

PAYE In-Year Podcast Transcript

- David** Hello, I'm David Prever, here at HMRC with Stephen Banyard today, talking about important changes to how you, as an employer, file your P45s in-year. Stephen, nice to see you. Can you start by giving us an overview of exactly what is changing, and why?
- Stephen** Yes. From April 2009, all employers who have 50 or more employees will have to send their in-year forms – that's the P45s and P46s – online. And that also applies to similar pension information. Employers will also need to give us a little more information on those forms, because they'll need to, in future, also give us the gender and the date of birth of the people they're sending the forms in for.
- David** And this is all online, from now on?
- Stephen** And this is all online, if you've got 50 or more employees.
- David** Okay. So, Stephen, why is this happening?
- Stephen** It's one of a number of recommendations made by Lord Carter in his recent review of HMRC's online services. And the aim is to make things simpler and faster for everybody. In fact, for many employers, this won't be new, because they're already doing it. But there will be some who haven't done it before, and the main message for them is that we need to get going now.
- David** So, if I'm an employer, and I'm concerned about these changes, all of a sudden, what should I be doing, what should employers be doing to prepare?
- Stephen** Okay. The first thing to do is to look at how their payroll's organised. And in particular, to look at the processes behind it, and we're particularly interested in organisations where there are a number of different branches who send in the forms P45 and P46, particularly if the payroll itself is handled centrally. It's those branches you need to look at, and see how the processes are there.
- David** So, Stephen, if employers don't comply with the new requirements, are there going to be penalties somewhere along the line?
- Stephen** We've designed the service with employers, and we hope it's a service they will want to use, because it's a better way of doing things. And our aim is to help people, and not catch them out. But there will, of course, be penalties, but we hope that when employers actually use the service, they'll find it's something they want to do.
- David** What about smaller employers then – those with fewer than 50 employees – will they have to file in-year information online?
- Stephen** The plan is that smaller employers will come into this from April 2011, but there's nothing to stop them going online now, because it's worth doing.

David So, if I'm listening to this as an employer now, and I think "Here we go again, more work, HMRC are giving us more to do", sell me the benefits – what really are the benefits of filing P45s, P46s online?

Stephen I think the real benefit is it's simpler, and it's faster, and therefore it works better, both for the employer – the employer who's losing someone through the P45, and the employer who's gaining them – and it's much better for the employee. It's also more secure. Large employers have been filing their end-of-year returns for a long time and this is just an extension of it. And although it won't be mandatory for large employers to do this until April, actually the service is already in place, and over 3.5m online forms have already been received.

David So, the forms that we're talking about here, they're submitted, are they, mainly via commercial software. Is that what we're talking about?

Stephen Yes, the majority of employers use commercial software - that means they've got a payroll package, and that package has built onto it the facility to submit forms to HMRC. We've been working with the producers of payroll software but it is worth checking with your supplier that they have adapted their product for the change next April. A minority of employers use the HMRC product and that's already adapted, and ready to run.

David So, in terms of the environment, then, Stephen, this has got to be good news. We must be saving a lot of paper here, then?

Stephen Well, yes. There's really good news. Last year alone, the savings we made were the equivalent to 6,000 trees, or if you stretched the P45s end-to-end, they would run from London to Sydney.

David That makes sense. So, what are HMRC doing to help raise awareness of these changes, then?

Stephen This is really important. We've been advertising it through the various news updates that we give to employers, and in the products we send to them. We will be writing to every single employer who comes into the scheme, next year. And we will be doing some national press advertising, as well, to make sure nobody misses it.

David If employers have any more questions, as inevitably they will do, where can they go to find out more?

Stephen I'd suggest the first place they go is to our CD-Rom. We send this to all employers, twice a year, and it gives comprehensive information and help; and it's also got a video that shows all the forms and the calculations that they would need to do. There's also a dedicated employer part of our HMRC website – www.hmrc.gov.uk – and we'll be doing half-day workshops; and there's also a telephone service for them, as well.

David And we've got that number here, which is 08457 143 143, with a separate number if you're a new employer, which is 0845 607 0143. Finally, Stephen, anything else you'd like to say to employers?

Stephen

For large employers, the key message is: don't delay. Start looking at your processes now, if you haven't already, and get ready for the changes by April. If you're a small employer, it's worth going online; you'll find there's real benefits from it, and you can put a toe in the water now.

David

Stephen, thank you very much for joining us.