

EARNIE Program Changes - April 2010

Contents

Welcome - April 2010 3

Online Filing for Cessation Returns 4

New Key Accounts Link 4

New 50% Tax Band 4

Earnings Arrestment (Scotland) 5

New Earnings Arrestment (Scotland) Deduction Schedule 5

NT and D0 Tax Code Changes 5

Women's State Pension Age 6

Report Changes 6

Other Issues - April 2010 6

Welcome - April 2010

Welcome to Payroll Year End 2010.

This document contains details about the program changes contained in this update.

To access the **Year-End Guide**, including step by step instructions for completing and submitting your year end returns online, go to the **Year-end** menu in EARNIE and select **Year-End Guide**. The guide is also available in printed form on your Year-End installation CD. The file is called **Year-end Guide.pdf**.

Remember! Filing your **Employer Annual Return** (form P35 and form P14s) electronically becomes a requirement for all employers starting with the 2009/2010 return. There are a very few exceptions; for details of these, please contact HMRC.

This document contains details on the following amendments:

- Online Filing for Cessation Returns
- New Key Accounts Link
- New 50% Tax Band
- Scottish Earnings Arrestments
- New Scottish Earnings Arrestment Deduction Schedule
- NT and D0 Tax Code Changes
- Women's State Pension Age
- Women's State Pension Dates
- Report Changes
- Other Issues

Online Filing for Cessation Returns

HMRC permits companies to send their Year-end submissions part way through the current tax year **ONLY** if the company has ceased trading.

If in the future your company ceases trading, or if you are a payroll bureau and any of your companies cease trading, you can use your payroll software to send the cessation return online to HMRC.

To send P14s and P35 online to HMRC during the current tax year, you need to select **Year-end | Online Filing | Send Submission**. The payroll software automatically displays **the Totals on the End of Year Submission Report** preview screen. After clicking **OK** on the **Report Preview** screen the **Online Filing** screen opens.

Online Filing - (0) Riverside Hospital PLC

Sender Details | Checklist / Declaration | Revenue Details

Figures in brackets indicate box on P35

Total Statutory funding received from HMRC	(20)	£0.00		
Total received from HMRC to refund Tax	(7)	£0.00		
Incentive payment received	(26)	£0.00		
Deductions made from Subcontractors	(23)	£0.00		
CIS Deductions Suffered	(28)	£0.00		

Figures in brackets indicate box on P35

	Recovered	Compensation
SSP	£0.00 (12)	
SMP	£0.00 (13)	£0.00 (14)
SPP	£0.00 (15)	£0.00 (16)
SAP	£0.00 (17)	£0.00 (18)

Alter Totals

Amount already paid to HMRC: 0.00

Whole Submission P14 Only Part Submission

Ceased Trading? Date: / /

Submission Type: [Dropdown]

Return Type: Original [Dropdown]

When sending a Whole Submission all information for the Company must be included in the return. Where additional employees will be sent later, use the P14 Only Part Submission option above.

Cancel Submit Document

If you tick the **Online Filing | Revenue Details | Ceased Trading?** box, the **Date** field becomes enabled for you to enter the Ceased Trading Date. A Ceased Trading Date must be entered before the document can be submitted. When the **Submission** document is created the Ceased Trading Date is included for you.

Note: If the **Ceased Trading?** box is ticked but no date is entered, a warning message is displayed and you will be unable to continue with the submission process.

New Key Accounts Link

A link for the accounts package **'Key Accounts Enterprise'** is now available via **Company | Accounts Link | Configure Accounts Link**.

New 50% Tax Band

For taxable income over £150,000 a new 50% tax band now applies.

Earnings Arrestment (Scotland)

The Scottish Parliament have announced a new method of calculation for **Attachment of Earnings Orders** of type **Earnings Arrestment (Scotland)**. The calculation method will be similar to that of Council Tax; based on percentages instead of fixed values.

The changes will be effective from 6th April 2010.

You will not need to make any changes to the configuration of existing orders. The only change will be to the way existing orders are calculated in the payroll year 2010/2011 and beyond. Any current orders with an outstanding balance carried over from 2009/2010 to 2010/2011 will have deductions made automatically based on the new rules.

Both calculation methods will still exist for companies that have installed the update but not finished running payrolls for 2009/2010.

Any new orders configured in 2009/2010 after the update is installed will still calculate on the 2009/2010 rules until the year end restart is performed.

New Earnings Arrestment (Scotland) Deduction Schedule

New Earnings Arrestment (Scotland) Deduction Schedule

TABLE A: DEDUCTIONS FROM WEEKLY EARNINGS	
Net earnings	Deduction
Not exceeding £95.77	Nil
Exceeding £95.77 but not exceeding £346.15	19% of earnings exceeding £95.77 or £4.00 whichever is greater
Exceeding £346.15 but not exceeding £576.92	£47.57 plus 23% of earnings exceeding £346.15
Exceeding £576.92	£100.65 plus 50% of earnings exceeding £576.92

TABLE B: DEDUCTIONS FROM MONTHLY EARNINGS	
Net earnings	Deduction
Not exceeding £415	Nil
Exceeding £415 but not exceeding £1,500	19% of earnings exceeding £415 or £15 whichever is greater
Exceeding £1,500 but not exceeding £2,500	£206.15 plus 23% of earnings exceeding £1,500
Exceeding £2,500	£436.15 plus 50% of earnings exceeding £2,500

NT and D0 Tax Code Changes

HMRC legislation changes require tax codes D0 and NT to operate on a cumulative and Week 1/Month 1 basis from 6th April 2010, the same way as all other tax codes.

Currently tax code D0 only operates on a Week 1/Month 1 basis. Tax code NT normally operates on a Week 1/Month 1 basis but can occasionally be cumulative if instructed by HMRC.

The payroll software will now allow tax codes D0 and NT to calculate on a cumulative basis as well as on a Week 1/Month 1 basis.

- When creating a new employee with a tax code of D0 or NT the basis will default to Week 1/Month 1 but can be changed to cumulative
- If creating new employees via Import with a tax code of D0 or NT, the basis will default to Week 1/Month 1 unless the tax basis is specifically stated in the import file

- During a Year-end Restart all D0 and NT tax codes on a Week 1/Month 1 basis will be automatically set to cumulative. This is in line with other tax codes
- Messages from HMRC, e.g. P6 and P9 notices, for tax codes D0 and NT can be either on a Week 1/Month 1 basis or cumulative

Women's State Pension Age

Currently the state pension age for men is 65 and for women it is 60. This is due to change over the next 10 years so that both men and women will be eligible for the state pension at age 65.

The transition will start in April 2010. Women born before 6th April 1950 will not be affected; they will be eligible for the state pension at age 60. Women born between 6th April 1950 and 5th April 1955 will be affected by the transition. Anyone born after 5th April 1955 will be eligible for the state pension at the age of 65.

While the transition is in process, women become eligible for the state pension on specific dates throughout the year depending on their date of birth.

For example, a woman born on 6th April 1950 will be eligible to receive her pension on 6th May 2010, i.e. one month after her 60th birthday. A woman born on 29th September 1950 will be eligible for her pension on 6th March 2011, i.e. a little over 5 months after her 60th birthday.

As the transition progresses, the exact age at which a woman becomes eligible for the state pension increases from 60 and 1 month, 60 and 2 months and so on until the end of the 10 year period, when the pension age will be 64 and 11 months then finally 65.

When you edit an existing female employee's details or add a new female employee, the payroll software will compare the date of birth to the PC's system date, using the transition dates as detailed here, to determine if the employee should be on NI rate C and will prompt you if that is the case.

Report Changes

The following reports have been updated to HMRC requirements;

- P45 (Online)
- P46
- P46 (Pen)

Absence Report - tax year updated

P14 / P60 Reports - Changed to include the NI Earnings 1d for 2009/2010

Other Issues - April 2010

The following amendments are also included in the April 2010 update for EARNIE. The number included is the internal reference number for the product change request. If you have requested changes you will have received a Product Change Request (PCR) number. This can be used to cross reference with the changes in this document.

Absence Diary

(69965) Available dates in the Diary have been extended beyond January 2011

Accounts Link - Setup

(70055) Splits are totalled correctly when printing Payroll Summary in Account/Code order

(69768) The payroll software can link to SAP Business One 2007

Company Options

(69187) The two digit years on the Absence tab of Company Options have been advanced from 1910 - 2009 to 1920 - 2019

Construction Industry Scheme

(69246) The VAT rate has been changed back to 17.5% from January 2010

Costing

(69732) VAT payments are being posted correctly when job cards are in use

Employee Details

(68311) All fields on the To Date tab are included when using the TAB key to move between them

HMRC Online Services

(69388) Issues with P9s and automatic actions have been resolved

(68178) Issues with receiving notices for employees set up twice on the system have been resolved

(68656) The message received when attempting to submit a P14 Only submission without a Unique ID has been changed to:

'You cannot submit a P14 Only Part Submission without a Unique ID. To enter a Unique ID, go to Company, click Alter Company Details and then click the Tax tab.'

(70001) Negative amounts can no longer be entered into the Amount already paid to HMRC field

HR Link

(70132, 70134) Issues linking with SAP Business 1 have been resolved

(68563) Employee codes greater than 32767 can be used when linking with HR Manager

Import Data

(68555) The FromCompanyBankAccount field in the Employees table is set correctly when importing new employees

National Insurance

(69597) Column 1F on the NI Summary screen has been relabelled, 'Employee's contributions due on all earnings above the ET'

P45 - Print

(69029, 70149) A Margins button has been added to the Print Report screen when printing a P45. This allows margins to be altered to help with alignment issues

Payments & Deductions

(67163) Priority Orders calculate correctly when used with an SSP Contra

Quick Report Writer

(69573) A new field has been added to the Quick Report Writer showing Total Gross Pay

(69318, 69087) Rounding issues have been resolved

(69463) The 'Print as Summary' option has been renamed 'Prompt for Period'

Reports

(69612) Month-end Summary aligns correctly when exporting to Excel

(70056) Net to Gross payments show correctly on the Payroll Summary when printing in Account Group order

(69178) The Average Gross report can now be printed by department