

## PAYROLL, REAL TIME INFORMATION (RTI) REPORTING, YEAR END RETURNS AND AUTO-ENROLMENT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to operating your payroll, including in respect of deemed employment under 'off-payroll working' legislation (IR35) and ongoing auto-enrolment pension services if applicable, and to clarify our respective responsibilities in respect of that work.

### 1 Your responsibilities

- 1.1 You are legally responsible for:
- (a) ensuring that the data in your payroll submissions is correct and complete;
  - (b) complying with auto-enrolment obligations;
  - (c) complying with the 'off-payroll working' legislation, if applicable (see **Key Facts**);
  - (d) reporting pay and deductions electronically to HMRC at or before the date on which the payment is made to the worker;
  - (e) deducting tax, National Insurance contributions and student loan deductions (as applicable) from workers' pay; and
  - (f) paying tax, employer's and employee's National Insurance contributions, Student Loan deductions and Apprenticeship Levy (if applicable) to HMRC on time.
- Failure to do any of the above may lead to penalties and/or interest.
- 1.2 Employers cannot delegate these legal responsibilities to others. You agree to check that submissions we have prepared for you are correct and complete before approving them.
- 1.3 If you fail to approve the returns as agreed, you remain responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us.
- 1.4 Our payroll team will provide you with specific details of the information we require and when we need to have this information from you. You agree to provide the information they request by the specified deadline. You recognise that where information is not provided to us within the agreed timeframe, we are not responsible for any delays for payments to employees or HMRC. Similarly, we are not responsible for any penalties imposed by HMRC as a result of your failure to provide the required information by the agreed date.
- 1.5 If we do not hear from you by the deadline, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.
- 1.6 If the information required to complete the payroll services set out above is received later than the dates agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.
- 1.7 You will be responsible for managing any childcare scheme operated for the benefit of your employees and for contacting us where you require advice as to available exemption levels.
- 1.8 You will be responsible for completing the checks on a new employee's eligibility to live and work in the UK in accordance with the Governments Code of Practice *Preventing Illegal Working* and the *Immigration, Asylum and Nationality Act 2006*, s. 15–25.
- 1.9 You will be responsible for monitoring the annual leave entitlement of your employees and dealing with all aspects, legal or otherwise, of being an employer. You will be responsible for ensuring that your workers are paid at least the National Minimum Wage or National Living Wage (as appropriate) for their age.
- 1.10 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with

HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

- 1.11 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with matters arising as may be necessary within the requisite time limits. Although HMRC have the authority to communicate with us, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication. You should also keep a note of any telephone communication you have with HMRC's tax credits helpline or DWP's universal credits helpline, including the date and time of the call, and the name of the helpline operator(s).
- 1.12 You are responsible for complying with your legal obligations in relation to auto-enrolment and you will provide all new staff with the required auto-enrolment information. In addition, as stated in **Key Facts** you will provide us with complete and accurate information regarding:
- (a) your employees and pension contributions due from them;
  - (b) details of your employer contributions;
  - (c) all new staff, including their auto-enrolment status, before you first pay them;
  - (d) any change in an employee's status regarding auto-enrolment, or details of any changes in employee working arrangements so that we can determine whether the employment status has changed in relation to auto-enrolment; and
  - (e) the performance of spot-checks on the information that we hold in order to monitor its accuracy.
- 1.13 Regarding 'off-payroll working' obligations (unless separate terms of engagement have been agreed – see 2.11), as stated in **Key Facts** your responsibilities are as detailed below.

If you are an end client, for:

- (a) determining whether you meet the conditions to be regarded as 'small';
- (b) if you are 'small', notifying the worker and (if appropriate) the fee-payer accordingly;
- (c) if you are not 'small', assessing the deemed employment status of any worker engaged via an intermediary;
- (d) issuing a Status Determination Statement to the worker and (if appropriate) the fee-payer; and
- (e) dealing with the client-led disagreement procedure in respect of Status Determination Statements.

If you are a fee payer, for:

- (f) notifying the end client (if different) that a Status Determination Statement is required in respect of any worker engaged via a relevant intermediary;
- (g) providing us with complete and accurate information regarding each worker assessed as having deemed employment status; and
- (h) providing us with complete and accurate information regarding payments to be made in respect of each worker assessed as having deemed employment status, exclusive of both the cost of direct materials (if any) they have supplied and of any VAT.

If you are a Personal Service Company (PSC) or other intermediary of the worker, for:

- (i) assessing the deemed employment status of any worker you supply to a client who is 'small';
- (j) complying with the IR35 rules where services are supplied to a 'small' end client and the worker would be an employee if they supplied their services to the client directly;
- (k) providing us with complete and accurate information regarding each worker assessed as having deemed employment status;
- (l) providing us with complete and accurate information in respect of gross receipts from each contract under which you have assessed the worker as having deemed

employment status, to enable calculation of the deemed employment payment under the IR35 rules; and

- (m) where the end client is not small and deductions have been made in accordance with the off-payroll working rules, providing us with complete and accurate information in respect of any payments received net of PAYE and NICs from a fee-payer (where the end-client has assessed the worker as having deemed employment status), to enable the correct exclusion of subsequent salary payments to the worker from PAYE and NICs, accurate calculation of statutory payments (where applicable) and facilitate submission of appropriate real time information returns to HMRC.

1.14 Regarding the Apprenticeship Levy, you will be responsible for:

- (a) determining whether you are liable to pay the levy based on your previous and expected annual pay bill (both at the start of the tax year, and should the expected pay bill change during the year); and
- (b) setting up and managing the digital apprenticeship service account, into which any levy paid is recorded and held by the Government.

1.15 You are responsible for enquiries from individual employees regarding their pay or payroll details. Any such enquiries received by us will be referred back to you.

## 2 Our responsibilities as accountants

2.1 We will prepare your UK payroll for each payroll period to meet UK employment tax and National Insurance requirements, specifically:

- (a) calculating the employees (or deemed employees') pay as you earn (PAYE) deductions including, if applicable, at the Scottish and/or Welsh rate of income tax;
- (b) calculating the employees' (or deemed employees') National Insurance Contributions (NIC) deductions;
- (c) calculating the employer's NIC liabilities;
- (d) calculating statutory payments, for example Statutory Sick Pay and/or Statutory Maternity Pay;
- (e) calculating reclaims of statutory payments, for example, Statutory Maternity payments;
- (f) where applicable (see **Key Facts**), calculating the pension contributions (employer and employee);
- (g) calculating other statutory and non-statutory payments and deductions where applicable (e.g. employment allowance, apprenticeship levy); and
- (h) submitting information online to HMRC under Real Time Information (RTI) for PAYE.

2.2 We will prepare and send to you the following documents for each payroll period at or before the time of payment:

- (a) a payroll summary report showing the reconciliation from gross to net for each employee (or deemed employee) and all relevant payroll totals. This summary will also show, where relevant, the other details that will be submitted online to HMRC on or before the employee (or deemed employee) payment dates – see below;
- (b) the data included within each Full Payment Submission (FPS) and, if relevant, payroll benefits-in-kind and expenses, for each employee;
- (c) a payslip for each employee (or deemed employee) unless not required;
- (d) a form P45 for each leaver;
- (e) a report showing your PAYE, NIC and Apprenticeship Levy liability, student loan repayments and due date for payment, and
- (f) where applicable (see **Key Facts**), a report showing your pension contributions payable in respect of each employee so as to meet the requirements of the workplace pension automatic enrolment scheme(s) of which they are members, and the due date(s) for payment.

**You must let us know, immediately and prior to the employee payment dates and HMRC reporting dates (see below), if you believe any of the data shown in these documents is incorrect.**

- 2.3 We will prepare your Full Payment Submission (FPS) reports including all details required and based on the information provided by you. We will submit FPS online to HMRC prior to or at the time that employees (or deemed employees) are paid. Where you have no payments to make to HMRC in a particular month (or the payment you are making to HMRC has been reduced by statutory payments, employment allowance or construction industry scheme deductions suffered), or the Apprenticeship Levy is being paid, we will prepare and submit the required Employer Payment Summary (EPS) by the 19<sup>th</sup> of the month following the tax month to which they relate.
- 2.4 If you operate within the construction industry you agree to provide us with details of construction industry scheme (CIS) deductions suffered that you wish to offset against your PAYE payments to HMRC (company subcontractors only). This information must be received for each "tax month" (tax months run from the 6th of the calendar month to the 5th of the following calendar month) and by the 19th of the month in which the tax month ends. In addition, if you are a contractor within the construction industry but we are not providing services in regard to the operation of your CIS scheme (see Schedules **6.06** and **6.07** if applicable), you agree to provide us with details of the CIS deductions you have withheld in each tax month, if you wish us to advise you of the total amount due to HMRC (CIS and PAYE taxes combined).
- 2.5 As you are legally responsible for the accuracy of these returns, you must review the payroll summaries that we send to you and inform us if any of the information that we hold is incorrect:
- If we don't hear from you **before** the FPS (or EPS) submission date, we will take that as your approval for us to submit the return.
  - If you require us to make a correction **after** the FPS (or EPS) has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run.
- 2.6 At the end of each tax year, we will:
- (a) prepare the final FPS (or EPS) and submit this to HMRC after the data to be included therein has been approved by you; (the due date for submitting final FPS is on or before the last actual payday of the tax year, failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year); and
  - (b) prepare and send to you Form P60 for each employee (or deemed employee) on the payroll at the year-end so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
- 2.7 If payrolling benefits-in-kind and/or expenses (see **Key Facts**), at the end of the tax year we will:
- (a) prepare and send to you a statement for every employee for whom benefits-in-kind have been payrolled, identifying every benefit provided to each employee during the tax year and the cash equivalent of each benefit treated as PAYE income so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
  - (b) give you details of the Class 1A NIC on payrolled benefits-in-kind which will need to be accounted for on form P11D(b), and the due date for payment;
  - (c) give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b), and the due date for payment; and
  - (d) give you the figures that need to be included on forms P11D for expenses and benefits which have not been payrolled.
- 2.8 We will deal with and, where necessary, process any adjustments to your payroll communicated to us by HMRC via online secure messages, for example, code number notifications, student loan repayment notices, and generic notification notices. Any notifications that you receive in your PAYE online account should be forwarded to us for action. We will also submit National Insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.

- 2.9 Where required, we will assist you in calculating an employee's weekly exemption limit where you provide childcare vouchers or employee supported childcare to employees who joined your scheme on or before 4 October 2018.
- 2.10 Regarding the ongoing work on auto-enrolment on workplace pensions if applicable, whilst we accept no responsibility for errors or omissions that arise as a result of incorrect data supplied to us, we will as stated in **Key Facts**:
- (a) deduct from each payroll period the pension contributions as instructed by you;
  - (b) pay over the pensions contributions deducted and your employer pension contributions to your pension provider (see **Key Facts**);
  - (c) maintain and preserve the records required for auto-enrolment based on the information you supply to us;
  - (d) maintain information and records that will highlight when the triennial enrolment processes must occur. We will inform you in advance of this date so that you can make the necessary communications with the staff member and so that the firm can re-enrol as required;
  - (e) assist you in monitoring the status of these employees to determine whether 'non-eligible' or 'entitled workers' become 'eligible workers' and thus require auto enrolment. This review will take place at the start of each payroll period;
  - (f) ensure that new staff are incorporated into the scheme in accordance with your instructions; and
  - (g) process any opt-out and opt-in requests and ensure that repayments are made to employees in accordance with your instructions.
- 2.11 The scope of our services provided to you will be only as set out above, and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other ad hoc taxation and advisory services linked to your payroll as may be agreed from time to time. These services may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
- advising on the deemed employment status of workers engaged through intermediaries (off-payroll working);
  - assisting with the preparation and issue of Status Determination Statements in respect of workers engaged through intermediaries (off-payroll working);
  - dealing with the 'client-led disagreement process' in respect of disputes in respect of deemed employment status;
  - work in connection with employee workplace pension schemes other than that detailed above including helping with setting up and administering workplace pension schemes, including referring you to appropriate specialists where necessary;
  - agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;
  - preparing and submitting returns P11D and P11D(b) for employee benefits-in-kind and expenses and advising on the payment of associated Class 1A NIC (such work, if undertaken, is covered in a separate schedule of services, see **6.05**);
  - dealing with any compliance check or enquiry by HMRC into the payroll data submitted and corresponding with HMRC as necessary;
  - preparing and submitting any amended returns or data for previous tax years, and corresponding with HMRC as necessary;
  - assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors (such work, if undertaken, is covered in separate schedules of services, see **6.06** and **6.07**);
  - conducting PAYE and benefit and expenses health checks;

- assisting you in connection with the Apprenticeship Levy, including determining whether you are liable to pay this, and assisting with the allocation of the Apprenticeship Levy allowance between PAYE schemes or between connected companies or charities; and
  - advising on ad hoc transactions, for example, termination payments to employees.
- 2.12 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

## PENSION SCHEME – SETTING UP AUTO-ENROLMENT FOR A WORKPLACE PENSION

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the one-off work assisting you in setting up and complying with the workplace pension automatic enrolment regime, including setting up the required records for monitoring compliance, and to clarify our respective responsibilities in respect of that work.

The ongoing work for auto-enrolment is included within the payroll schedule **7.01**.

### **1 Your responsibilities**

- 1.1 You will register for auto enrolment with 'the Pensions Regulator'.
- 1.2 As stated in **Key Facts**, either you will identify and appoint an appropriate pension provider or we will assist in identifying a suitable pension provider.
- 1.3 You will be responsible for paying the initial contribution.
- 1.4 You will assess your workforce and accept responsibility for the completeness and accuracy of the assessment.
- 1.5 You will be responsible for making all the necessary communications with the workforce in accordance with the requirements and timescales of auto enrolment both at set up and on an on-going basis.
- 1.6 You will be responsible for ensuring that each employee has given permission for data to be shared for the purpose of auto enrolment in accordance with the requirements of the Data Protection Act.

### **2 Our responsibilities as accountants**

- 2.1 You have instructed us to assist you complying with the auto-enrolment regime for workplace pensions, and to assist you in setting up the required records to facilitate the required reviews.
- 2.2 We will assist you in determining your start date for auto enrolment and also advise as to whether the postponement facility should be used.
- 2.3 We will introduce you to an Independent Financial Advisor (IFA) for advice regarding the set-up of your pension scheme.
- 2.4 We will assist you in identifying categories of worker; eligible jobholders, non-eligible jobholders and entitled workers.
- 2.5 We will design and assist you with the set-up of the system and records required for auto-enrolment based on the information you supply to us.
- 2.6 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.