



## **Payroll and Auto-Enrolment Services**

A guide for clients

### *Does it make sense for your business?*

Around 1.4 million businesses in the UK employed members of staff in 2018, and all of them shared one thing in common: the legal requirement to run payroll.

This task consumes a large amount of time each month, with multiple processes to complete in order to comply with legislation and pay workers on time.

Most of the 35,000 medium-sized firms and 7,500 large businesses in the UK have their own in-house teams to handle payroll.

Apart from anything else, failing to pay staff on time can have a catastrophic effect on morale, and have knock-on effects in employees' lives.

But for almost 97% of the other businesses with employees in the UK, classed as small firms with 49 or fewer workers, the burden of payroll is patently clear – both in terms of time and the resources it takes up.

### **Deductions from salary**

Whether or not you pay your workers weekly or monthly, you have to make certain deductions from their gross pay packets.

Gross pay is the term for total earnings before any income tax, national insurance contributions (NICs), workplace pension contributions, or student loan payments are deducted. What's left is what your employees receive as their net, or take-home, pay.

You must pay your employees at least the national living wage, which for over-25s is £7.83 an hour until 5 April 2019. The minimum hourly rate is set to rise to £8.21 from 6 April 2019, subject to the possibility of another Budget in the event of a no-deal Brexit.

Operating payroll is usually done monthly through PAYE, which is HMRC's system to collect income tax and NICs from your employees.

Firms that operate payroll themselves also have to report employee payments and deductions to the Revenue on a monthly basis, usually on or before each payday.

### **Auto-enrolment**

Part of an employing business's responsibilities is to automatically enrol workers into a workplace pension scheme if they are aged between 22 and state pension age, and earning more than £10,000 a year – unless they choose to opt out.

From 6 April 2019, the minimum contribution into an employee's workplace pension will rise to 8% – 5% from the worker's pay packet and a 3% employer contribution.

Workplace pension duties include:

- setting up a workplace pension scheme
- identifying staff who qualify for auto-enrolment
- enrolling those staff in the workplace pension scheme
- deducting employee contributions from their pay
- paying those deductions and your employer contributions into the pension scheme.

For this purpose, your business should maintain accurate and up-to-date records, while your payroll system needs to integrate with your chosen pension system.

Accurate auto-enrolment records to maintain include details of staff enrolled, their contributions, staff who have opted out, and those who have left your business.

It also doesn't hurt to check your systems are paying your workers' contributions into the workplace pension scheme by the 22nd of each month if you're paying online, or the 19th if paying by cheque.

### **Reporting taxable benefits**

Businesses are spoilt for choice when it comes to providing employment benefits, and they have until 6 July 2019 to report any employee benefits provided in 2018/19.

Each taxable employee benefit will be calculated differently and deducted through payroll, as long as you've registered with HMRC before the start of the tax year on 6 April.

If you failed to meet the registration deadline, you may need to submit P11D and P11D(b) forms to the Revenue for any member of staff who received taxable benefits.

This helps HMRC calculate how much you need to pay in class 1A NICs, as well as how much PAYE is due from the employee on the benefit.

This is then normally collected from the employee by adjusting their tax code.

### **Late filing penalties**

You need to submit a full payment summary to the Revenue, detailing staff pay and deductions from their pay packet, before you pay your employees.

If for whatever reason your business is unable to pay its workers in a tax month, an employer payment summary will still need to be sent to HMRC.

You need to submit these summaries ahead of the deadline or risk being penalised for late filing.

If you are fined, the amount usually ranges from £100 for PAYE schemes with one to nine workers, to £400 for schemes with more than 250 employees.

An additional penalty of 5% of the tax and NICs due may be charged if your report is submitted more than three months late.

**Outsourcing your payroll can save you money, give you more time and provide peace of mind that you will never miss a deadline with HMRC.**

### **Payroll Services**

We provide an affordable, efficient & accurate payroll service to clients, handling your weekly or monthly payroll requirements, freeing you from ever-changing complexities and changing legislation to concentrate on running your business and making it grow

We provide all the completed forms you will ever need for record keeping and accounting purposes to save you time and money and we won't burden you with extra formalities and form filing because we take your payroll information by phone or email. We also provide:

- Confidential printed or email pay slips via our secure portal
- Payment printouts to pay wages yourself
- Direct payment of salaries to bank or building society accounts
- Free monthly or year-end reports

Our payroll bureau service uses Sage software to do the following:

- Produce monthly payslips for each employee
- Produce monthly payroll summary
- Produce monthly pay-to-date summary
- Produce Pensions summary
- Calculate statutory sick, maternity, etc. pay
- Complete HM Revenue & Customs employers payment record sheets P32
- Complete HM Revenue & Customs payslips and booklet
- Produce P45's as necessary
- Deal with general payroll matters on your behalf including the HM Revenue & Customs and the Contributions Agency
- We will reconcile, complete and submit for approval the end of the year payroll returns, and prepare employee's P60's, and deal with online filing

We can provide additional discretionary services if required, for example preparation of forms P11D (benefits in kind), for which we would be happy to provide a separate quote.

### **Direct payment of salaries**

In addition to the above, we can also operate a payroll bank account on your behalf at no extra cost to you (except bank charges). We currently operate a large number of such accounts for existing payroll clients on the following basis:

- A bank account is opened in your name
- You set up a monthly standing order from your own current account into this payroll account
- From this account we pay your monthly salaries, income tax and National Insurance contributions due, and, only with your prior written approval, your monthly payroll fee to ourselves. The account is used solely for your payroll matters.

### **Real Time Information**

Almost all employers should now be using real time information (RTI). This generally requires payroll information to be provided to HMRC 'on or before' payment to the employee. Our payroll software does this automatically.

### **National Insurance**

There have been significant changes recently to National Insurance. Our payroll services ensure you are fully compliant and able to take advantage of employer allowance deductions etc.

### **Outsourcing your payroll to us is easy**

1. Our payroll clients vary from just one employee to those employers with over 100 employees and include companies, charities and partnerships.
2. You can call us at any time for help with ad hoc queries such as HR issues, holiday entitlement, sickness, termination payments etc.

## Pensions and Auto-Enrolment

An employer's obligations under the Workplace Pension Reforms with regards to Auto-Enrolment has led to a significant increase in the demand placed on your admin, finance and/or payroll department. For a general overview of Auto-Enrolment please see our [guide](#).

### How can BWM help?

As well as offering a full payroll service which is compliant with the on-going requirements of Auto-Enrolment.

BWM can, with your other advisers, also help you consider and plan for Auto-Enrolment.

There are of course a number of Independent Financial Advisers who can assist you with getting your Auto-Enrolment scheme in place. If you don't have an advisor, we will be happy to put you in touch with one of our recommended contacts who we feel can suit your needs. Typically whilst there is an upfront fee for arranging the scheme initially there is an overall benefit from getting the best pension package for your organisation based on its specific circumstances. We also work with an advisory firm who allow clients to spread payments over a 3-year support package.

Similarly if you need legal advice (you might also want to speak to a solicitor with regard to updating employment contracts for example) we would be happy to refer you to our recommended contacts.

### How can our payroll team help?

It is important to note that, whoever your pension provider is, they will not have a complete solution for you and all require data extraction from payroll on a run by run basis to provide any support which the BWM team are able to handle on your behalf.

Our Payroll solution can help your pension provider to handle the compliance aspects of Auto-Enrolment.

### The core Auto-Enrolment activities

We can work alongside you to assist with:

- Assessment to categorise workers at staging date
- Assessment of subsequent starters
- Re assessment of existing employees where income or age increases
- Reassessment 3 years after staging date
- And will assist in processing Worker Postponement, Opt-Outs, Refunds of Opt-Ins

### Pension contribution upload

At the end of each pay cycle, whether weekly or monthly, data is required to be uploaded to the pension provider detailing the contributions and worker status of each member.

Our payroll department can assist you in generating a data file that can be uploaded to your pension provider systems.

### Managing employee communication

It is your obligation to inform workers on a timely basis of any postponement, assessment status as and when it changes and to notify workers of their options such as Opt Out or Opt In by either email or letter.

Depending on the level of pension provider support, they may be able to handle worker communication on your behalf, from the regular upload that you complete.

Alternatively, as your payroll provider BWM can assist you with the necessary employee communication, generating standard letters for you to pass to your workers.

For further information on our payroll services please contact [John Elliott](#) or [Sue Stephens](#).

#### **FOR GENERAL INFORMATION ONLY**

Please note that this guide is not intended to give specific technical advice and it should not be construed as doing so. It is designed to alert clients to some of the issues. It is not intended to give exhaustive coverage of the topic.

Professional advice should always be sought before action is either taken or refrained from as a result of information contained herein.

#### **About Us**

##### **Professional, Personal, Affordable.**

We are one of the leading, independent chartered accountancy practices in Liverpool. At BWM we provide a wide range of accountancy and business support services to organisations and individuals throughout the North West of England and beyond. Our experienced and skilled partners and their teams are ready to support you with high quality, individual yet affordable services however complex your personal or business needs.

For more details of how we can help you transform your business, please visit [www.bwm.co.uk](http://www.bwm.co.uk) or call us on 0151 236 1494.