

The Real Time Information Pilot

1. Introduction

The introduction of Real Time Information (RTI) has generated significant public interest and the journey from inception to implementation has been carefully managed by HM Revenue & Customs (HMRC), including focused engagement with all interested external stakeholders. The year long pilot that ran from April 2012, was a crucial stage in the preparation for RTI.

RTI will help to improve the operation of the Pay As You Earn (PAYE) system by creating more up-to-date taxpayer records and making it more efficient for employers and HMRC to administer. The fundamentals of PAYE have stayed the same, but employers and pension providers are now required to send PAYE information to HMRC each time they pay their employees, rather than after the end of the tax year. Over time, RTI will mean more people paying the right amount of tax and National Insurance timeously.

HMRC are also working closely with DWP to support the development and delivery of Universal Credit. Universal Credit will be calculated monthly using the information supplied by RTI. This means that payments of Universal Credit benefit will be closely linked with earnings information, leading to a more reactive benefit payment system. The two Departments are also working together to tackle error and fraud in the welfare system.

The RTI pilot started in April 2012 with a small group of volunteer employers and increased in three stages up to March 2013 by which time over 6 million individual records were being reported in real time. This enabled HMRC to fully test the RTI process, prior to full roll out, by identifying and resolving problems, and anticipating risks and issues. Overall, the pilot boosted confidence that the process worked well and provided evidence that it would reduce administration burdens for employers.

This report summarises the findings from the pilot by explaining the background and summarising the tangible benefits that crystallised as the pilot progressed. We are publishing the report to share experience, and lessons learned, more widely than through the formal programme documentation.

2. Background

2.1. Background

The business processes behind PAYE had remained largely unchanged since its introduction during the Second World War. The PAYE system required modernisation to keep pace with the changing employment landscape. For example, employees tend to change jobs more frequently than ever before and are more likely to have concurrent employments or pensions. When PAYE was introduced almost

70 years ago, most people held just one job for most of their life and annual employer returns, on paper, were sufficient to keep the system up to date.

2.2. PAYE history

- PAYE began in 1944 with employers and pension providers collecting tax, NI and other deductions from payments made to employees and pensioners.
- Each employer who is required to operate PAYE runs a PAYE scheme, with some using more than one scheme.
- There are around 1.9 million PAYE schemes, costing HMRC some £1.2 billion a year and employers a further £696 million a year to run.
- Due to its scale, PAYE is a highly efficient revenue collection method, with £1 of income tax costing 0.01p to collect.
- Most employees and pensioners within PAYE pay the tax they owe without having to complete a tax return, saving considerable expense for themselves and HMRC.
- The introduction of the National Insurance and PAYE Service (NPS) in 2009 improved PAYE accuracy and the reconciliation process for individuals.
- Annual reconciliation of individuals' tax accounts has always been a feature of the PAYE system and there have always been under and overpayments identified by that process. PAYE has generally worked best for people with one stable employment. PAYE collects the right amount of tax and other deductions, in year, for around 85% of the payroll population.

2.3. Reasons for change

- Employees can end up paying too much or too little tax, if they have more than one employment or pension, or, if their employment or circumstances change.
- Changes in job patterns meant that an increasing number of individuals were paying the wrong tax in-year, which either required them to contact HMRC to correct their position or wait for the next tax year to adjust their payments.
- Employers often issued a form P45, showing an individual's pay and tax one, or sometimes two, payday(s) after an individual has left. This delay could lead to the wrong tax being paid in the next employment.
- Employers submitted annual returns to HMRC, so PAYE details could only be checked and corrected in the next tax year, at the earliest, by which time a correction might also be needed for previous, current or subsequent tax years. RTI will allow greater flexibility in the reconciliation process for individuals.

2.4. RTI aims

- To modernise the way employers and pension providers report PAYE, NICs, Student Loan repayments and Statutory Payments information to HMRC. Under traditional PAYE this data was sent after the end of each tax year. Under RTI data will be submitted in 'real time' (i.e. either on or before the payment to the employee is made).
- To be a foundation which will, over time, make PAYE more accurate for individuals, reducing the number and value of bills and repayments sent after the end of the tax year.
- To make the PAYE process simpler and less burdensome for employers and HMRC, for example, by removing the need for the end of year returns (P35 and P14) and simplifying the employee starting and leaving processes.
- To improve the operation and collection of PAYE involving the process of accounting for PAYE income tax, Class 1 NICs, Student Loan repayments,

Statutory Payments made, recovery of Statutory Payments and NICs compensation on Statutory Payments.

- To reduce Tax Credit error and fraud, by providing up to date information about claimants' employment income.
- To support the phased introduction of Universal Credit.

3. The Pilot Plans

3.1. Consultation Process

At the June 2010 Budget, the Government announced a consultation on improving the operation of PAYE with the aim of developing a 21st century system to meet everyone's needs. HMRC carried out an extensive consultation exercise in two phases during 2010 with the second ending in February 2011. 187 formal responses to the second consultation document were received. Respondents included individual software developers, payroll bureaux and employers, together with various representative bodies. A number of people also responded in an individual capacity. During the course of this consultation, HMRC also participated in almost fifty meetings with key stakeholders and professional bodies.

3.2. Revised RTI Plans

Following careful consideration of views expressed during consultation, HMRC announced changes to the consultation document proposals for piloting and implementing RTI. HMRC also announced that the existing HMRC filing channels - internet, via the Government Gateway and EDI (Electronic Data Interchange) - would be used initially to submit RTI data¹. These changes responded to the views of those who participated in the consultation. They reduced risk and helped to ensure that RTI could be delivered on time to meet the dependency that the Universal Credit programme had for all employers to be reporting PAYE information in real time by October 2013.

3.3. Initial Pilot Plans

HMRC originally envisaged a six month pilot, from April 2012, followed by the compulsory migration of employers to the new system from October 2012. In response to the consultation HMRC announced in April 2011 a 12 month software developer led RTI pilot. HMRC asked developers to identify volunteer employers to take part. From the volunteers put forward HMRC identified 300 employers and pension providers who provided a representative sample across business sectors and sizes. The pilot was planned to begin in April 2012, with the intention of moving more employers on to RTI on a voluntary basis later in the year if the first six months was successful. This would ensure that, as far as practicable, the service was thoroughly tested and that issues were resolved before April 2013.

3.4. The Expanding Pilot

As confidence grew, based on positive feedback from pilot participants, HMRC decided to expand the number of pilot PAYE schemes and invite more software developers to join the pilot or to pilot additional products. HMRC worked closely with payroll developers to identify further volunteers, so that a maximum of 1300

¹ The consultation document had proposed a new electronic channel, using the Bacs infrastructure, which would replace the EDI channel

additional schemes could join the pilot in July 2012. HMRC put in place capacity for further expansion from November to enable up to 250,000 schemes to join the pilot by March 2013.

The expansion of the pilot was intended to test RTI guidance, make sure it was a smooth process for the employer and support DWP's pathfinder pilots by significantly increasing the volume of individuals' records available to DWP from April 2013.

The pilot as a whole involved a mix of employer scheme sizes, sectors, software users and those with or without agents, to thoroughly test virtually all aspects of the new process between November 2012 and March 2013.

3.5. Impact on HMRC

The original plans and costs were based on a very small scale pilot and HMRC quickly ramped up its programme to cope with the additional requirements of extending the pilot to a full year covering an increased number and variety of employers. This impacted on internal resources, communications, pilot support facilities, IT capacity and controlled go live (CGL) incident management. Inevitably, this increased the costs with the changes in design and the scale of the pilot exercise.

HMRC recognises that not all stakeholders agree the HMRC estimate of the admin burden savings resulting from the introduction of RTI. However, by expanding the pilot, HMRC gained insight into how in year PAYE was being operated by employers, and their agents, that it lacked before. This identified that reporting in real time was not practical in certain circumstances and some small or micro businesses might incur additional costs and need longer to adapt. HMRC responded accordingly by making some permanent specific easements and a temporary arrangement that allows small employers more time to adapt to "on or before" reporting during the 2013/14 transitional year.

HMRC consider that the expansion of the pilot was a sound decision as it allowed more comprehensive coverage, fuller consultation and focused resolution of the issues that emerged. The findings enabled HMRC to better prepare employers for the national roll out from April 2013. Overall, the earlier resolution of issues flushed out and fixed, or mitigated, during the controlled pilot ramp up alleviated the later costs that both HMRC and employers would have faced.

4. Pilot Stages

4.1. Controlled Go Live

Controlled Go Live commenced in April 2012 with 10 employer schemes, covering over 100,000 employees. This proved that the technology worked and confirmed a number of underpinning assumptions on data quality.

4.2. Pilot stage 1

The Pilot expanded during May and June, with 338 employer schemes filing over 1.7m individuals' PAYE records. The PAYE schemes that joined during this stage were selected to be a representative sample of the employer population covering a

range of employer and pension provider sizes and a range of business and non business sectors.

4.3. Pilot stage 2

The next stage of the migration pilot started as planned on 2nd July and HMRC met the target of 1,300 employer schemes submitting by the end of the summer period. Data quality remained high across both stages of the pilot and 99.8% of records submitted matched automatically to an individual's account on NPS for stage 2 with an overall rate of 99.5% across stages 1 & 2. By the end of October there were over 1,800 PAYE schemes, covering 1.97 million individual records, successfully reporting their PAYE information in real time.

4.4. Pilot stage 3

Stage 3 of the pilot started in November opening the way for more employers and pension providers to join RTI with capacity for up to 250,000 PAYE schemes and over 6 million individuals. External confidence continued to grow with more software developers and large payroll bureaux asking to come on board or extend their existing involvement. This stage of the pilot was used to test RTI guidance as new pilot participants were not given the same level of "hand holding" as stage 1 and 2 employers and were asked to "self serve" from a dedicated RTI area of the HMRC website.

The final number of schemes covered by the pilot was impacted by employers who declined their invitation to take part for a variety of reasons. HMRC also originally forecast that most new PAYE schemes would join RTI immediately from November 2012, but many of the employers involved decided to opt out of joining the pilot. The decision often depended on whether their chosen software provider or agent was taking part in the pilot. A large proportion of newly registered schemes relate to existing businesses operating more than one scheme where the option was effectively pre determined by existing arrangements. Some new schemes were also set up well in advance of employee recruitment.

During this stage, HMRC were also able to test the initial implementation of its new PAYE accounting system, the Enterprise Tax Management Platform and support for employer on-boarding.

In total, the pilot covered 66,240 employer schemes and 6,711,261 employments:

Size of employer scheme	Number of schemes	Number of employments
5,000 employees and greater	283 (<1%)	4,441,093 (66%)
250 to 4,999 employees	1,306 (2%)	1,490,200 (22%)
50 to 249 employees	3,656 (6%)	376,327 (6%)
10 to 49 employees	12,672 (19%)	275,365 (4%)
0 to 9 employees	48,323 (73%)	128,276 (2%)

Any potential capacity issues were safeguarded by phasing in the migration of the very largest schemes (over 5,000 employees) over the pilot and the period from June to September 13, avoiding the end of year processing peak for HMRC. This was achieved via one to one discussions and agreements with the employers involved.

4.5. Pilot Support

The HMRC RTI website was updated throughout the pilot to improve guidance in response to customer feedback.

A number of other measures were also put in place to support the RTI pilot migration process, improve data quality and prepare the ground for the main roll out:

- The RTI Customer Advice Team – a dedicated team of special trained contact centre advisors provided Stage 1 and 2 pilot employers and pension providers and software developers with a dedicated advice and information source.
- HMRC also trained up contingency staff on the Employer Help Line, Online Services Helpdesk and National Insurance Help Line.
- Targeted Employer Support visits initially focussed on employers with data quality concerns who planned to participate in the pilot. The visits were also rolled out to cover the 1000 PAYE schemes (which include large employers and pension providers) identified as having the greatest issues affecting their data quality. Error rates relating to data quality have shown a significant and sustained decline following visits.
- Targeted Industry Support (TIS) engaged with industry bodies by using existing links to businesses to distribute messages and materials. The TIS visits focused on key organisations in the pensions and other industries. This secured wide agreement to include key data quality messages in their publications and on their websites. HMRC also delivered data quality specific presentations at numerous industry events.
- Data Quality Communications and Guidance developed new ways to deliver the data quality messages to employers and other interested parties. For example, a YouTube clip was used, as well as Webinar (seminars delivered over the internet rather than face-to-face) presentations, supported by a media release. A Twitter RTI Q&A session resulted in almost 2,000 links to the HMRC webinar.
- Customer insight work, involving an analysis of the employer customer journey, which highlighted the key steps for customers at each stage of RTI as well as the interactions between employers, HMRC and their employees. The findings from this work were used to help the RTI Programme, HMRC and customers prepare for change.
- External agencies carried out independent research and surveys on behalf of HMRC. This enabled HMRC to monitor both employer awareness and preparation, in order to mitigate the risks associated with RTI migration.
- HMRC worked closely with industry representative bodies and software developers to ensure that they were adequately equipped to support their members or customers. All stakeholders collaborated and used their own communications channels to help get the key messages across. The work with software developers helped to ensure that their products support the standard of data needed by HMRC.

4.6. Supporting software developers

HMRC introduced the new PAYE Recognition Scheme from April 2012, replacing the previous recognition and accreditation schemes, to promote the use of commercial payroll software products. The Software Developers Support Team within HMRC worked with an ever widening range of developers, testing their software and helping them to resolve issues that might cause problems for employers and for HMRC. Software products that gained PAYE Recognition are displayed on the PAYE Recognition list on the HMRC website together with information about the other payroll options that are available.

During the pilot, HMRC also used Targeted Software Developer Support to schedule visits to software developers to explore ways that the developers could enhance their software products to improve data quality. This enabled software developers to incorporate known data quality guidance in their products. This material was also used in RTI Customer User Group events to promote data quality.

4.7. Simulation of live running

HMRC carefully balanced the transition of the pilot exercise from a proactive hand holding approach for stage 1 and 2 participants to a more reactive approach when difficulties were reported by stage 3 pilot volunteers. This strategy was adopted after HMRC completed interviews with the first 320 pilot employers both prior to their migration and after their first RTI submissions. Employers reported that they found administering RTI easy and that migration had gone smoothly for most. The findings also suggested that the time spent each pay-day was no greater than pre-RTI and the majority of employers also felt that they had received sufficient support.

The hands off approach during stage 3 allowed HMRC to simulate live running. This enabled HMRC to understand what employers needed in terms of further guidance. The support material available via the Internet was enhanced and key messages were shared with the employer and the software developer communities on a regular basis.

Another aim of the pilot was to identify any issues with HMRC systems and processes before the main migration. HMRC set up an Issues Resolution Forum (IRF) to analyse key issues and identify resolutions. This is an ongoing process and the RTI Programme is continuing to work closely with all stakeholders to ensure issues are resolved and communications are updated.

5. Lessons Learned

5.1. Strategic lessons

The key strategic lessons noted from the pilot are:

- A pilot is an excellent way of introducing large scale change, with slowly increased and controlled ramp up based on detailed implementation plans and key milestones. Weekly monitoring of go-live criteria also provides assurance that critical achievements during go live are being made.
- Thorough consultation is indispensable. The RTI Customer User Group has been invaluable in addressing issues, providing feedback, gaining trust, cooperation and assistance.
- The staged approach proved that a controlled go-live works. It allows pre planned checks to take place, analysis of live running to take place at a greater level of granularity and issues to be addressed in a controlled manner. Early engagement with internal and external service providers is essential with an agreed process for escalation and problem management.
- Ongoing incident management has a vital role to play not just in terms of issue resolution but also in improving customer service, engagement with business areas and preparing for the next stage of roll out.
- Management Information requirements must be agreed in advance and reporting arrangements should be clear and structured. In the early periods of testing, there is an intense thirst for knowledge to support the understanding of whether or not things are going well.

- A close, positive, working relationship with software developers pays dividends, because it helps resolve issues and feeds productive improvements to system design.
- Regular feedback to and from the employer and wider stakeholder community is essential. This revealed that different users need different types of guidance in addition to online guidance.
- Key messages delivered at the right time to HMRC operational staff have a vital role to play in managing expectations, rumour, and getting things done quickly.

5.2. Key Issues

The pilot enabled HMRC to learn lessons in a controlled way with a relatively small segment of the employer population, and put in place measures to address emerging issues, prior to full roll-out. Here are some of the key issues identified during the pilot:

5.2.1. Duplicate employments

The RTI pilot identified a number of situations where erroneous duplicate employment records were created by HMRC's systems. The majority of the duplicate records were created as a result of payroll software glitches. Most of the remainder were created by employers changing payroll IDs without indicating, as is required under the RTI guidance, that they had made this change. Each mistake automatically created a new employment.

Erroneous duplicate records increase the amount that HMRC's systems expect the employer to pay ("the employer charge") as they double count deductions from employees' wages and salaries. Duplicate records can also lead to the issue of incorrect tax codes and tax reconciliation calculations. To reduce the incidence of duplicate employment records, additional functionality was implemented in April 2013 which improved data matching. HMRC also undertook further engagement with the software industry to highlight the issue and strengthened the RTI guidance for employers and software developers.

5.2.2. The Employer Payment Summary (EPS)

During the pilot a number of separate issues were identified which have led to HMRC expecting, and pursuing, higher payments from employers than were actually due. Initial results of debt management activity showed that a significant number of the apparent underpayments had arisen from employers not submitting an EPS within the necessary timeframe, or not showing the year to date figures to reduce their payments, for example to recover statutory payments. The EPS is not a mandatory submission for RTI, but the published guidance explains that employers should send an EPS when they want to reduce their employer charge, for example by claiming statutory payment compensation. HMRC systems will expect a payment in line with the full amount of deductions reported on their Full Payment Submissions (FPS) for the tax month, or will pursue an outstanding FPS, in the absence of an EPS. This is resource intensive and, to avoid unnecessary customer contact, HMRC increased the communications to employers around the use of the EPS. This is a cultural change for many because the traditional PAYE process could not check the amounts paid by employers during the tax year.

The issue is ongoing as there is a risk that, when automatic late payment penalties are implemented from April 2014, HMRC's systems will create penalisable payment

defaults in the absence of an EPS reporting adjustments to the employer's liability. HMRC are monitoring how to support the employer community further to ensure EPS are filed promptly where necessary.

5.2.3. Out of Sync Payments

The pilot revealed that some employers were operating payroll out of sync with the correct tax period, e.g. calculating deductions using the payroll date rather than pay date. Guidance was issued to explain what employers need to do when aligning their payroll dates for RTI. This should result in the correct amount of PAYE being paid to HMRC at the right time.

5.2.4. P45 and Starter Statement

One key issue for employers concerned the P45 form given to departing employees. The longer term vision is that employers will no longer have to give a P45 paper form to their leavers. The leaving details are notified to HMRC in the regular RTI submission and HMRC envisage that longer term it should be possible for HMRC to issue starter details to the new employer from the RTI system. As a transitional step HMRC proposed that employers could give departing employees details of their total pay and deductions, in the tax year, in free format. For example the final payslip might suffice if it contained all the required information. The employer community told HMRC it would be easier to keep the current P45 format until the longer term vision can be implemented, as it would be less confusing for payroll staff. HMRC therefore agreed to retain it for communication between the old and new employers. P45s will no longer be submitted to HMRC, but the form will be used by employers to gather and exchange information when employees leave a job. The resulting guidance tested by pilot employers revealed shortcomings where employees with multiple jobs handed on a P45 from their main job; the process could result in the wrong tax code at their new main job. This shortcoming was corrected prior to full roll out.

5.2.5. Basic PAYE Tools (BPT)

HMRC aimed to save costs by building on the existing BPT product, to provide micro employers with a free product for RTI reporting. BPT is a basic product suitable for some small employers with simple payrolls and it is not intended to be a full payroll software package. It is designed for employers with 9 or fewer employees to deal with simple payroll processes. Some new BPT users found the product less intuitive than commercial software and the pilot has been used to improve the guidance around BPT use, whilst developing further enhancements to improve its performance.

5.3. Key Actions

5.3.1. Communications and Guidance

HMRC research shows that RTI awareness increased as a result of action taken during the pilot with the vast majority of employers and virtually all tax agents aware of RTI before April 2013. Independent research showed that communications to smaller businesses are most effective when provided close to the time when they need to take action. This is the reason why HMRC stepped up communications activity in the last 6 months of the pilot, with a particular focus on smaller employers.

In addition to the letters HMRC sent in October 2012 and February 2013, before the launch of the RTI national advertising campaign on 11th March, HMRC regularly

released information about the pilot to the national, trade, regional and online media to help increase, or maintain, general awareness of RTI and the action employers needed to take.

48% of employers use an agent for some or all of their payroll tasks, and 46% use commercial payroll software. A key plank of the HMRC awareness campaign throughout the pilot was therefore to disseminate key messages through software developers, payroll agents and accounting representative bodies.

5.3.2. Data quality

As part of the RTI Programme, HMRC committed to improving the quality of PAYE data in preparation for a successful implementation. A dedicated Data Improvement Project (DIP) was set up and identified that the key issue for RTI would be the ability of HMRC's systems to automatically match RTI data to the correct individual's National Insurance Number (NINo) record. Root cause analysis identified that there are 5 pieces of identity information, needed from employers, which are key to successful matching. The DIP project worked collaboratively with employers, pension providers, industry bodies and software developers to identify practical ways to improve employers' data quality and deliver key messages. The feedback was positive and as a result HMRC improved its guidance to help all employers avoid common data errors and to help ensure improvements are sustained. As a result, HMRC has found that the employer RTI data has been of a high quality and exceeded expectations, with a very high percentage of employee records matching automatically to a valid NINo.

The pilot also revealed that some employers had slipped into practices that, although hidden by the annual return cycle, were brought to light by real time reporting and needed to be corrected. Guidance was reinforced accordingly; for example 'out of sync payments'.

5.3.3. Developing Models

Contact Centres played a vital role in handling significant volumes of calls during particular points of the pilot. HMRC were able to build a model based on the numbers of calls received during the pilot to plan for the main migration of employers to RTI. Initially, the RTI Customer Advice Team was set up to specifically support those taking part in the pilot. As more employers were encouraged to join RTI and communications were ramped up, the Employer Helpline and Online Services Helpdesk started to deal with RTI-related calls and dedicated resources were set aside to meet the high demands. During this time HMRC recognised that sufficiently trained resources were not always available at peak times to answer specific RTI queries. Additional staff were trained and Contact Centre guidance was updated to cover a wider range of possible employer queries.

HMRC's Debt Management and Banking (DMB) have also played a critical role during the pilot in solving many of the issues that would have impacted on the wider roll out. DMB were able to test the new accounting system required to monitor PAYE charges. HMRC rely on the ability of DMB to collect the right amount of tax at the right time. Receiving PAYE data in real time is a significant change, which gives DMB in year information about how much employers owe for the first time. During the pilot DMB also looked into debts arising from incorrect RTI returns and how this could be avoided. The team involved helped to educate employers and improve guidance and training for the rest of the HMRC. HMRC recognises that the transition to in year reconciliation of employer charges is ongoing. This is being monitored closely to

improve the interaction HMRC has with employers, and to update guidance when required.

6. Key Stakeholders

6.1. Department for Work and Pensions (DWP)

DWP and HMRC officials worked closely together on the requirements and delivery of RTI and its support for Universal Credit. The IT to send information to DWP was put in place in October 2012, six months earlier than needed. This allowed both Departments to test the system and iron out any issues, before the Universal Credit Pathfinder started in April 2013. Universal Credit calculations rely on RTI data from HMRC and this will be used to regularly recalculate the credit for the individual claimant. Receiving data close to the point the claimant is paid enables DWP to create a synchronicity between the Universal Credit paid and the salary earned by the individual. The Universal Credit will change to reflect the earnings the individual gets in that time period and thereby delivers on the policy aim of ensuring claimants are always better off in work. A time lag between the individual getting paid and the information reported to HMRC and DWP could result in inappropriate amount of Universal Credit being paid to the individual and potentially cause hardship or overpayments of Universal Credit.

6.2. Customer User Group (CUG)

The CUG forum ensured, through regular meetings, that the RTI consultation process continued throughout the pilot and that RTI issues identified by the representatives were addressed quickly. HMRC found the forum extremely helpful when considering divergent views. The discussions about the 'on or before' reporting requirement are an example of how CUG helped to influence the implementation of RTI and contributed to the agreement of the temporary relaxation for smaller businesses.

The CUG members included:

- Employers of various sizes and complexity
- Payroll Professionals - representing payroll bureaux
- LITRG - Low Income Tax Reform Group
- ICAEW - Institute of Chartered Accountants England & Wales
- CIOT - Chartered Institute of Taxation
- BASS providers - Bacs Approved Solution Suppliers
- BPSL - Bacs Payment Scheme Ltd
- BCS - The Chartered Institute for IT
- CIPP - Chartered Institute of Payroll Professionals
- TDSF - HMRC's Tax Payer Data Standard Forum
- IReeN - Electronic Exchange Network
- BASDA - Business Application Software Developers Association
- ACCA - Association of Chartered Certified Accountants

6.3. Software Developers

At the Collaborative Assembly of Software Developers and HMRC (CASH) meeting in March 2013, one of the developers praised the "incredible" amount of help with RTI that had been provided by the Software Developers Support Team (SDST) and said how appreciated this was by the developer community. It was also noted that

for the first time ever the latest SDST customer satisfaction survey completed by the software developers in July 2012 revealed satisfaction levels of 100%, with the year to date levels running at over 97%.

6.4. Pilot Employers

HMRC commissioned independent research throughout the pilot, involving online, telephone and face to face surveys or research. The findings from each stage of the pilot were consistent. Overall, the pilot employers reported a positive experience with 97% expressing confidence about dealing with PAYE in real time and 86% reporting that they found RTI easy. Whilst 76% felt the administrative burden of dealing with PAYE had stayed the same, two thirds of the employers expected the burden to decrease in future when taking into account the fact that they would no longer have to complete Annual Returns (forms P35 and P14).

7. Pilot closure

By 5th April 2013, there were over 6.5 million records being reported in real time by more than 65,000 PAYE Schemes. This represented around 1 in 8 of all individual PAYE records.

HMRC originally planned for capacity of up to 250,000 PAYE schemes during the second half of 2012/13. However, following discussions with DWP, HMRC subsequently decided to focus the final months of the pilot on bringing on board the largest PAYE schemes to maximise the number of individual records being reported in real time and support the Universal Credit Pathfinder which began in April 2013.

The pilot allowed HMRC to thoroughly test in live running the vast majority of the IT before the full roll out from April 2013. HMRC learnt how employers use the system and guidance enabling improvements to be made to processes, systems and guidance. HMRC also developed operational plans for live running based on the findings from the pilot and this paved the way for the main migration.

By mid June 2013 (10 weeks after the launch of RTI), more than 1.4 million PAYE schemes, had filed PAYE data in real time. This included 83 per cent of small to medium firms and 77 per cent of micro businesses with fewer than five employees,

Around 44.5 million payments to employees were successfully reported in the tax month 6 April to 5 May.

The PAYE information reported in real time started being used by the Department for Work and Pensions in late April 2013 to calculate Universal Credit amounts paid to people in the Pathfinder in the North West of England. This ensured the amount of benefit paid accurately reflected their level of income.

It is clear that the success of the national roll out of reporting PAYE in real time so far is based on the solid foundations laid by the success of expanding the RTI pilot into live running.