

Global Payroll - Electronic Year End

In a refreshingly frank situation report delivered to the spring meeting of the British Computer Society Payroll Specialist Group, the Inland Revenue acknowledged that unexpectedly high take-up of electronic submission facilities combined with problems with their Electronic Routing Interface Component (ERIC) will limit the degree of real-time validation possible for single part and multi-part P14 end of year submissions made between 6th April and 18th May this year.

ERIC is responsible for queuing end of year returns messages submitted to the Government Gateway, validating their content, collating multi-part submissions, responding to submitters and passing complete submissions to the Inland Revenue back office systems.

In its report, the Inland Revenue explained that ERIC will check that messages are well-formed but will not be sufficiently robust to perform Quality Standard Validation (QSV) checks before responding to submitters.

As a result, on receipt of a well-formed internet submission ERIC will issue its "9004 - submission response" reply to the submitter relatively quickly and then add that submission to a queue of items to await later QSV checking which should not be expected to take place until after the 18th May deadline.

IMPACT FOR USERS OF GLOBAL PAYROLL AND GLOBAL GATEWAY

The good news is that the impact of this change for sites using Global Payroll version 7.1 and Global Gateway version 1.0 to make single-part and multi-part P14 end of year submissions for tax year 2004/05 using EDI, FBI, the Inland Revenue On-line software or a combination thereof, is expected to be very limited because Payroll version 7.1 End of Year tax routines already perform the QSV checks whenever end of year submissions are generated in order to comply with the Inland Revenue Payroll Standard.

Nevertheless, it is important to stress that the May 18th deadline still holds true for completing submission of all parts of a tax year 2004/05 end of year PAYE return.

If all parts of a submission are made prior to the deadline, even if one of those parts should subsequently fail the QSV checking deferred by the Inland Revenue, the employer will be informed, but will still qualify as having made a complete and timely submission and if all parts are submitted electronically, will still qualify as having made a valid electronic submission.

Please note: In the unlikely event that such a situation arises, sites are asked to report the occurrence to TIS Support through their reseller to enable us to

investigate and eradicate any differences between the QSV checks performed by Global Payroll and those performed by ERIC.

Sites involved in multi-part submissions should note that ERIC will not signal the overall completion of a multi-part submission until the queued submissions are processed, i.e. checking the number of P14 part submissions against the count of parts declared on the P35 is one of the deferred QSV checks. Note also that entries in the queue are processed in the sequence in which ERIC receives them.

In light of this, the Inland Revenue has restated its advice to employers and agents making multi-part submissions to organise submissions so that entry of the P35 part using the Inland Revenue On-line facilities is the final action in the sequence. If this is done, any P14 part needing correction prior to submission of the P35 can simply be resubmitted.

Adopting this protocol also means that submission of the P35 clearly delineates completion of the return and establishes the point beyond which any further P14 corrections have to be made as "amendments" to the complete return using the Inland Revenue Online facilities.

The Inland Revenue acknowledged that the cut-over from submitting replacement P14's to sending amendments to P14's is a potential problem zone and agreed to extend checking of P14 parts to eliminate second and subsequent identical submissions without reporting a failure.

Clients are reminded that electronic submission of a P35 whether in a single-part submission or using the Inland Revenue On-line facilities has the same legal implications as the director signing the old paper P35.

Finally, it should be noted that, while the Inland Revenue have stated that their intention is to be as supportive as possible during the submissions process, nevertheless the checks performed by their back office systems will be as rigorous as ever and any employer failing to maintain accurate payroll records is liable to incur the normal penalties for failing to keep proper records.