

Agent Year End on Superpay 4

Overview

These notes assume that you have already converted your data from Superpay3 and are already using Superpay4. (If not, please refer to the SP4 Getting Started notes on our website before proceeding to year end). SP4's Agent year end procedures differ from the routines for a single company. If you run payroll for more than one company but each company has its own unique HMRC login you should refer to the Single Company Year End notes rather than these Agent notes.

There are 4 sections;

- Before year end
- Move into next year
- Year end reports and forms
- Filing.

SP4 is a multi-year program. If you are printing P60's or processing year end returns on or after 6th April 2012, you will need to have a System date (i.e. the date on the Main Menu screen) prior to 6th April. Only then will you have access to the previous year's data. This is exactly the same principle as SP3.

Please note that SP4 is constantly being enhanced. This means that by the time you read these notes some procedures may have changed slightly.

Section 1 - Before year end

Download latest version of SP4

You need to download the latest version of SP4 from our website www.superpay.co.uk before proceeding.

P60 forms

Available P60 form types

1. Plain paper forms (colour or black and white) in a format accepted by HMRC.
2. Free HMRC pre-printed forms – laser or continuous. This year, there is only one HMRC Laser P60 style which is Portrait and similar to last year's P60 (Single Sheet). There is no Landscape P60 form.
3. Security P60's supplied by Computastore.
4. You can also email eP60's to your clients. These eP60's are accepted by HMRC. Note: HMRC requires that all emailed P60's show *This is a printed copy of an eP60* under the Tax Year. This statement is only on SP4's eP60 styles and is **not** on plain paper P60 styles.

Order your forms

If you want HMRC forms, order them on-line from <http://www.hmrc.gov.uk/paye/forms-publications/onlineorder.htm> or by telephoning 08457 646 646. You should order a few extra forms to allow for samples needed for alignment. You should check the forms when they arrive; i.e. do not wait until you are about to print your P60's to check that they have not been damaged in transit. If you need to print some P60's before the HMRC forms arrive, you can change your P60 style (see below) and print plain paper P60's.

Set up your P60 style

1. **Default style.** Go to Utilities, option 6, *System settings*. If the *Default P60 style* field shows the type of form you intend to use, press ESC. If your form type (e.g. Plain Paper) is not displayed, go to the *P60* field and press F7. Then select the form you want (B&W = Black and White) and press F9 to store your selection. The Utilities menu is then redisplayed. This default style will be used for all your clients unless you enter a different style on a client's Company Record (see next section).
2. **Different styles for different clients.** If you want to over-ride the default style for one or more clients – e.g. you want plain paper P60's for several clients – go back to the Main Menu and go to each client's Company Record. Then enter the P60 style in the P60's Options field; i.e. go to the field, press F7, choose the required style and press F9 to store the revised record. This style can be removed later if required. (Go to the field, press F7, choose *Remove* and then press F9.)

Print P60's

P60's should only be produced when you have finalised your client's totals – see Section 3 below.

Week 53

Weds or Thurs payday

If you run payrolls on Wednesday 4th or Thursday 5th April, SP4 automatically follows the special PAYE rules for Week 53 payrolls. If you do not normally pay out on a Wednesday or Thursday, you should not have a Week 53 payroll. (Two and Four Weekly payrolls run on 4th or 5th April will show Week 54 and Week 56 respectively.)

Friday or Monday payday

This year Good Friday, a bank holiday, falls on 6th April. This means that many companies which would normally pay wages on Friday 6th April or Monday 9th April (i.e. in 2012/13) will actually pay their wages on Thursday 5th April (i.e. in 2011/12). Do **not** run a Good Friday or Easter Bank Holiday Monday payroll as a Week 53 payroll in 2011/12. Instead use your usual pay day (i.e. the 6th or 9th of April in 2012/13) for the Payroll Run.

This follows official HMRC guidance at <http://www.hmrc.gov.uk/calcs/paye.htm>

Holidays and Week53

You cannot advance the tax week on an employee's payslip screen into Week 53 for holidays. If, in Week 52, an employee has a normal week's pay plus a week's holiday and your payday is Wednesday or Thursday, then you need to do two payslips for that employee – one for Week 52 and one for Week 53. There are special rules for Week 53 and you cannot combine Week 53 pay with Week 52 pay on the same payslip.

Section 2 - Move into next year

Enter Licence Number

If you have already entered your new Licence, skip this step and go now to 2. below.

On the opening logo screen enter a date before 6th April 2012, enter any company number and go to the Main Menu. Press F2, choose *Enter a licence number*, type in your 2012/13 Licence and press ENTER. (The number is printed on your Superpay Maintenance Tax Invoice.) Then press ENTER on your company name. SP4 closes down and you can then go back into Superpay with a date either in this year or next year.

Download notifications

For an Agent there are usually many tax code changes at year end and the process of moving from 2011/12 to 2012/13 is made much easier if you use SP4's automatic *Download notifications* option rather than updating tax codes manually. This process is described fully in the Getting Started notes on our website. The following points summarise the process.

1. With a date either before or after 6th April, go into any company and choose *Agents (Main menu*, option 9). (If you have not already set up your HMRC gateway ID and password on your Agent screen, do this now.)
 2. Select *PAYE notices online* (option 4) and then *Download notifications* (option 1).
 3. Press *Space* to start the download.
 4. SP4 then downloads notifications for **all** your registered clients and includes notifications for 2012/13. When the download is complete, SP4 tells you how many forms have been downloaded.
- **Download time.** If this is the first time that you have used SP4's Notifications option, the download includes notifications which you may have already downloaded directly from HMRC's site. For this reason, this first download often takes much longer than subsequent downloads which only include new notifications.
 - **No notifications.** If this is the first time that you have chosen SP4's *Download notifications* option and SP4 displays *No notifications to read* you are not currently set to receive clients' tax code changes electronically. If HMRC sends you or your client tax code changes on paper then you need to go to www.hmrc.gov.uk and register for online notifications. It takes about 72 hours for any change in status to be activated so you should wait a few days before trying the *Download notifications* option again.
 - **Registered clients.** You can only download notifications for clients who have registered you as their agent with HMRC. Agent registration is not required for filing in-year and end of year forms so some clients' notifications may not be available to you directly and you should contact the client and register them as soon as possible.

Create next year's files

In SP3 you had to *Create next year's files* for a whole company before you could move into next year even if you only wanted to run one or two payslips in the new year. SP4 does not work in the same way. There is **no** *Create next year's files* option. Instead SP4's year end reset is activated on an individual employee basis when the employee's first payslip is run in the new

year; i.e. you can run a payroll for one or more individuals in the new tax year even if you have not yet run Week 52, Week 53 etc. for everyone else

To move into the new year, you only need to change the SP4 System date (i.e. the date on the Main Menu) to a date on or after 6th April. During the first payroll run for an employee in the new tax year, SP4 will reset the year to date totals ready for the new year and update the tax code as described below.

Note: you need to change the SP4 *System date* to move into next year. You cannot enter a post 6th April date on the *Run payroll* screen if your SP4 *System date* is pre-6th April.

Tax code changes

Update all tax codes

Unlike Superpay3, SP4 has no *Update all tax codes* option. Instead during the first payroll run for an employee SP4 automatically uplifts L codes by 63 unless:

- you have downloaded a P9 through SP4's notifications option, or
- you have entered a new tax code manually on the employee's record; i.e. SP4 does not uplift any code that you enter manually.

In addition, SP4 changes all Week1/Month 1 (X) codes to cumulative.

P9 tax code changes

If you use SP4's *Download notifications* option, you can view the tax codes that will be applied in the *Notification history* screen (option 2 on the *PAYE notices online* menu in the *Agents menu*).

Payslip screen

When SP4 automatically changes an employee's tax code, a message is displayed at the bottom of the employee's payslip screen to let you know what code has been applied, and the reason for the change.

Manual tax code changes

If you do not use SP4's *Download notifications* option (e.g. because you are not yet registered as the client's Agent) you will need to enter P9 tax code changes manually before running the first payroll. If you run both weekly and monthly payrolls for a client, do not apply the monthly code changes until you are about to run the April monthly payroll.

Example: On 6th April you manually enter **all** the P9 tax code notifications for a client.

There are both weekly and monthly employee code changes. On 20th April you print the P60's for that client but you have not yet run their April monthly payroll. The weekly employees' P60's will show the correct tax code (i.e. the previous years' codes) but the monthly employees' P60's would show any manually updated tax codes because the employees have not yet been run in the new year.

Paper record of tax code changes

There is no report showing the global tax code changes since the codes are **not** updated all in one go. In addition, P9 tax code changes are **not** shown on employees' records until after you run the corresponding first payslips in the new tax year.

If you want a record of the changes, in the old year print the *Employee constants* report (*Employee reports*, option 9) and then after the first weekly/first monthly payroll print the report in the new year. If you print the report after the first weekly payroll but before the first monthly payroll has been run, the monthly changes will not be shown since they have not yet been applied.

Holidays over year end

You cannot advance the tax week on an employee's payslip screen into the new tax year for holidays.

If an employee has a week's normal pay for 2011/12 plus one or more weeks' holiday for 2012/13 then you need to process two payslips for that employee – one for the 11/12 year and one for the 12/13 year.

After you have run the 11/12 payslip, change the SP4 System date to 6th April or later and run the 12/13 year's payslip.

Section 3 - Year end reports and forms

Validate your data

Before processing your clients' year end reports and forms you need to run *Filing validation* to check if any client has some invalid data.

You can choose *Filing validation* from the *Agents/ Year end* menu to list the validation errors for **all** your clients or choose *Filing validation* from each client's *Year End* menu. Make any corrections and if necessary forward a list of errors to your clients to provide the correct information (e.g. missing Dates of Birth and NI numbers).

SP4 lets you file year end returns which contain validation errors but any invalid returns will be rejected by HMRC.

Reports

To check the amounts that will be submitted on your clients' year end returns, print a *Monthly Summary (Payslips/reports, option 4)* and *P35 Continuation Sheet (Year end, option 2)*. Then check that the total amount agrees with the total paid by your client to HMRC. This paid total should include any Month 12 payment even though it may not have been paid by the time you file the year end return. In theory the totals should always agree but in practice they may not. If there are differences the main items to look for are:

1. **SSP reclaim.** A client may have incorrectly reclaimed the SSP shown on the *Wages Book*. This is not the same amount as the SSP recovered on the *Monthly Summary*. Recovered SSP is the total SSP paid in excess of 13% of the total NI in any one month. Many companies can not reclaim any SSP.
2. **Parental Pay reclaim.** Parental Pay on the *Wages Book* is the total paid. The *Monthly Summary* shows the Parental Pay recovered which is:
 - The amount paid out + 3.5% compensation if your client is a Small Employer, or
 - 92% of the amount paid if they are a Large Employer.Check the Parental Pay reclaim correctly reflects your clients' Small Employer Status. If not, change the status on the Company Record, Screen 2.
3. **Amount Paid to HMRC.** Even if there is no SSP or Parental Pay, if your client uses the *Wages Book* reports rather than the *Monthly Summary* to calculate their HMRC monthly payments they may have paid the wrong amounts. This is because the *Wages Book* is derived only from payslips while the *Monthly Summary* reflects the sum of the payslips plus any changes that you have made to the company's Employee Records. Changes which you may have missed are:
 - Inadvertently undoing a payslip after printing the *Wages Book* so the *Monthly Summary* no longer includes a payslip which is included on a *Wages Book* printed earlier.
 - Altering an employee's totals directly.

In addition the total paid may correctly differ from the *Monthly Summary* total because of HMRC funding or if the employer qualifies for an NIC holiday when the total NI is greater than the NI payable.

Unfortunately, there is no one answer to every instance where the *Monthly Summary* does not agree with the total paid over to HMRC. If you find that the client's payments were less than they should have been, you can instruct them to pay over any extra due. If they have overpaid HMRC, you will need to contact HMRC to arrange a refund after their year end return has been filed.

Print year end P60's

When there is no invalid data in your client's employee records (see 1. Above) and the totals agree, you can produce your P60's for all current employees (i.e. not including leavers). It is assumed that you have set up your P60 style as described in Section 1 above.

Plain paper P60's

If you chose Plain paper P60's, select *Print P60's (Year End*, option 6), select all employees and SP4 will then produce a P60 form for all your current employees.

Pre-printed forms

Select *Print P60's (Year End*, option 6). To check the alignment of your forms, enter one employee's number in both fields so that SP4 will print just one form.

Laser P60 alignment

If your P60 printout does not line up on your pre-printed HMRC forms you can use the *P60 offsets* to move the print around the page. Go to *User Settings (Utilities*, option 5). The offsets are measured in millimetres. Getting the alignment exactly right usually involves trial and error.

- **Vertical offset** - A positive number moves the print down the page and a negative number moves the print up the page. For example, a vertical offset of 2.5 moves the print 2.5mm down the page while a negative offset of -2 moves the print 2mm up the page. (A line is about 5mm.)
- **Horizontal offset** - A positive number moves the print to the right across the page and a negative number moves the print left across the page. For example, a horizontal offset of 2.5 moves the print 2.5mm to the right across the page while a negative offset of -2 moves the print 2mm left across the page. (A character is about 2mm.)

Print remaining P60's

Only when the alignment is OK should you print the remaining P60's; i.e. select *Print P60's* again, press Enter twice for all employees and then choose a print option from the menu.

eP60's

SP4 outputs eP60's as either as single document containing many eP60's or as individual documents where each document contains one eP60. When you enter your range of employees, you choose the option you require.

SP4 does not email these P60's directly from the program; you will need to email them yourself. Files are created in your normal pdf/spreadsheet report folder. For more information on this refer to *Saving a file* in the Reporting section of the Getting Started notes on our website.

P35 pre-set as fully paid

You need to decide now whether you want the *Already paid* field on your clients' P35's to show as fully paid or whether you want to leave the amount blank for you or your clients to complete.

- Pre-setting the amount to fully paid saves you having to enter the paid amounts on the P35 screen.
- If you have individual clients who you know will not be *fully paid*, you can override this default setting on a per-company basis. In these cases, go to the individual clients' Company Records. Change the *Year end fully paid* field to option 3 (*Don't set as fully paid*). You will then be able to manually enter an amount in the P35 *Already paid* field.

If you do not want to pre-set the P35 as fully paid, you do not need to do anything since this is the default setting. If you want to pre-set your clients' P35's as fully paid, go to your Agent record (*Agents menu*, option 1). Change the *P35 fully paid field* to Y and *Store* the record.

Process P35

When you have reconciled your client's totals and decided on your *P35 fully paid* setting, you can complete their P35. Select *P35 (Year end option 1)*. There will be a short pause while SP4 calculates the figures.

Amount fields

1. Check that the displayed figures agree with your Monthly Summary (printed in 2. above).
2. Enter any Tax funding, SSP/SMP funding and CIS deductions.
3. You cannot type directly into most of the monetary totals. If you do not agree with the Tax, NIC or Student Loan fields you will have to change the client's payroll records as appropriate.
4. If you do not agree with the *SSP/ Parental Pay Recovered* or *NI comp* fields, alter them in the *Rounding adjustments* fields. For example, if you have taken over a client's payroll mid-year you will need to enter any extra SSP reclaim in the *Rounding adjustments* box.
5. The amount displayed in the *Already paid* field is either zero or the total of the other P35 fields. If the amount is zero, enter the total paid. If you do not agree with a displayed amount but cannot directly change the field you need to change the *Use agent setting* field in the *Year end fully paid* field on the client's Company Record.

Note: This field does not use any HMRC payments entered in the client's *Company Record*.

Checklist

SP4 displays Y in the *P14/P38(S) for everyone* field. Enter N here only if you have some P38A employees who have not been set up on Superpay. (SP4 files a P14 for all employees set up on Superpay.)

Most users do not enter Y in any of the other fields in the Checklist unless they are a service company. However, it is important that your clients know that they have to read and check that none of the other boxes apply to their employees.

Declarations

1. *P14's for everyone*. It is very unusual to have N here since there is a legal requirement to file a P14 for each employee requiring a P11.

2. *Form P38A is due.* If the P14/P38(S) field in the Checklist shows Y then you should have N here. If all your employees are run on Superpay you do not need a P38A return.
3. *Forms P11D are due.* If your client has some employees or directors who need P11D's, enter Y here.

Not ready to file/Ready to file

You should leave the *Not ready to file* status as displayed until your client has approved the P35 and you are ready to file the company. Only then do you press F2, select the *Ready to file* option, and store the revised P35. See Section 4 for details of how to file a year end return.

Store the record

Press F2 and select *Print* to print the 2 page summary P35 which you can send with the P35 continuation sheet(s) (*Year end*, option 2) to your client. Then Press F2 again and *Store* the completed form.

P35 and NIC holidays

For companies with NIC holidays, you complete the P35 as described above but the total amount will be greater than the amount paid. You then file the P35 and P14's as described in Section 4 below but the NIC holiday return must be completed manually and returned by post to HMRC. See <http://www.hmrc.gov.uk/paye/intro/nics-holiday/end-of-year.htm> for more information.

Section 4 – Filing

General

You should only select *Filing* when you are sure your data is correct and your client has approved the completed P35. You can file individual companies from the company's *Year end* menu or go to the *Agents* menu to file all or batches of companies. This section describes filing from the *Agents* menu. Filing from the *Year end* menu is similar in principle but for one company only instead of batches of companies.

Email address

Enter your email address in the *HMRC filing email* field in *System settings (Utilities, option 6)*. If you leave this field blank HMRC will send their email responses to the email address that is currently registered with them.

Test or live

Before you start filing your year end returns, go to *User settings (Utilities, option 5)* and check the *Revenue filing* field. If you have used SP4 to file P45 and P46 returns the field may currently show 2 for *Live*, in which case change it back to 1 for *Test*.

A *Test* return as described below will confirm your *ID* and provide reassurance that the filing process is working as you expect. When you have run a successful *Test*, set this field to 2, *Live* and keep it as *Live* until you have filed all your companies; i.e. you need to send all your year end returns as *Live* and there is no point in doing any more *Tests*.

Filing screen

Go to the *Agents* menu and select *Year end filing* (option 5). Then select *File P35/P14's* (option 2) to view a list of all the companies which are ready for filing in the currently selected tax year. A message at the bottom of the screen indicates whether you are about to file a *Test* or *Live* submission.

- Displayed companies – Before you have done any year end filing, only those companies which you have set as *Ready to file* on the company's P35 screen are displayed (see 5. in above section). If you want to file a company which is not displayed, it has not been set as *Ready to file* on the P35 screen.

Later, when you have successfully filed some companies, you can also press F2 and choose *Show all companies* to see all those companies which have been filed in addition to those which are ready to be filed.

- Select companies
 - Enter Y next to each company you wish to file.
 - If you want to file all the companies on the list, press F2 and select *Set all to yes*. If you then want to omit one or two companies from this batch you can manually enter N next

to their company number. If you change your mind you can choose *F2* again and select *Set all to no*.

- Omit a company from year end filing - If you have a company which you know you don't want to file yet (or perhaps not at all), you can enter *N* in the *Year end* field in the *On-line box* in their *Company Record*. Then later, when you are ready to file the company, you can change the field back to *Y* and set the P35 screen to *Ready to file* and the company will be included in the list of companies on this Filing screen.
- Send returns - When you have made your selection, press *F2* and select *Send to Revenue*. This option sends all the selected companies. The employees' P14's are automatically filed with the P35. SP4 lets you know when the year end returns have been sent.
- Now check the *Filing history* screen. You cannot assume that because you have sent your returns online that they have been accepted by HMRC. In particular, the emails received from the Revenue are exactly the same for successful *Test* and *Live* submissions so they give no confirmation that a successful year end return was a *live* return. It is essential that you check your *Filing history* screen to ensure that your returns have been successfully filed *Live*.

Filing status

There are two *Filing history* screens. Both show the same information. However, *Year end*, option 5 shows only the company that you are in. The *Agents, Year end filing* option 3 lists all the companies that you have filed and shows the status of each year end return. Go to either *Filing history* screen. There are four status messages.

- **Acknowledged**

The year end return has been received by the Gateway and is currently being processed. *Acknowledged* is **not** the same as being successful and you should **not** assume that the year end return will eventually be accepted. You need to return to the *Filing history* later and check whether the return has been accepted or failed; i.e. has a status of *Accepted* or *Error*.

When the return has been received and checked by HMRC, SP4 automatically updates the Status as appropriate. You do not need to leave this screen open to wait for a result. When you come back later or next day and display the *Filing history* again, there may now be a result and the Status will have automatically changed – without any operator intervention.

If the screen still shows *Acknowledged*, you can check for more recent HMRC responses for *Acknowledged* returns by pressing *F2* and selecting *Query* from the list. *Query* is not listed as an *F2* option if there are no *Acknowledged* year end returns.

- **Error**

The year end return has failed. To see why, select the company in the list and press *Enter* to view the error message. You need to correct the underlying error(s) and re-send the return.

The most common error is *1046 Authentication Failure*. There are only three possible sources of this error; your *Gateway ID* or *Password* which are stored on your Agent screen, and the client's *PAYE reference* on their Company Record. If you have successfully filed other

returns this year your ID is correct so it must be the client's PAYE reference which needs correcting before you send the return again.

If there is an error, there is no point in re-submitting the return without change. If it failed once, it will fail again - until you correct the underlying reason for the initial failure.

- **Accepted Test**

HMRC has accepted your year end return as a *Test* submission and there are no validation errors. The return has not been filed, it was only a *Test*. You now have to change the filing status to *Live* in *User settings (Utilities, option 5)* and send the return again. You will then see *Accepted Live* on this screen.

- **Accepted Live**

HMRC has accepted your year end return and there are no validation errors. Your return has been successful.

Receive email from HMRC

HMRC sends you an email for each successful year end return. If you have not received any emails, check the email address you have entered on your System Settings screen (*Utilities, option 6*). The absence of an email from HMRC is no cause for concern; it is the Status on your *Filing history* screen which confirms whether your return has been sent *Live* and been *Accepted* by HMRC.

These confirmation HMRC emails are exactly the same for successful *Test* and *Live* returns, so they can be misleading.

Merge 'split' companies

If you have a client which is split into separate SP4 companies for administrative reasons but all the companies have the same PAYE reference, you will need to *Merge* all the associated 'companies' into one new *Merged* company for filing one combined year end return.

1. Go to the Company Directory (*Utilities, option 4*), highlight one of the companies to be merged and press F2. Select *Merge companies*.
2. SP4 selects all those companies in the list with the same PAYE reference which are also set to be included in a *Merge*. You are then asked to choose a number for the new company. (You cannot use the number of an existing company.)
3. A password screen is then displayed for you to password protect the new company if required. Press Enter through the screen and SP4 starts the *Merge*.
4. When the *Merge* is complete, SP4 tells you how many companies have been *Merged*. Press Esc and it is only then that you can see the new *Merged* company on the Company Directory screen.

You can now change the name on the Company Record if required, print combined reports and prepare the P35 as described in Section 3 above. Then print the P35 summary and P35 continuation sheets before filing the year end return for the *Merged* company as described above.