
Q8: What do I need to do at Year End?

This section summarises SUPERPAY's YEAR END procedures which apply to all pay-rolls, whether you file on-line or on paper. Additional on-line filing instructions are covered by SUPERPAY's FBI booklet.

If you are new to payroll and unsure about what you need to do at YEAR END, the Inland Revenue runs excellent (free) courses covering year end procedures. Telephone your local tax office for details of dates and venues.

8.1 Order P14/P60 forms

Order your forms on-line or by telephone from the Revenue. You cannot use any forms left over from last year. We do not supply these forms.

Order on line

Go to the Revenue's web site www.hmrc.gov.uk.

1. Search for ORDERLINE.
2. Select DOWNLOAD AREA AND ONLINE ORDER FORM.
3. Select FINISHING THE TAX YEAR 2006/2007.

You are presented with a list of year end forms. Enter the quantity you want.

Order by telephone

Telephone 08457 646 646 and place your order.

How many forms to order?

Always order a few extra forms to allow for samples needed for alignment. If you send in paper returns, order forms for **all** your e'ees - not just current e'ees. If you're not sure how many forms to order, display/print your EMPLOYEE CODES AND NAMES report (EMPLOYEE REPORTS MENU, option 6). At the end of this report, the total number of e'ees and the number of deleted records is shown/printed.

If you run a bureau print/display sample report number 920 to display/print the number of e'ees in each company.

Which forms to order - P14 or P60?

If you file on-line, order single part P60's (if you print continuous forms - see below). If you send in paper returns, order 3 part P14/P60's.

On-line filing P60's

1. Laser printers

Order P60 (LASERSHEET-PORTRAIT) (2006-2007) or P60 (LASERSHEET-LANDSCAPE) (2006-2007) forms.

2. Dot matrix printers

Order 3 part P14/P60 (CONTINUOUS-PORTRAIT) (2006-2007) forms and discard any unwanted copies. Do **not** order the Inland Revenue's CONTINUOUS P60 which is a shortened version and does not work with SUPERPAY. (The Inland Revenue does not supply a continuous 1 part P60 form which works with SUPERPAY.)

P14 paper returns

1. Laser printers

Order P14/P60 (LASERSHEET-PORTRAIT) (2006-2007) or P14/P60 (LASERSHEET-LANDSCAPE) (2006-2007) forms.

2. Dot matrix printers

Order P14/P60 (CONTINUOUS-PORTRAIT) (2006-2007) forms.

Check the forms when they arrive

Do not wait until you are about to print your P14's or P60's to check that you have been sent the correct forms. Each part of the 3 part laser P14/P60's is packed separately. Keep the different coloured forms in their separate piles.

8.2 Week 53 pay on 5th April 2007

When you enter 5th April as the PAY DAY, SUPERPAY automatically follows the special PAYE rules for Week 53 payrolls. Only weekly, 2 weekly or 4 weekly payrolls with a **Thursday PAY DAY** have a Week 53 payroll this year. If you do not pay out on a Thursday, you should not have a Week 53 payroll. (2 and 4 weekly payrolls run on 5th April show Week 54 and Week 56 respectively).

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 (i.e. Week 1 in 2007/8), will actually pay their wages on Thursday 5th April (Week 53 in 2006/7). The Inland Revenue has issued the following guidance for this unusual situation.

6th April payments which are brought forward to 5th April because the normal pay day is a Bank Holiday are to be treated as if they were paid on Friday 6th April.

*Only payrolls which are **always** paid on Thursday are to be treated as paid on Thursday 5th April.*

8.3 Holidays over the tax year end

You need to process holiday pay in Week 52 or Week 53 differently from holiday pay at any other time of year.

For example, if you want to pay Holiday Pay in Week 52, you cannot use the HOLIDAY prompt to advance the tax week into Week 53. There are special taxation rules for pay in Week 53 and pay for these weeks cannot be combined with pay for Week 52 etc. Similarly you can't advance from Week 52 or Week 53 into Week 1.

Because Easter Sunday falls in Week 1 of the 2007/2008 tax year, you may have many employees (or indeed the whole payroll) on holiday in Week 1. We will email you specific guidance on how to handle these holiday payments nearer the time.

8.4 Two weekly/four weekly payrolls

If you run a two or four weekly payroll you may run Week 52 some time before 6th April - e.g. up to 3 weeks before year end for a 4 weekly payroll. There is no need to split any two weekly or four weekly pay which straddles a tax year end.

When you run the first payroll in the new tax year the tax interval is automatically set to Week 2 or Week 4 as appropriate so that your e'ees get their correct tax and NI allowances; e.g. if you pay 4 weekly paid employees on Friday 6th April, SUPERPAY automatically runs the payroll as Tax Week 4 so that your e'ees get 4 weeks' tax and NI allowances.

8.5 Students who work solely during their holidays

Students who work only during their holidays do not pay tax until their pay exceeds the annual personal tax allowance. Make sure you have a signed P38(S) for any such employees for each tax year; i.e. if a student works during the Easter vacation, make sure you have two P38(S) forms if he gets paid in both tax years.

8.6 P38A employees

Employees who have not been paid above the lower earnings limit in any pay period during the year can be filed on a paper P38A. This holds true whether you file on-line or on paper.

- If such e'ees have been set up on SUPERPAY, SUPERPAY files them on-line or prints P14's for them. This eliminates the need for paper P38A's.

(If you are filing on paper, it is important to enter **y** in the CO RECORD, Screen 2, EVERYONE ON P35/P14 field. All P38A e'ees will then be listed on the paper P35 CONTINUATION SHEET and printed on P14's. This field is irrelevant for on-line filing.)

- If you have **not** already entered a P38A employee on SUPERPAY, you can complete a paper P38A rather than set them up.

Paper P38A's do not affect e-filing incentives.

8.7 Defer year end processing until after Week 1

We recommend you defer YEAR END processing until mid April (or later) rather than rush to carry out YEAR END processing before Week 1. The following notes guide you through this process. In summary, after running your last payslips for 2006/7:

1. CREATE NEXT YEAR'S FILES.
2. CHANGE ALL TAX CODES on your new 2007/8 file.
3. Run your 2007/8 payrolls in the 2007/8 file.
4. In April/May 2007 - i.e. when you're not so busy - process your 2006/7 YEAR END.

You don't have to follow this advice and can complete YEAR END before running Week 1's payroll if you wish.

8.8 Create next year's files (year end, option 7)

The CREATE NEXT YEAR'S FILES option creates a new file for the current company, ready for the new tax year **without** altering your existing year's file in any way. Immediately after running CREATE, you have two files and can switch between tax years by simply changing the date on the MAIN MENU or Logo Screen.

CREATE is for all employees in a company and can be run **once only**; e.g. if you want to run Week 1 for one or two employees, you cannot simply CREATE new records for them and leave all other records unaffected.

Once you have CREATED next year's files you cannot easily undo the CREATE, so **use this option with caution.**

Operating Instructions

Select option 7 on the YEAR END MENU. SUPERPAY displays a message asking you to press SPACE to proceed. On the new year's records, SUPERPAY removes leavers, changes all Week 1/Month 1 suffix tax codes to cumulative and resets the tax, NI etc. totals back to zero. CREATE also calculates whether you are a large or small employer for Parental Pay reclaim calculations in 2007/8.

For this year only, CREATE also removes subcontractors' details from the 2007/8 file.

8.9 Run Week 1/Month 1

When you CREATE next year's files, you are still in the 2006/7 tax year. So, before you can start working on the 2007/8 Records, you need to change to a date in the 2007/8 tax year. To do this, EXIT out of YEAR END back to the MAIN MENU and press ALT-F2. Then enter a date in the 2007/8 tax year before continuing.

Check Small Employer's Relief setting (Co Record, screen 3)

Some companies split their payroll into several SUPERPAY 'companies' even though all the 'companies' have the same PAYE reference; e.g. the directors wages are done separately. If you do this, after running CREATE, check that the NI bands on Screen 3 of your 2007/8 COMPANY RECORD correctly reflect your Small Employer status for Parental Pay reclaim. Change the setting if appropriate.

Change all tax codes (E'ee Records, option 6)

Choose option 6 on the EMPLOYEE RECORDS menu, and enter the E'EE TYPE and E'EES fields in the usual way. If you have entered a 2007/8 date, SUPERPAY displays the correct change; e.g. raise all L codes by 19.

If the screen displays a change (or changes) which you do not expect, check that the date on the screen is correct (e.g. 6th April 2007). If not, go back to the MAIN MENU and use ALT-F2 to change the date before returning to this screen. Press ENTER for each suffix on the list until the highlight reaches the bottom of the screen and the PRINT prompt is displayed. Choose an option. SUPERPAY then updates each e'ee's tax code and lists their old and new codes. (If you choose SCREEN, SUPERPAY updates each code displayed but you will not have a printout of this screen so we recommend that you always choose PRINT.)

1. Individual tax code notification

If you receive tax code notifications for individual e'ees to be applied from 6th April, enter these individual changes on the e'ees' records **after** running the global update.

2. Undo change all codes

If you realise that you've made a mistake and have globally changed a suffix code by the wrong amount, re-run this option and enter a negative change to cancel the first update.

Run 2007/8 payrolls

You are now ready to run payrolls for Week 1/Month 1 etc.

8.10 Run YEAR END

When you want to run YEAR END, on the LOGO SCREEN or MAIN MENU enter a date in the 2006/7 tax year (e.g. 31/03/07) to access your 2006/7 data. SUPERPAY displays:

Warning

There is some payroll data for a tax year later than the one you are now in. Are you sure you have entered the right date?

Esc - Exit

Press EXIT to clear the warning. SUPERPAY loads your 2006/7 data for that company, and you can then proceed with YEAR END as if you were still in last year. When you are ready to go back to your 2007/8 data, simply change the date on the LOGO SCREEN or MAIN MENU to a date in the 2007/8 tax year.

8.11 Essential year end reports

Even if you file on-line, there are some reports which you need to print before proceeding. Make sure that you have run your last payroll for the 2006/7 tax year (e.g. there's no point in proceeding if you know there are still some year end bonuses to enter). Load plain paper in your printer, and print the following reports.

Monthly Summary (Payslips/reports menu, option 4)

The MONTHLY SUMMARY provides much of the information for the official P35 form.

SUPERPAY's P35 Continuation Sheet (Year end menu, option 1)

This report is **not** an official P35. It lists tax, NI, SSP and PARENTAL PAY for each e'ee. The SSP and PARENTAL PAY are the amounts paid to the employee rather than the reclaim amounts. (Reclaim totals are shown on the MONTHLY SUMMARY.)

Note: Do **not** send this paper P35 CONTINUATION SHEET to the Inland Revenue if you are filing on-line. (See the FBI manual for details of how you complete an on-line P35.)

CIS36 (Year end menu, option 6)

If you have subcontractors, print a CIS36. This applies even if you are Filing on-line. The CIS36 shows the total paid to each subcontractor during the tax year. SUPERPAY selects all employees with S4, S5 or S6 in their E'EE TYPE field, and prints one line per subcontractor. The subcontractors are printed in card/certificate number order, all S4 subcontractors first, followed by S5, and then S6.

8.12 Reconcile your totals

Now check that your MONTHLY SUMMARY agrees with the total paid over to the Inland Revenue (less £250 if you received last year's e-filing Incentive). In theory, the totals should always agree but in practice they may not. If there are differences, the main items to look out for are:

1. SSP reclaimed

The SSP on the WAGES BOOK and P35 CONTINUATION SHEET is the total SSP **paid**. This is not the same as the SSP **recovered** shown on the MONTHLY SUMMARY. Recovered SSP is the total SSP paid in excess of 13% of the total NI in any one month. (Not many companies can reclaim the SSP they pay out.)

2. Parental Pay Reclaim

The PARENTAL PAY on the WAGES BOOK and P35 CONTINUATION SHEET is the total **paid**. The MONTHLY SUMMARY shows the PARENTAL PAY **recovered** which is:

- the SMP, SPP or SAP paid + 4.5% NIC compensation if you are a Small Employer, or
- 92% of the SMP, SPP or SAP paid if you are a Large Employer.

Check that the PARENTAL PAY on the MONTHLY SUMMARY correctly reflects your Small Employer status. If the PARENTAL PAY recovered is 104.5% then make sure that you are indeed a Small Employer.

If you have reclaimed too much (or too little) PARENTAL PAY, change the relevant field(s) on Screen 3 of the COMPANY RECORD. Then reprint your MONTHLY SUMMARY which now reflects the change.

3. The amount paid to the Revenue could be incorrect

If you use the WAGES BOOK rather than the MONTHLY SUMMARY to calculate your Inland Revenue payments, you may have paid the wrong amounts. This is because the WAGES BOOK is derived only from the payslips; the totals on the MONTHLY SUMMARY reflect all the payslips for the year **and also** any changes that you have made to your EMPLOYEE RECORDS.

Changes which you may have missed are:

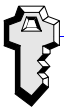
- Inadvertently undoing a payslip using RESTORE or UNDO so the MONTHLY SUMMARY no longer includes the payslip.
- Altering an employee's totals directly e.g. entering a P45 as Pay and Tax in **this** employment rather than **previous** employment.

4. Alterations to e'ee records

If you cannot identify a difference, print an ALTERATIONS report (E'EE REPORTS, option 4). This can be a very long report, so try to narrow down those E'EE RECORDS which might have been altered; e.g. Starters and Leavers. Print the ALTERATIONS report for these records first, and only as a last resort, print ALTERATIONS for all employees.

5. Conclusion

There is no **one** answer to every instance where the MONTHLY SUMMARY does not agree with the total paid over to the Revenue. However, if there is a difference, you have to persevere and identify and correct the difference. If you find that your original payments were less than they should have been, pay over any extra due. If you have overpaid the Inland Revenue, you need to contact them to arrange a refund.



Key Point:

Do not proceed with YEAR END until your totals agree.

8.13 Optional year end reports

SUPERPAY allows you to access previous year's information at any time. However, some users like to have paper copies of the following year-to-date reports. These reports are all options on the EMPLOYEE REPORTS MENU.

- TOTALS TO DATE - this lists one line of totals per employee.
- DEDUCTION CARDS - one or two pages per employee.
- EMPLOYEE DIARIES for those employees shown on the paper P35 CONTINUATION SHEET as having received SSP. You would only print a DIARY for every e'ee on the payroll if you use the DIARY to record Holidays. There are two pages per e'ee and this can be a long report.
- TAXCRDS/STUDENTS/NI REBATE year to date report, one line per e'ee.
- PENSIONS TO DATE report, one line per e'ee.
- Some users also like a WAGES BOOK by employee. Choose WAGES BOOK (PAYSLIPS/REPORTS menu, option 2). In the FOR box (where SUPERPAY prompts Week 52 or Month 12 etc.) enter ALL and press ENTER twice to select all employees. SUPERPAY then prints a WAGES BOOK for each employee, listing the pay details for each pay period in the current year. There is one page per e'ee, though the report for some weekly employees with two pensions or PARENTAL PAY might take two pages.

8.14 Print P14/P60's - System Details screen

Set up the format of your P60/P14 forms on your SYSTEM DETAILS screen.

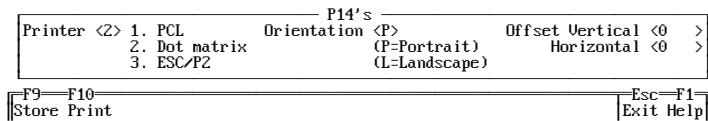


Diagram 1: P14 box on System details file

If you are using the same type of form as last year and are using the same printer, your settings should not have changed. If you have re-installed SUPERPAY during the year or changed your network, you may need to re-enter your settings.

Printer

There are 3 printer types. Enter **1** for **PCL** for Laser/Inkjet printers using A4 sheets. Enter **2** for **Dot matrix** printers using continuous paper. Enter **3** for ESC/P2 for older style Canon BubbleJet and Epson Stylus inkjet printers.

Orientation

Enter **P** (Portrait) or **L** (Landscape) to match your forms.

Offset

These fields are used to adjust the alignment of your printed forms. Leave 0 in each field until you have printed a sample.

8.15 Print P14/P60's - Year End screen

Printer ribbon/toner

If you're filing on paper, we recommend that you use a new ribbon or cartridge to print your year end forms. It is also advisable to set dot matrix printers to letter quality if possible. This will make the forms easier for the Inland Revenue to scan and should avoid the risk of rejection by scanning equipment.

Print a sample

Go to SUPERPAY's YEAR END MENU and choose PRINT P14's or P60's (option 3 or 4). The formats of the P14 and P60 are very similar but the P60 option prints forms for **current** employees only and does not include leavers.

Load your P14 or P60 forms in your printer and choose SAMPLE. SUPERPAY fills each printed field with X's or 9's. Make sure the alignment is OK. If you are filing on paper, the Inland Revenue rejects forms which are misaligned.

Adjust alignment

If you use continuous stationery, adjust the alignment by moving your tractors or top of form position. If you have an ESC/P2 type printer, the P14 form automatically lines up. If you have any other type of A4 printer you may need to change the horizontal or vertical alignment using the OFFSET fields on the SYSTEM DETAILS.

8.16 Print P14/P60's - Offset fields

If your sample doesn't line up, EXIT out of the YEAR END MENU and go to SYSTEM DETAILS. Use the Offset fields to move the print around the form. However, you cannot move the print past your printer's pre-set top, bottom, left or right margins.

The numbers you enter in these Offset fields represent decipoints. There are 720 decipoints per inch; i.e. **72** moves the print $\frac{1}{10}$ ". In practice, most adjustments are between 50 and 200 decipoints.

Offset - Vertical

If the company's name and address starts too high up, enter a positive number to move the print down the form. If the company name and address is too low, enter a negative number to move the print up. E.g. **-72** moves the print up $\frac{1}{10}$ ".

Offset - Horizontal

If the print is too far to the left, enter a positive number to move the print right. If the fields are too far to the right, enter a negative number to move the print left. E.g. **72** moves the print right $\frac{1}{10}$ ".

Store and print another sample

Now press F9 to STORE the SYSTEM DETAILS screen, and go back to the YEAR END MENU. Print another SAMPLE and see whether the print is now in the right place. This is a trial and error process, and you can change the Offset fields again if you didn't make the correct adjustments the first time.

8.17 Paper returns

Complete Inland Revenue P35 form

Manually transfer the totals from the MONTHLY SUMMARY and CIS36 to the Inland Revenue paper P35 and complete the checklist/declarations. Attach SUPERPAY's P35 CONTINUATION SHEET. (This lists each employee included in the totals.)

Print 3 part P14/P60's

Print the forms.

1. The top two copies of the continuous form are P14's; the bottom copy is the P60. Separate and remove any perforations.
2. Print the green laser P14's, then the orange P14's and finally the blue P60's. Keep in their separate piles. (Note: the colours may change.)

Check the details. If necessary, make any changes and reprint individual forms. P14's must be in the same order as your P35 continuation sheet so keep them in the sequence printed by SUPERPAY.

Filing date

Send the completed P35, the P35 CONTINUATION SHEET and P14's to the address on the front of the Revenue's P35 form by 19th May.

8.18 Give P60's to current employees

Give a P60 to each person employed at 5TH APRIL 2007. For continuous multi-part P14 forms, destroy the bottom copy for leavers.

8.19 Sundry questions re year end

Q1: When I choose CREATE NEXT YEAR's FILES, SUPERPAY tells me that my program does not handle tax years after 5th April 2007.

If this happens, you have not yet installed a 2007/8 version of SUPERPAY (Version 3.17.00 or later). Go to SUPERPAY's website and download the latest version.

Q2: When I try to run CREATE NEXT YEAR's FILES, SUPERPAY tells me there is already a data file for the next tax year.

The only way round this is to delete the existing 2007/8 data file. Contact our Hotline for advice before you do this.

Q3: I have entered a post 6th April 2007 date, but SUPERPAY does not let me into the 2007/8 tax year.

You have not yet CREATED next year's file for the company chosen. Press ESC to clear the error message. Then either enter another company number or enter a 2006/7 date, run CREATE NEXT YEAR'S FILES, go back to the MAIN MENU and press ALT-F2 to change the date back to a 2007/8 date.

Q4: SUPERPAY won't let me run Change all Tax Codes

You have tried to apply the global 6TH APRIL 2007 tax code changes to the pre-year end file (or before CREATING next year's files). You need to go back to the MAIN MENU, press ALT-F2 to change the date to the new tax year and then run the global change.

If SUPERPAY does not let you enter the global change, you are doing something wrong (e.g. you are in the wrong tax year). In this case, do **not** enter the changes individually.