



East Riding Voluntary Action Services (ERVAS) Limited

Community Accountancy Service

Delivering quality accounting services and training to the voluntary sector

Payroll Service Information 2012/13



East Riding Voluntary Action Services (ERVAS) Limited
Morley's Cottage, Morley's Yard, Walkergate, Beverley, HU17 9BY
Tel: (01482) 871077 Fax: (01482) 887574



LOTTERY FUNDED

Payroll Service Information

Introduction

East Riding Voluntary Action (ERVAS) Limited's Payroll Service provides a comprehensive payroll facility which is efficient, easy to use and a cost effective solution to the payroll needs of people in receipt of Direct Payments.

The Service Facilities

- ⊗ Calculation of salaries for all staff including sessional workers.
- ⊗ Monthly/4 weekly/fortnightly or weekly payslips and reports detailing all payments and deductions, including payments due to Her Majesty's Revenue and Customs (HMRC).
- ⊗ Statutory payments, student loan deductions, pensions and attachment of earnings catered for.
- ⊗ Annual returns to HMRC.
- ⊗ Advice and support on all aspects of PAYE including registration with HMRC.
- ⊗ Information and advice on any issues relating to employing/paying staff.

Joining the Service

- ⊗ You will need to complete the payroll service form providing us with details of the employer. Upon receipt and acceptance of the appointment as payroll agent we will issue you with:
 - an engagement letter that you will need to sign and return with photocopies of identification of the employer(s) for Anti-Money Laundering Procedures
 - Her Majesty's Revenue and Customs (HMRC) Forms for agent authorisation - FBI 2 and 64-8.
 - Employee Details forms and HMRC P46 forms for employees without P45's.
 - A pack of standard forms for use to inform us of changes and payroll amendments.
- ⊗ Return all completed forms FAO: Sian Broughton, Community Accountant, East Riding Voluntary Action Services (ERVAS) Limited, Morley's Cottage, Morley's Yard, Walkergate, Beverley, HU17 9BY.
- ⊗ Please note - if you wish to terminate the agreement for Payroll Services, one month's notice is required.

Administration Procedures

- ⊗ Ensure that changes to salary, additional hours and any other applicable forms are received at ERVAS by the agreed date as given on the Payroll Service form.
- ⊗ Ensure that any new starter forms and P45/P46's are sent to us, also inform us of any leavers.
- ⊗ We will then process the payroll and return the following information to you:
 - Wageslips
 - Payroll Payment Summary Reports
 - HMRC payslip for PAYE/NI payments
 - If you require additional reports/information from the payroll system please contact me with your requirements – we may make an additional charge for this.
- ⊗ You will be responsible for making payments to your employees by Cheque, BACS, Internet Banking or whatever way you see fit. We may be able to operate your BAC's system for you dependent on your bank please enquire for more information on this.
- ⊗ You will also need to make payment to HMRC, Pension providers etc.

Invoicing

We will issue an invoice quarterly in arrears. This invoice will be due within 30 days of the invoice date.

We reserve the right to charge an administration fee for late payment of invoices.

The Costs

Initial Set-up Charges:

£10.00 (One off fee)

Processing Charges:

£5.00 per person per processing

Payroll year end returns to HMRC:

£5.00 per person

Based on the current charges (after the initial set up) the fee for a monthly paid employee works out at £65.00 for the year including filing payroll returns to HMRC.

HM Revenue and Customs Registration

Income Tax and National Insurance Contributions (NI) must be paid by all UK residents on their income. The onus is on the employer to make the correct deductions for tax and NI through the Pay as You Earn (PAYE) scheme.

In order for us to register you on the PAYE scheme we need the following information:

- Employer's name and address
- Employers National Insurance Number
- Nature of business (i.e. In receipt of Direct Payment)
- Number of employees
- First Pay Date

As an employer you must also make an employer's NI contribution on all your employee's earnings above the threshold. Currently the contribution is 13.8% on all earnings above £144 per week (£624 per month). You are liable to pay this contribution.

New Employees

When a new employee starts they need to fill in a new employee details form, this should be sent to us with the employees P45. If the employee does not have a P45 they will need to complete a P46 form and send it to us.

We cannot process the salaries if the information we receive is incomplete.

You are responsible for ensuring that you comply with Anti-Money Laundering Regulations and that all employees are eligible to work in the United Kingdom.

Changes

If there are any changes to the payroll i.e. salary increase, change in number of hours worked, sickness etc we need to be notified by a date which will be agreed upon on acceptance of ERVAS processing your payroll. Plenty of notice will ensure that your employees are paid accurately and on time.

If a change to the payroll is reported after the agreed date there are two options open to you:

1. The change can be implemented for the next payroll; or
2. We can reprocess the payroll for the staff member(s) concerned which will be charged at an additional £5.00 per person.

Leavers

When an employee leaves let us know the leaving date as soon as it is known. Please tell us if there is any payment due in lieu of notice, holiday pay or redundancy pay. If an employee is entitled to redundancy pay we can calculate the amount due based on the statutory amount for you. This is important so that the P45 can be issued with the correct details. We will forward part 1 of the P45 to Her Majesty's Revenue and Customs (HMRC), parts 1a, 2 and 3 of the P45 will be forwarded to you with any other wage information for that period, you should then forward this on to the employee.

Paperwork

We will send you payslips for your employees, duplicate payslips and payroll payment summary reports for your records. We will also send out the HMRC payslip so that you can make payment of Tax and NI due. Payments to HMRC should reach them by the 19th of the following month. If there is no payment due we will forward the payslip to HMRC with NIL in the figures boxes.

If you require any other reports please discuss your requirements with us, although there may be a charge for additional reports supplied.

Statutory Sick Pay (SSP)

All employers are legally obliged to record their employee's absences from work through sickness which are over 4 consecutive days (including holidays and weekends). They are also obliged to pay SSP regardless of the employers contractual arrangements with their employees for making payments or its entitlement to reclaim amounts paid out.

Employees who earn more than the lower earnings limit (currently £107 per week, £464 per month) are entitled to receive up to 28 weeks SSP. Because of the restriction of the amount of SSP payable during a given period it is important that proper records are kept.

It is essential that we are informed if an employee is sick for more than 4 days and that we are sent sick notes for the sickness period. Some periods of sickness may be linked so if an employee has previously had a period of sickness which has lasted 4 days or more please also inform us.

Reclaiming SSP

The employer may be able to reclaim some of the SSP paid out. The amount is worked out on a percentage of the total National Insurance contributions in the month. We will calculate this for you and adjust the amount you have to pay HMRC for that month accordingly.

Other Statutory Payments

All employers are legally obliged to pay any Statutory Maternity Pay (SMP), Statutory Paternity Pay (SPP) and Statutory Adoption Pay (SAP) due and keep the required records.

Please let us know as soon as possible if your employee is going on leave for maternity, paternity or adoption reasons and we will work out if the employee is entitled to the appropriate statutory payment.

Reclaiming SMP/SPP/SAP

Small employers can reclaim 100% of the statutory payments as well as a small percentage of compensation. If an employer has total NI contributions of more than £45,000 pa they are classed as a large employer and can only claim 92% of the statutory payments paid.

We will calculate this for you and adjust the amount you have to pay to HMRC accordingly.

Statutory redundancy Pay

Statutory redundancy payment is due where an employee is made redundant with at least 2 years' service. This includes an employee working under a fixed-term contract agreed, renewed or extended since 1 October 2002. Office-holders such as directors qualify if they work under a contract of employment.

A statutory redundancy payment is due only where the employee is dismissed (as compared with resignation). For this purpose, an employee volunteering for redundancy is dismissed. If the employee leaves before the redundancy date by agreement, payment remains due.

We will calculate whether Redundancy is due.

Year End Returns

At the year end P14's and P35's have to be sent to HMRC. We will complete these and file them online for you.

P14's and P35's must be received at the tax office by the 19th May each year. There are automatic fines for any employer not submitting them by this date.

We will also complete P60's which must be issued to your employees by 31st May each year if they are still employed by you.

Record Keeping

Employers are legally required to keep certain records for a minimum of 6 years after the tax year to which they relate. For this reason we try to keep as full information on you as an employer and your employees as possible. These include:

- ⊗ Personal Details Form
- ⊗ P45/P46/Tax Code Notifications
- ⊗ Sick Notes/SSP Payments
- ⊗ SMP/SPP/SAP payments and related paperwork
- ⊗ Student loan deduction notifications

We require originals of all these documents as well as any other information that may affect payment.

The information we request will only be used and stored in a manner that complies with the Data Protection Act 1984 and 1998 and all subsequent amendments, your employees have a right to examine the data held in their name.

If you have any queries about any aspect of payroll please contact us. If we are unable to answer a particular query we will probably know the right person to ask!



For further information please contact:

Sian Broughton ACMA, CGMA, DChA, MAAT – Community Accountant
East Riding Voluntary Action Services (ERVAS) Limited
Telephone: (01482) 871077
E-mail: sian@ervas.org.uk