

UPDATE FOR ALL SMALL EMPLOYERS

Payroll & RTI

RTI is now with us and many of you will have been using the system for the past few months.

HMRC have recognised that many small employers are still struggling to cope with this, and have recently extended the temporary relaxation of RTI reporting for small businesses (those with less than 50 employees) for a further six –months, until April 2014. This relaxation was set to finish in October 2013.

This extension followed a widespread campaign by accounting professionals and business groups to try and ease the burden of reporting for small firms.

For those already geared up and using RTI, HMRC has recently announced that late filing penalties (under the RTI system) will not now apply until after next 6th April.

These penalties will kick in where you are late with your FPS (full payment submission).

Beware a FPS will count as late unless it is submitted on or before the date you pay your workers.

HMRC is apparently going to take a “risk based approach” to identify employers who might already be making mistakes or inaccurate returns, and look more closely at these.

There will be an amnesty for the first late FPS, but after this penalties will apply up to a maximum of 5% of the tax and NI shown as being overdue! So beware, this has potential to be costly if you get it wrong more than once.

HMRC are apparently going to be a little more lenient if you are a new employer, and will have some discretion to let you off filing penalties for an “initial” period.

So, to avoid being on the “risk list”, don’t submit a late FPS in the current tax year.

If you’re still finding RTI difficult to cope with then you’ll find lots of information on the HMRC website at: -

<http://www.hmrc.gov.uk/payerti/index.htm> or give us a call.

And remember – minimum wage

The new rates came into force on 1 October 2013, as follows:

- £6.31 per hour for workers aged 21 and over
- £5.03 per hour for 18-20 year olds
- £3.72 per hour for workers above school leaving age but under 18
- £2.68 per hour for apprentices

You should seek further professional advice before taking any action on the basis of the contents of this newsletter.