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PAYE Real Time Information: package of help announced for micro employers

Existing employers with nine or fewer employees who need more time to adapt will be able to report PAYE information on or before the last payday in the tax month until April 2016.

More than 99 per cent of PAYE records are now successfully being reported in real time. Almost 93 per cent of active employers are now using the new processes to send PAYE information about their employees.

The vast majority of employers are finding reporting in real time straightforward, however HM Revenue & Customs (HMRC) recognises that a small proportion of micro employers and their agents still need more time to adapt.

HMRC has therefore agreed that existing micro employers (and, where appropriate, their agents) who need more time will have up to two years to adapt their processes to ensure they are ready to report all payments in real time before April 2016.

All employers will be required to report PAYE each time they pay their employees by April 2016 (unless an exception applies - for example, in some limited circumstances employers have a week to report payments to casual workers). HMRC will be encouraging micro businesses to adapt their processes sooner to ensure that they are ready to report all payments each time they pay their employees by April 2016.

This is narrower than the current relaxation (see the link at the end of this page) which comes to an end in April 2014. The new relaxation will only apply to existing employers with nine or fewer employees.

All employers starting to operate PAYE after 6 April 2014, as well as existing employers with 10 or more employees, will need to report each time they pay their employees from April 2014. HMRC wants to encourage new employers to start off on the right foot and help them avoid the need to change their reporting processes at a later date.

All employers, regardless of size, who are already using payroll software products or HMRC's Basic PAYE Tools to report PAYE on or before the date they pay their employees should continue to do so.

Payroll software developers will not be required to change the way their products work, although some minor changes to text may be needed to allow employers to tell us that they are using the relaxation. We appreciate this is late notice for them, and have worked closely with representatives from the industry on this change.

This decision forms part of a package, developed with employers, agents, payroll software providers, representative bodies and the Department for Work and Pensions (DWP), to help micro employers as they move towards full reporting of PAYE information in real time.

The package also includes:

> improved guidance, including best practice scenarios - see the link 'Situations where employers will not have to report PAYE information 'on or before' the time they pay their employee' at the end of this page
- ongoing work with the software industry to harness technology to develop new ways to report PAYE information on or before the date they pay their employees - for example, by exploring use of mobile apps

Universal Credit and PAYE in real time

HMRC has worked closely with the DWP in developing this package to ensure that it balances the needs of Universal Credit claimants and micro employers.

Reporting PAYE information in real time is vital to ensure that all employees claiming Universal Credit receive what they are entitled to. It is therefore important that micro employers make best use of this time, so that they are reporting on or before the date they pay their employees by April 2016 and before Universal Credit is fully rolled out.

Consultation

This support package was developed following analysis of the recent RTI survey, independent customer research, a programme of visits to employers and agents and wider feedback. It was developed in consultation with employers, agents, payroll software providers and representative bodies.

Full report

Read the full report 'Assessment of impact of 'on or before' reporting' on the GOV.UK website.

Assessment of impact of 'on or before' reporting (Opens new window)

Help to report PAYE in real time (on or before)

Employers, agents and payroll providers can find more information on how to start reporting PAYE on or before the date they pay their employees by following the link below.

Operating PAYE in real time (RTI)

Our best practice guide will tell you when you don't need to report 'on or before' but also provides some scenarios which have helped other employers or agents to start reporting 'on or before'

Situations where employers will not have to report PAYE information 'on or before' the time they pay their employee (PDF 27K)

Exceptions to reporting PAYE information 'on or before' paying an employee

Reporting PAYE in real time (Real Time Information or RTI): relaxation of reporting arrangements for small businesses