).

“The MD has to sign off the payroll every month. He travels a lot and if he’s not here then we can’t complete the payroll.”

(Micro employer, Continuing to use easement)

“...it’s timesheets that are the problem. They’ve got better - the workers – but we still get very late timesheets...Yes, we could simply not pay people or just pay them a flat wage but then they get angry and come storming in to the office and demand we change their pay, so it is easier just to wait until they are all in [timesheets] and then we get it right, but late.”

(Micro employer, Continuing to use easement)

3.2. Overall views of RTI

Overall, employers in this research felt positive about the concept of RTI and generally considered it has improved their payroll processes. The main perceived benefits were:

- In many cases it has **tightened up their payroll** processes;
- The process for submitting is **quicker** which overall **saves time** spent on payroll administration;
- The calculations are done automatically which means **fewer errors** and submissions are more **accurate**;
- Employers feel **more organised** and **reassured** knowing that calculations are up to date and submitted directly to HMRC at the time of payment rather than after the end of the tax year.

The only drawbacks of RTI identified by employers in this study were:

- A need to rely on a payroll agent more (due to a lack of IT skills) which **has increased their agent use and also their costs**;
- **FPS submission timescales that can be difficult for some employers to meet** on a regular basis because of issues such as late timesheets or needing the payroll to be signed off by senior staff who may not always be available.

3.3. Awareness and understanding of the ‘on-or-before’ requirement

Although many employers in this research claimed they were aware of the ‘on-or-before’ reporting requirement when they migrated to RTI, **many were still confused by what the term really means for their business.**

Those aware of the correct definition of ‘on-or-before’ were made aware of the requirement after receiving **communications and notifications from HMRC, their software provider or their agent.** More proactive employers also attended training courses or watched online tutorials run by software providers.

Employers who remained confused by the definition, tended to think there has always been a **degree of flexibility** or ‘leeway’ built into the reporting requirement anyway, especially for smaller or micro businesses. They were also confused about how to **correct submissions** or what happens when payroll data goes missing. For these employers, they thought re-submissions were included in the leeway’ or flexibility of the FPS submission requirement.

In addition, some employers incorrectly believe the RTI system will not allow weekly submissions. This may also be due to some commercial software products only allowing monthly FPS submissions.

There were also a small number of employers in the research that were confusing the FPS submission dates with the date when payment is due to HMRC. In every case they were under the impression that if they delayed their FPS submission they could also delay their payments to HMRC, which helped them with their business cash flow.

4. Awareness and use of the on-or-before easement

4.1. Overall awareness and understanding of the easement

Overall **awareness of the previous and current easement was fairly low**. This was true across the sample and included employers that had never used the easement as well as those who were using it without realising they were doing so. In addition, there was **clear confusion** amongst some of the micro and small employers in the study about what the 'on-or-before' reporting requirement was. In a small number of instances, employers were confusing the reporting requirement with paying HMRC the taxes that were due.

In terms of the on-or-before requirement there were three types of employers across the sample:

- those who had always reported on-or-before;
- those who had now made the transition to on-or-before reporting; and
- those who are still not reporting on-or-before.

"I didn't know about the easement until yesterday when they [HMRC] sent a letter and said they would start charging penalties because I'm doing the submission late."
(Micro employer, Continuing to use the easement)

None of the employers in the research were aware of any of the permanent exceptions to on-or-before reporting.

4.2. Experiences of employers that have always reported on-or-before

Employers in the research who have always reported on-or-before generally had a good level of awareness and understanding of the 'on-or-before' requirement and chose to comply from the outset. There were a small number of employers that had always reported on-or-before but did not realise this was a requirement – their payroll processes and practices just happened to be in line with the requirement. Generally, however, employers that had never used the easement expressed a pro-active and 'can-do' attitude, believing it was easier to follow the requirement from the very beginning and that there was no reason not to be compliant.

"I'm of the mindset, do what has to be done!"
(Small employer, Never used the easement)

They tend to share the following experiences and attitudes.

- As employers they are organised and disciplined. They often use additional tools to ensure data is collected and saved offline, as well as online (e.g. use their own spreadsheets as a backup) or set their own reminders to complete FPS submissions. Some have also communicated the importance of employees being organised and disciplined in submitting timesheets on time.

"As well as [software package] I also have my own Excel Spreadsheet that I transfer it on to. I add on the subcontractors so I get the overall total. When I print off the monthly total that I have to pay the [HMRC] I actually have a double check to see that the figures on my Excel spreadsheet are the same."
(Micro employer, Never used the easement)

- They keep up to date with information about payroll processes from HMRC and their software provider (e.g. read newsletters, emails, check online notifications, attend seminars or courses);

"[Payroll software provider] has lots of hints and tips. Every time you kept logging in it came up. It asked you whether you wanted to learn more about RTI and you could go in and read about it."

(Micro employer, Never used the easement)

- They feel well supported by the payroll software they use. Many have advanced packages which gives access to a helpline and other supporting resources;

"I paid someone wrong, probably my incompetence! I realised I had paid someone wrong before I had sent down the FPS...So [Payroll software provider] talked me through what I had to do, I think I had to reinstate it through the back up... [Payroll software provider] they are a life line"

(Micro employer, Never used the easement)

- They find RTI a smoother and more efficient process when they do the submissions straight after running the payroll.

"It just fits in. When you've done it for the month, just send the documents over."

(Small employer, Never used the easement)

These employers also tended to have made adjustments to their payroll process in order to meet the requirements of RTI. Examples of the adjustments made are:

- Trained extra staff in payroll / RTI processes;
- Decided to switch payrolls from weekly to monthly to ease administration;
- Have set up their own reminders (e.g. in Outlook or on their mobile phone);
- Sent regular communications to employees to ensure they change habits (e.g. make prompter submission of sick notes, submit timesheets promptly).

Improvements to internal processes resulted in some cases of better in-house organisation and saving of staff time.

Two case studies of employers who have never used the easement

Case study 1: Micro employer, Double Glazing Fitters, Never used the easement

- Eight employees on the payroll which is run weekly. Also pays subcontractors separately
- Payroll varies when employees work additional hours, calculated after basic pay. Uses commercial payroll software
- Organised payroll processes – uses commercial payroll support and own Excel spreadsheet for backup
- Keeps well informed of changes to payroll processes (including OOB requirement) from reading HMRC communications and receiving alerts from commercial payroll software supplier
- Feels reassured by the commercial payroll software helpline, tips and step by step advice
- Consciously chose not to use easement because wanted to learn and implement the correct procedure from the beginning



"Eventually they were going to stop the easement so I thought I might as well start with the correct way at the beginning"

Case study 2: Small employer, Dental Practice, Never used the easement



- 11 employees on the payroll which is run monthly. Consistent payroll
- Recently business has been taken over by a larger organisation – therefore Agent now runs payroll and they provide staff hours monthly to them
- RTI has resulted in year end calculations being more accurate
- Always aware of OOB requirement – originally made aware by Basic Tools software
- Always submits OOB because likes to feel organised
- Chose to train another member of staff in the RTI process in case of staff sickness/leave

"I have trained someone else up to do it in case of emergencies...I let her do it for a few months and she found it easy"

4.3. Experiences of employers who had made the transition to on-or-before reporting

The employers that used the easement but had since made the transition to on-or-before reporting generally used the easement for a small number of FPS submissions while they re-organised their payroll process so that they could comply.

As with those employers that had always reported on-or-before, this group of employers also had a 'can do' approach to payroll, but generally needed some extra time to comply. For these employers they needed to make changes to the payroll system and where employees continued to send in late timesheets introduce a system to pay basic pay which was amended in the following payroll run⁵. In a couple of instances, employers were also taking the opportunity to ensure that at least one other person in the company was trained so that they could undertake a basic payroll run and submit the FPS.

As with the employers that had never used the easement, this group of employers considered that there was no reason not to comply; they just needed a little more time.

Two case studies of employers who have used the easement but no longer do so

Case study 3: Micro employer, Garden centre business, Used easement but no longer do so



- Three permanent staff and uses five seasonal staff, run weekly. Agent runs payroll
- Pre-RTI dealt with payroll manually because of poor internet connection in area. Didn't want to risk filing late so Agent now does their payroll
- Was informed by agent of the OOB rule and easement
- Agent advised to use easement at the start for three months to reduce workload (heavy administration burden from weekly submissions and sending data to agent)
- Employer schedules weekly telephone calls, sends regular emails and sms to communicate payroll data
- Negative impact on business due to higher costs of agent doing the weekly submission and issuing payslips
- Is looking to moving to a monthly payroll to ease administrative burden and reduce agent costs

"I recognised that I would have to get used to it and pull my finger out...so the workload would have been getting all the information ready earlier in the week than I would have previously done"

⁵ It is likely that employers such as these may not understand the permanent exceptions if it is impracticable for them to be able to report on-or-before because it is based on their work on the day in which case they can report those payments within seven days.

Case study 4: Micro employer, Furniture retailer, Used easement but no longer do so



- One payroll with five employees, run weekly. Uses commercial payroll software
- Made aware of OOB from HMRC and software provider communications. Found information informative and did not require further support
- Regularly submitted OOB but had to use the easement a couple of times when the Office Manager was off sick or on holiday. In these circumstances the book keeper ran the submissions but they were one day late
- Currently in the process of training another member of staff to prevent this happening in the future

"It was good the easement was in place because we had to use it... We're now training a colleague to do it. We can sort it out, it's not too much of a problem"

4.4. Experiences of employers continuing to use the easement

There were two types of employers in this research that continued to use the easement – those that were consciously using the easement and those that were using the easement but not realising they were doing so.

Employers in this research who **chose to use the easement** did so because they need the flexibility of a few days in order to comply and consider the easement to be vital to guarantee compliance with RTI. There were a number of challenges they faced in meeting the on-or-before reporting requirement. These were:

1) A lack of IT skill, payroll knowledge, or a need to seek advice about their payroll

Employers that were lacking in IT skills, had poor payroll skills or were not used to dealing with issues such as statutory maternity pay or statutory sick pay, or were unsure what to do when submissions fall on public holidays needed to seek advice before they could undertake their payroll. Employers mentioned that seeking advice from HMRC, their software provider or an agent was not always a quick process and required effort and time to resolve the issue or have their questions answered. Some reported HMRC not being able to resolve their issue efficiently because the advice was either too generic, or the problem resolution took too long. As a consequence of all these issues they were using the easement.

"The lady that does the payroll only comes in two days a week – she is really a general admin person – and I don't think we have really helped her very much in trying to get our payroll sorted out properly. As you can see we are a bit messy here and we need to sort ourselves out and work out exactly what we have to do with the new payroll system. We will get there in the end. It is just finding the time."

(Micro employer, Continuing to use the easement)

2) Regularly receive late timesheets from employers, or an employee works away from home

Some of the employers in the research said they had to leave the payroll open to make changes to the total amount of hours employees worked before they can do the payroll run, resulting in a delay to submissions. Others said that as they, or the person who signs off

the payroll work away from the office a lot of the time and it is difficult for them to run their payroll on a timely and regular basis.

"For us it's quite difficult because we've been paying some of our staff on an hourly basis. We're not getting the hours in until the RTI bit needs to be in...having to be on the day can be a little tricky."

(Micro employer, Continuing to use the easement)

3) Relying on one member of staff to run the payroll

There were employers in the research, particularly amongst the micro and very small employers where only one employee was able to run the payroll. When they were on leave or off sick this resulted in a delay to the FPS submission.

"If the easement wasn't in place that would cause a problem...we would have to train another one of my colleagues to do it [payroll]."

(Micro employer, Continuing to use the easement)

4) Confusion between the on-or-before requirement and payment dates

Amongst the employers in the research there were those that confused the deadlines for the FPS submission and the payments to be made to HMRC. As a consequence they believed that by delaying their FPS submission it would automatically mean they could delay their payment to HMRC, which gave them additional flexibility in managing their cash flow.

"It allows you to juggle payments...easy way of managing budget, the flexibility...makes cash flow easier."

(Micro employer, Continuing to use the easement)

5) Inadequate IT systems or poor internet connection

Some of the employers indicated that they use very basic IT systems (e.g. only one computer which is shared between employees or only one computer at home) and/or have regular problems with the reliability of their internet connection. In these situations, submissions can only be made when they gain access to the internet.

"There are some days when I know it has to be in but I just can't get online to send it."

(Micro employer, Continuing to use the easement)

The second group of employers in the research that were **continuing to use the easement were doing so without realising it**. They were generally unaware of the easement and simply assumed that there was some flexibility about when they submitted their FPS – and assumed there would continue to be so for the foreseeable future. This group of employers tended to dip-in and out of using the easement; when informed about the OOB requirement they were unsure about whether they would be able to comply with reporting on-or-before on a regular basis.

As employers, they tended to be very small employers with only one person undertaking the payroll, often as a very small component of their overall job. They tended to be fairly distant in terms of HMRC information and were only really confident in running a simple and consistent payroll – any changes tended to take them out of their comfort zone.

Two case studies of employers that continue to use the easement

Case study 5: Micro employer, Not for profit independent nursery, Continuing to use the easement



- Seven employees on the payroll, run monthly. Variable payroll - some employees on an annual salary and others on an hourly salary. Uses a commercial software provider
- Aware of OOB from beginning, was part of the pilot. Had support from software provider and HMRC
- Although only ever two days late, have used the easement because
 - a) Have to wait for timesheets to be submitted for those paid hourly
 - b) Problems with internet connection
 - c) The payroll administrator only works part time
- Perceives it is up to the business to change behaviours and put measures in place to meet OOB requirement
- Would like notifications from HMRC/on software to remind them to do the FPS submissions

"For us it's quite difficult because we've been paying some of our staff on an hourly basis. We're not getting the hours in until the RTI bit needs to be in...having to be on the day can be a little tricky"

Case study 6: Micro employer, Farm business, Continuing to use the easement



- One employee on the payroll, runs monthly. Uses Basic Tools
- Not aware of OOB requirement or they were using the easement
- Always submits a few days after the payroll due to lack of time and nomadic nature of work
- Recently received letter from HMRC re. no submission of data – issue with lost data and does not understand how to rectify
- Tried using the HMRC helpline but long queuing time
- Wants HMRC to provide a 'walk through support' on resolving the issue via e-mail, before penalties are given

"I work away from home, part of business involves a lot of travelling around"

5. Meeting the 'on-or-before' requirement

5.1. Intentions to meet the on-or-before requirement

Despite their limited awareness of the easement ending, when asked, most – but not all - employers in the study who are currently using the easement expect to comply with the requirement although they recognise that in some cases they will need to make changes to their attitudes, behaviours and business processes in order to meet the requirement. For most, this means a change of mind-set and to become more disciplined in their payroll processes, which they hope will be a long term benefit to payroll efficiency in their business.

"It wouldn't be a challenge. Cash flow is ok and I don't think that would raise a problem. It would mean that I would need to be more disciplined and put a reminder in Outlook."
(Micro employer, Continuing to use the easement)

However, there were some exceptions who did not understand the requirement and assumed that there would always be some leeway as to when they had to report. Others understood the requirement but were worried that they will not be able to comply or do not know how they can put changes in place in order to meet the on-or-before requirement. The three main concerns identified by this research are:

- an assumption that they will have to change when the payroll is run (e.g. moving from a weekly to a monthly payroll or no longer paying a week in advance);

"I can't see any way of doing this [meeting OOB requirement] without changing our payroll date. That is a big job so we will have to do that when we can find the time."
(Micro employer, Continuing to use easement)

- inefficient or out of date IT / payroll systems that they cannot afford to change;

"...we hardly make any profit and it is difficult to pay the staff at times so affording new software is really difficult. We use a very old computer and BPT (Basic PAYE Tools) doesn't work on it, so affording a new computer or new software is a bit out of our reach at the moment."
(Micro employer, Continuing to use easement)

- being able to provide cover for the payroll when there are unforeseen eventualities, sick leave or annual leave.

"There is only one person who does the payroll. Nobody else knows anything about it. So when she goes on holiday it all grinds to a halt. I don't know enough to do it so I don't know what we can do."
(Micro employer, Continuing to use easement)

A couple of employers said that they were not willing to adapt their payroll in order to meet the OOB requirement as this would disrupt their business.

“...I have no intention of meeting that [OOB requirement]. HMRC introduce these rules and for who’s benefit? Not for mine. So, if our business approach doesn’t fit with their rules, that’s just unfortunate. I’m not changing my business practices to suit HMRC.

(Micro employer, Continuing to use easement)

5.2. Awareness and understanding of the consequences of non-compliance

Overall, most employers in the research did not know what the consequences of late FPS submission were, although they suspected, given their experience of HMRC in the past, that there would be a fine if they submitted late.

Some of the employers had received a ‘late notification’ from HMRC and were aware that there was a penalty regime.

“If you’re late you’re late...and HMRC will fine you.”

(Micro employer, Used easement but no longer do so)

Employers that had never used the easement or had already transitioned to reporting on-or-before believe that there are very few genuine reasons for late submission and consider that penalties are needed to enforce the on-or-before rule. Nevertheless, employers generally believe that HMRC should provide a ‘leeway’ for those employers with mitigating circumstances, or those trying to resolve issues they may have with their payroll.

Those few employers who think they will not be able to comply were worried about the financial consequences of receiving penalties for their business. One employer, with a very low income, thought this may impact on their ability to take on employees.

“I might think I’m not going to risk that [penalties] and therefore not employ anyone anymore [and go back to being self-employed].”

(Micro employer, Used easement but no longer do so)

As Universal Credit becomes established it will be important that employers are compliant with the on-or-before reporting requirement as this may potentially affect an employee’s income from Universal Credit. In thinking about the consequences of non-compliance, none of the employers mentioned this. When raised as a potential issue of non-compliance there were mixed responses. Employers that were already compliant with the on-or-before rule were concerned about the effect of a late FPS submission. Those still using the easement fell into two groups – those that were unconcerned and those that indicated that they would strive to comply in order not to impact on their employees’ income.

“There needs to be more education so that employers know the importance of submitting on-or-before and that it is part of a bigger picture.”

(Micro employer, Continuing to use the easement)

6. Supporting employers to comply with the 'on-or-before' requirement

6.1. What can be learnt from employers who have always submitted 'on or before' or recently made the transition to doing so

A core enabler for those employers who have made the transition to submitting 'on or before' is their proactive and 'can-do' attitude, believing it was easier to follow the requirement from the very beginning. They tend to be organised (e.g. save payroll data offline as a backup, set themselves reminders and send regular communications to employees to ensure timesheets are submitted on time); keep up to date with information about payroll processes from HMRC and their software providers; and regularly use software payroll support or the HMRC support helpline.

These employers are also not afraid of making necessary changes to their payroll in order to make the submission process easier such as training extra staff in payroll/RTI processes and switching from weekly to monthly payrolls.

6.2. The needs of employers who currently use the easement and the support they require to make the transition

A core barrier preventing employers making the transition to submitting 'on or before' is a lack of understanding of:

- What the 'on-or-before' requirement means for their business in practice, with many thinking a degree of flexibility will always be built into the requirement; and
- What the requirement means for both weekly and monthly payrolls (i.e. the need to submit FPS submissions for both weekly and monthly payrolls, or change the frequency with which they pay employees).

These employers may benefit from increasing their knowledge, skills and understanding of:

- 1) how submitting 'on-or-before' may help make business processes more efficient;
- 2) what reporting 'on-or-before' means in practice;
- 3) the date when the easement will come to an end;
- 4) how specific types of payroll (e.g. weekly, monthly) relate to RTI practices;
- 5) how to make correct submissions, before warnings and penalties are issued;
- 6) the impact of non-compliance on both employers and employees (processes, warnings, penalty charges, effects on employee benefits);
- 7) the type of acknowledgment they will receive for a successful or unsuccessful FPS submission.

Employers requested the following forms of education from HMRC to increase their understanding and RTI skills:

- Case studies with hints and tips to raise the profile of how other employers have overcome challenges of submitting 'on-or-before'. This might include:
 - how to move to a monthly payroll if required;
 - moving the payroll date to a less busy day;
 - how to improve internet connections/IT systems;
 - how to ensure employees submit timesheets promptly;
 - the use of reminders/calendar notifications to themselves; and

- providing cover for absences.
- Tips and approaches to training other staff in understanding RTI and the importance of submitting 'on-or-before';

"It would be helpful to have HMRC support training our staff because staff need to see the importance of doing it on time and that it is a legal requirement. They are more likely to take notice from HMRC."

(Small employer, Never used the easement)

- Easily accessible information and particularly step by step instructions for when submissions include income deductions so that employers can check they have followed the correct procedure (e.g. sick pay or maternity/paternity pay);
- Procedures to follow in order to notify HMRC of any mitigating circumstances or reasons for why submissions cannot be made on time (e.g. staff sickness, IT errors); and
- Tips on how to re-submit an FPS and how to resolve a submission error, without penalties;

"Ideally, HMRC should have provided 'walk through support' on rectifying the issue via e-mail, rather than threatening fines."

(Micro employer, Continuing to use the easement)

- Reminders to ensure they submit on time. Some of the employers in the research suggested that reminders and notifications could be provided by their payroll software, or, as other employers in the research suggested setting up their own reminders via a mobile phone or Outlook reminder service. Employers also wondered whether HMRC might send email reminders:

"HMRC could send out email reminders just to say don't forget. I'm sure that could be automated....the other way is perhaps for HMRC to make software providers produce reminders so they are mandatory...an aide memoire wouldn't go amiss."

(Micro employer, Continuing to use the easement)

- Where employers have submission problems they would ideally like to be able to talk to HMRC. They suggested a range of ways: a dedicated FPS submission helpline; online chat, or an email system. Continuity of contact was deemed essential so that the problem does not have to be repeatedly explained.

"It would be lovely if I could phone up and have someone that knew what I was talking about and then I could get back to the same person."

(Small employer, Used easement but no longer do so)

7. Conclusion

Currently, there are four groups of employers that are using the on-or-before easement:

- employers that are knowingly using the easement but have yet to adjust their payroll practices, but intend to comply before the easement ends;
- employers that have misunderstood the easement and believe that the submission date and the payment date are the same;
- employers that are using the easement unwittingly and assume that there is – and will continue to be – flexibility over when they submit their FPS; and
- employers that delay their FPS submission in order to also delay payment of income tax and NICs, using this a cash flow mechanism.

For those employers that are already willing to comply with the on-or-before reporting requirement, there is a need for encouragement and information / guidance about how to bring their payroll processes and practices in line so that they can meet the requirement. Emphasising the organisational benefits of RTI and providing examples of how businesses have become complaint may encourage these employers to change their payroll practices in advance of the easement coming to an end. It is also likely that within this group of employers there are those for whom a permanent exception may apply but they are not aware of this, which should be brought to their attention.

It is also clear from the research that there are employers that have misunderstood the requirement, for whom further support is required, both in terms of helping them to understand the difference between FPS submission dates and payment dates and where relevant supporting them with guidance about how to bring their payroll practices in line with the on-or-before requirement.

Further information and guidance are also required by those employers that are unwittingly using the easement. Compliant employers indicated that there were few reasons not to comply and that ignorance was not a sufficient reason to be non-compliant. In their view updating payroll practices was not usually a difficult task – it simply required some revision of practices and fore-thought. There is, however, a need to continue to inform employers about the on-or-before requirement.

The research also identified a small group of employers that are aware of the on-or-before requirement but are deliberately non-compliant in the belief that they can then delay payment of income tax and NICs to HMRC. These employers are aware of their non-compliance but are currently using the easement as a way of managing their cash flow – and as none of these employers had received any penalty notices – intended to continue with their current practice. Becoming compliant requires their current behaviour to be challenged, some employers in this research who are complying with the reporting requirement suggested penalty notices could be a way forward.

Appendix – Research Materials

Methodological details

The research was qualitative in design, comprising 50 telephone interviews with micro and small employers that had been, or were continuing to be eligible for the easement.

The previous RTI main migration research asked a question about the use of the easement. Those agreeing to be re-contacted were telephoned and invited to participate in the research. As part of the screening process employers were asked whether they had used the easement in the past and / or continued to do so. The sample was designed to include employers that had: never used the easement; used the easement at one time but no longer do so; or continue to use the easement. The sample was also purposively selected on the basis of size and industry sector.

The interviews were carried out by qualitative researchers who have extensive experience and have been trained in the techniques of non-directive interviewing. Each interview was exploratory and interactive in form so that questioning could be responsive to the experiences and circumstances of the customer groups participating. The interviews were based on a topic guide (shown below) which listed the key themes and sub topics to be addressed and the specific issues for coverage within each. Using a topic guides helps to ensure systematic coverage of key points across interviews, but they are used flexibly to allow issues of relevance for individual respondents to be covered through detailed follow-up questioning.

All members of the research team took part in a briefing to ensure the interviewing approach was consistent across the interviews. All the interviews were digitally recorded.

Material collected through qualitative methods is invariably rich but unstructured. The primary aim of any analytical method is to provide a means of exploring coherence and structure within a cumbersome data set whilst retaining a hold on the original accounts and observations from which it is derived. The analysis of the in-depth interviews was undertaken using qualitative content analysis.

Discussion Guide

Summary of overall objectives:

The overarching objectives of this research are to:

- Provide insight into micro and small employers experience of transitioning to RTI; any challenges they faced and how they dealt with them; and their use of the easement

This will include exploring:

- The experiences of eligible employers reporting in real time that did not use the easement and whether there are any lessons learned about a successful transition;
- The experiences of employers that used the easement and have successfully transitioned to RTI, the challenges they encountered and how these were overcome;
- The experiences of employers currently using the easement and their plans for future transition;
- Knowledge and understanding that the easement will come to an end and their support and guidance needs to enable a successful transition.

1) Introduction – 3 minutes

- Thank you for agreeing to take part in this research looking at employers' experiences of RTI (Real Time Information)
- About TNS-BMRB – independent research agency
- Confidentiality / anonymity
- Following MRS guidelines
- Agreement to record the interview
- Length of interview: up to 45 minutes

- Organisation (size and sector)
 - CHECK whether a branch within a larger business
- Role in organisation
- Use of external support (such as a tax agent, bookkeeper, payroll bureau)
 - What do they use them for
 - What is their role in relation to payroll

2) About the business and the payroll - 15 mins

- About their payroll
 - How many payrolls do they have
 - How often do they pay employees
 - How often do they run their payroll(s)
 - Explore why there may be a difference between paying employees and running payroll
 - If, for example the business is paying employees weekly and running the payroll monthly, what are the reasons they do not run the payroll weekly
 - What would be the implications of running the payroll more frequently

- IF NOT CONTRACTED OUT TO AN EXTERNAL SUPPLIER, what payroll software does the business use
- How consistent is their payroll from payday to payday
 - i.e. do they pay the same people the same amount each time or does it vary
- Who runs the payroll
 - How many people are involved; what do they do
- If you were to rate yourself on your knowledge of payroll on a scale of 1 to 10, how would you rate yourself – 10 being very knowledgeable?
 - Why do you say that? (NOTE to researcher: This question is trying get at whether they are a 'rote' or a 'sophisticated' payroll processor)
- Does the payroll have to be signed off by someone else;
 - Who
 - Does this introduce delays

3) Transition to RTI - 20 minutes

- Since moving to RTI have they changed their payroll processes in any way?
 - Examples might be:
 - moved from paper to software payroll
 - changed their software (what did they use?)
 - changed frequency of payroll
 - different member of staff undertaking the payroll; why
 - started to use external help (e.g. bookkeeper, payroll bureau)
 - When they migrated to RTI were they aware of the requirement to submit their return (FPS - Full Payment Submission) to HMRC on-or-before they paid their employees
 - Did they take this into account when migrating their payroll to RTI
 - Why / why not
 - Did they discuss / take advice from anyone about their payroll moving to RTI
 - What did they discuss; was 'on-or-before' discussed
 - What advice were they given

A) FOR BUSINESSES THAT DID NOT USE THE EASEMENT

NOTE: We have excluded employers that were not aware of the easement

- Under RTI there is a requirement for employers to submit their return (FPS - Full Payment Submission) to HMRC on-or-before they paid their employees but HMRC introduced an 'easement' or relaxation that allowed them to submit their return by the end of the tax month in which payments are made
 - *CHECK that they did not use the easement*
 - *CHECK whether they registered for the easement but did not use it*
 - Reasons for not using the easement
 - Did they change any of their payroll processes to accommodate 'on-or-before'
 - What did they change; why
 - Were there any challenges they faced in meeting the 'on-or-before' requirement
 - What were the challenges (in detail)
 - How did they manage these challenges
 - Did they take advice; from whom; how useful
 - E.g. agent, HMRC, etc.
 - Did they read any guidance; what; from where; how useful
- How easy or difficult is it for their business to continue to meet the 'on-or-before' requirement
 - Are there any (continuing) difficulties
 - What are they

- How do they manage them

B) FOR BUSINESSES THAT USED THE EASEMENT BUT NO LONGER DO SO

- Under RTI there is a requirement for employers to submit their return (FPS - Full Payment Submission) to HMRC on-or-before they paid their employees but HMRC introduced an 'easement' or relaxation that allowed them to submit their return by the end of the tax month in which payments are made
 - *CHECK that they did used the easement but no longer do so*
 - For how long did they use the easement
 - Reasons for using the easement
 - Did they stop using the easement before they were required to do so; why was this
 - Did they change any of their payroll processes to accommodate 'on-or-before'
 - What did they change; why
 - Role of external help in this; whom; what
 - Were there any challenges they faced in meeting the 'on-or-before' requirement once they stopped using the easement
 - What were the challenges (in detail)
 - How did they manage these challenges
 - Did they take advice; from whom; how useful
 - Did they read any guidance; what; from where; how useful
- How easy or difficult is it for their business to continue to meet the 'on-or-before' requirement
 - Are there any (continuing) difficulties
 - What are they
 - How do they manage them

C) FOR BUSINESSES THAT ARE CONTINUING TO USE THE EASEMENT

- *CHECK: Are they submitting their return to HMRC 'on-or-before' or are they continuing to use the easement*
- What are the reasons for using the 'on-or-before' easement
 - CHECK whether it is to do with some aspect of their business; their business practices, payroll being contracted out to an external supplier, or the fact that the easement is available
- Are they aware that the easement will come to an end
 - Do they know when
 - How they became aware
 - *Remind them the easement will come to an end in April 2016 if not recalled*
- Are they intending to comply with the 'on-or-before' submission requirement before the April 2016 deadline
 - When do they think they will do this; before or on the deadline
- Do they have a plan as to how to move to 'on-or-before' reporting
 - What is their plan
 - How has this been formed; have they obtained help guidance from anyone; from whom / where
 - Will they have to change any of their business practices; what
 - E.g. more staff; faster sign-off of payroll, etc.
 - What are the likely difficulties with this
- IF THEY HAVE AN AGENT / PAYROLL BUREAU ETC., have they discussed this with them
 - Outcome of their discussions
 - Are there any contractual / cost issues that hinder 'on-or-before' reporting
- What would enable them to move to 'on-or-before' reporting

- What could HMRC do to help you
- When the easement comes to an end, business that are not compliant are likely to face a default penalty
 - Are they aware of this
 - Does this have any effect on their thoughts / plans to move to 'on-or-before' submission; why / why not

4) Impact of non-compliance with 'on-or-before' submission (5 mins)

- What do businesses think are the likely consequences of not reporting their payroll 'on-or-before' paying their employees
 - SPONTANEOUS
 - Are they aware that employees receiving Universal Credit may receive an incorrect amount if employers are not submitting on time
 - FOR THOSE CONTINUING TO USE THE EASEMENT: does this have any effect on their thoughts / plans about meeting the 'on-or-before' requirement

5) Thank and Close (2 mins)

- Anything else they would like to add
- Thank and Close