



Welcome - April 2011

Welcome to Payroll Year End 2011.

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**.

This document contains details on the following amendments:

- National Insurance Calculation
- P45 Part 3
- Child Maintenance Service Reporting
- Postcode Format
- Statutory Payment Calculations
- Payroll Calendar



National Insurance Calculation

Following legislative changes, from April 2011 the thresholds used when calculating National Insurance have been changed. Secondary Threshold (ST) and Primary Threshold (PT) have been introduced and the Earnings Threshold (ET) has been removed. The Secondary Threshold applies to employers national insurance contributions and the Primary Threshold applies to employees national insurance contributions.

The Secondary Threshold does not need to be reported on P14s/P11s etc.

P45 Part 3

Changes have been made to the P45 Part 3 screen so that the layout is closer to the design of the official P45 Part 3. Validation has also been added to certain fields to prevent you sending invalid data to HMRC.

The field names for the following have been slightly amended:-

- **Previous PAYE Office No** has changed to **1) Previous PAYE Office No**
- **Date Left Previous Employment** has changed to **4) Date Left Previous Employment**
- **Previous Employment Tax Code** has changed to **6) Previous Employment Tax Code**
- **No Pay Until 6th April** has been changed to **11) Employee will not be paid by you before next 6 April**
- **Job Title** has been changed to **14) Employee's job title or description**

The following new fields/tick boxes have been added:-

- 7) Last entries on P11 Deductions Working Sheet.
 - Week or month number
 - No
 - Total pay to date
 - Total tax to date
- 13) If the tax figure you are entering on P11 differs from item 7, please tick this box and enter a value in the box below

The screen below shows the new layout together with the amended and new field names:-



Online Services

Options

P45 Part 3 P46 P46 (Pen)

P45 Part 3

1) Previous PAYE Office No. Ref No.

4) Date Left Previous Employment / /

6) Previous Employment Tax Code Wk./Mth1

7) Last entries on P11 Deductions Working Sheet

Week or Month number No.

Total pay to date

Total tax to date

11) Employee will not be paid by you before next 6 April

13) If the tax figure you are entering on P11 differs from item 7, please tick this box and enter a value in the box below

Tax figure you are entering on P11 differs from item 7

14) Employee's job title or description

On receiving a P45 from an employee it is an Employer's responsibility to check that the tax shown is correct. If the tax shown is incorrect you must enter the correct amount. The new tick box/field, **'13) if the figure you are entering on P11 differs from item 7, please tick this box and enter a value in the box below'** is for instances where this has happened. You need to tick the box and enter the correct tax figure in the **'Tax figure you are entering on P11 differs from item 7'** field. The value entered in this field will then update the **Tax Paid** in the P45 figures on the Tax/NI tab card in the employee details.

If you enter values in the P45 figures section on the Employee Details / Tax/NI tab and subsequently enter different values in the P45 Part 3 screen, the P45 figures will be updated with the new values.

Child Maintenance Service

A new method of reporting deductions made for child support is being introduced in April 2011 although is not mandatory at present. It is now possible to send a report or create a CSV file containing the DEO details to The Child Maintenance Service. If there is a reduction in the amount of CSA deducted, this can be reported together with a reason code(s).

Child Maintenance Service

Amendments have been made to the **Company Details / Tax** tab; an additional field has been added with a title of **Child Maintenance Service**. This allows you to enter the Employer Reference Number. The field is mandatory if you are producing the new **Employer DEO Schedule**.

Payment / Deduction DEO (CSA) Category

A new category has been added to the company payment/deduction configuration section called **DEO (CSA)** to use for CSA deductions. If you have a deduction for CSA configured as a Priority Order it will continue to calculate the same way as it did before. After this update has been installed it is not necessary for you to change the settings for your existing CSA deductions unless you are going to



use the Employer DEO Schedule report. If this is the case, you will need to use the category of **DEO (CSA)** for the deduction.

Employee CSA Reference Number

A new field has been added to **Employee Details / Payments/Deductions** tab called **Reference Number**. This number relates to an individual **DEO (CSA)** deduction and if entered, is displayed on the new **Employer DEO Schedule**. An employee can have more than one CSA Reference Number if they have more than one DEO (CSA) deduction. This field can also be used for references for other deductions e.g. Council Tax or Pensions.

Employer DEO Schedule

A new report/file is now available called Employer DEO Schedule. This Schedule can be accessed via the Reports menu / Print Summaries. Before you can print/export this report/file, the Employer Reference Number issued by the Child Maintenance Service needs to be entered in the [Company Details / Tax](#) tab.

To print the Employer DEO Schedule you need to complete the following steps:-

- Select the Employer DEO Schedule from the menu item Reports / Print Summaries
- Select the pay frequency, year and period.
- If any employees are found that have CSA information to display you need to check the [DEO Reason Codes](#) and enter/amend if necessary
- Choose to print the report for a hard copy or export the report to create a CSV output file for submission to the Child Maintenance Service

DEO Reason Codes

Reason codes are used where the CSA deduction amount is less than the employee standard value i.e. the amount deducted is less than the amount due to be taken.

- 01 NRP has left Employment
- 02 Statutory Sick Pay
- 03 Statutory Maternity Pay
- 04 Statutory Paternity Pay
- 05 Protected Earnings
- 06 NRP Change of Income
- 07 Deceased
- 08 Minimum Drawing Rate Applies (MoD only*)
- 09 Not receiving Regular Pay (MoD only*)
- 10 Refer to Employer (MoD only*)

* Ministry of Defence

The system will attempt to assign a default reason code(s) where one has not been assigned and saved before. We strongly recommend that you check the reason codes are correct as the system in some cases may not have enough information to select the correct one. There may be two reason codes assigned if the employee satisfies more than one criteria i.e. the employee has SSP and SMP; employee is leaving and has SSP.



Additional Statutory Paternity Pay (ASPP)

As part of the Work and Families Act 2006, from April 2011 changes have been made to create flexibility to allow fathers the opportunity to spend more time with their children. **Additional Statutory Paternity Leave & Pay (ASPL & P)** is being introduced for all babies due on or after 3rd April 2011. This will also apply to all adoptions with a matching date on or after 3rd April 2011.

This change in legislation allows the father to take up to 26 weeks' ASPL of which the father can receive up to 19 weeks paid via ASPP providing he meets the qualifying conditions.

The father can take up to 2 weeks' **Ordinary Statutory Paternity Pay (OSPP)**, normally immediately after the birth/adoption providing he completes the leave before 56 days after the baby's birth / child's placement. OSPP prior to April 2011 is known as SPP.

ASPL allows the father to take a minimum of 2 weeks and a maximum of 26 weeks' leave providing the mother has not taken all her Maternity Pay Period (MPP) weeks (currently 39) and she has returned to work. The maximum number of weeks ASPP a father can receive is 19 providing the ASPP is completed within the mother's MPP. The mother and father cannot be on leave at the same time.

The ASPP must not start until 20 weeks after the baby's birth / child's matching date unless the mother / adopter dies. If the mother dies, the father can take the mother's remaining MPP weeks up to the maximum of 39 weeks. If the father starts his ASPP later than 20 weeks after the baby's birth, the number of weeks entitlement to ASPP will be reduced. Entitlement is lost after the mother's MPP is complete.

Example

This example shows how a father's entitlement is affected by the mother's MPP.

	MPP (39 weeks)
MPP starts 5 weeks before baby due	5 weeks taken
Baby is born 2 weeks late	2 weeks taken
Mother returns to work 22 weeks after baby born	22 weeks taken



Remainder of 39 weeks MPP	10 weeks left to end of MPP
Father's entitlement to ASPP if taken immediately	10 weeks remaining that are available for ASPP
If father does not start the ASPP immediately after the mother returns to work it is reduced. If he has 2 weeks holiday and then starts ASPP the entitlement would be:	8 weeks remaining

A new tab called **ASPP** has been added to the system which will appear under the menu; **Employee / Statutory Payments**. Here you will be able to select if the **Paternity Type** relates to birth or adoption. You are then required to enter the **Week baby due (Sunday)** (or for adoption the **Matching Date**), the **First day to have ASPP** and then the **Date Baby Born** or the **Child's Placement Date**. The system will automatically check if the employee's **Start Date** in the Employee Details is 26 weeks or more before the end of qualifying week.



Birth

Statutory Payments - (1) Pearson J

SAP | OSPP | ASPP | Show Pay

ASPP Details

Paternity Type Birth Adoption

Week baby due (Sunday) []

Average gross pay [0.00]

Employed for more than 26 weeks?

First day to have ASPP []

Mothers MPP start date [/ /]

Date mother returns to work [/ /]

Number of MPP weeks mother taken [0]

Date baby born [/ /]

Number of ASPP weeks already paid [0]

Number of ASPP weeks to pay [19]

Mother deceased

Number of KIT days taken [0]

Employee has not worked long enough to qualify for ASPP

OK Cancel

Adoption

Statutory Payments - (1) Pearson J

SAP | OSPP | ASPP | Show Pay

ASPP Details

Paternity Type Birth Adoption

Matching date []

Average gross pay [0.00]

Employed for more than 26 weeks?

First day to have ASPP []

Adopter's APP start date [/ /]

Date adopter returns to work [/ /]

Number of APP weeks adopter taken [0]

Child's placement date [/ /]

Number of ASPP weeks already paid [0]

Number of ASPP weeks to pay [19]

Adopter deceased

Number of KIT days taken [0]

Employee has not worked long enough to qualify for ASPP

OK Cancel



To perform the system also requires:-

- **Mother's MPP start date** or for adoption, **Adopter's APP start date**
- **Date mother returns to work** or for adoption, **Date adopter returns to work** (or indicate **Mother deceased**).

The system will then calculate the number of weeks' the employee is due ASPP based on the numbers of weeks the mother has not taken in the MPP, i.e. 39 weeks minus the number of weeks between the Mother's MPP Start Date and the Date Mother Returns to Work.

As with other Statutory Payments the system will now use the new [Payroll Calendar](#) to determine the number of weeks' ASPP to pay in the month.

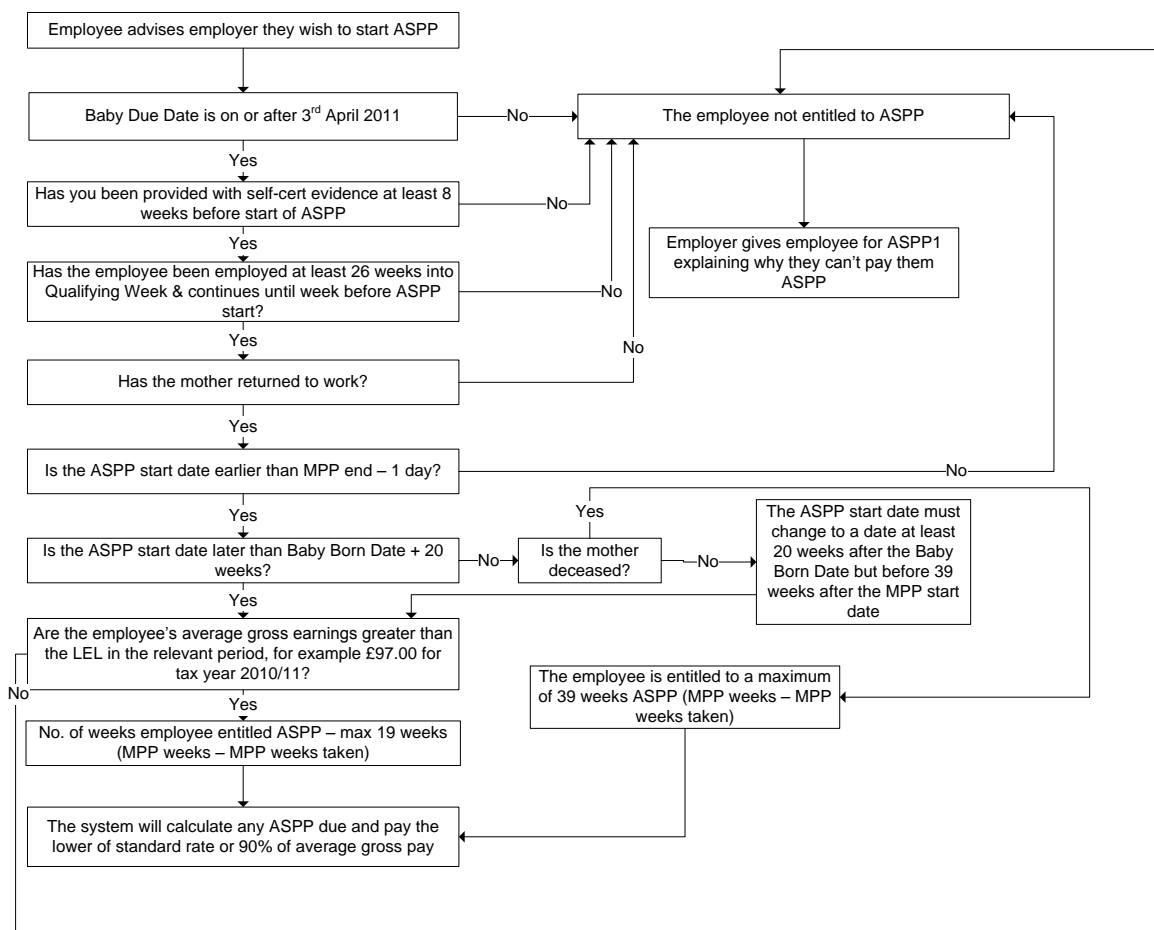
The employee can take up to 10 KIT days without losing any ASPP. If the employee takes 11 KIT days they would forfeit their entitlement to ASPP completely for the remainder of the MPP. The number of KIT days taken need to be entered under **Employee / Statutory Payments / ASPP / Number of KIT days taken**. You can record the number of KIT days taken in the diary. ASPP taken will also be recorded in the diary.

Throughout the system the following items have been amended / added:

- **SPP** (Statutory Paternity Pay) has been changed to **OSPP** (Ordinary Statutory Paternity Pay)
- **ASPP** (Additional Statutory Paternity Pay) has been added
- **Expected Week of Childbirth (Sunday)** has been changed to **Week baby due (Sunday)**
- **Child's Birth Date** has changed to **Date baby born**
- **Number of KIT days taken** has been added
- **Adopter deceased** has been added
- **Mother deceased** has been added



Entitlement to ASPP overview



Postcode Format

Postcode validation has been added to the postcode section of the address fields. This has primarily been added to reduce the number of errors at HMRC.

A Postcode is made up of the following elements:

PO1 3AX

- PO the area. There are 124 postcode areas in the UK
- 1 the district. There are approximately 20 Postcode districts in an area
- 3 the sector. There are approximately 3000 addresses in a sector.
- AX the Unit. There are approximately 15 addresses per unit.

The following list shows all valid Postcode formats. "A" indicates an alphabetic character and "N" indicates a numeric character.



FORMAT EXAMPLE

AN NAA	M1 1AA
ANN NAA	M60 1NW
AAN NAA	CR2 6XH
AANN NAA	DN55 1PT
ANA NAA	W1A 1HQ
AANA NAA	EC1A 1BB

Please note the following:

- The letters Q, V and X are not used in the first position
- The letters I, J and Z are not used in the second position.
- The only letters to appear in the third position are A, B, C, D, E, F, G, H, J, K, S, T, U and W.
- The second half of the postcode is always consistent numeric, alpha, alpha format and the letters C, I, K, M, O and V are never used.

Statutory Payment Calculations

Previously the system would default the number of weeks for SMP / SAP in the monthly payroll calculation to 4 whereas the number of weeks to pay can vary once payment has started. SPP would default to 2 weeks in the payroll calculation. A [Payroll Calendar](#) has been incorporated into the payroll so that you can define the start and end dates for your work periods in the year. The information in the [Payroll Calendar](#) will be used when calculating the number of weeks SMP / SAP / OSPP / ASPP to be paid in a period.

Please note that the [Payroll Calendar](#) function will be visible to all operators/users after the update has been installed. If you do not want this to be visible, you will need to amend the Operator/Groups set-up in the admin side of the software.

NB For any Statutory Payment records that are already created and being paid, there is no requirement for the payroll calendar to be configured but it is essential before the first new Statutory Payment record is created.

SMP/SAP/OSPP/ASPP

A new field has been added to the Statutory Payment setup to enable you to enter the **Number of Weeks Already Paid** i.e. SMP already paid (this field was already available for SPP but can now be amended). This allows you to enter the number of weeks already paid and is particularly useful if you are moving from another payroll system and already have employees receiving statutory payments.

The field **First pay day to have SMP** has been changed to **First Day to have SMP**. You must now enter the first day the employee starts SMP rather than the first pay day. Using this date combined with the new payroll calendar, the software will automatically calculate the number of weeks SMP to be paid in each pay period.

To make some other fields clearer, adjustments have been made to the field names which are applicable to SMP, SAP and SPP i.e.

- **Expected week of Childbirth** has been changed to **Expected week of Childbirth (Sunday)**
- **No of weeks SMP** has been changed to **Number of Weeks SMP to pay**



A field called **Placement Date** has been added to the SAP setup. The **Placement Date** is a requirement before SAP is paid.

Reports

If you use any of the following reports, once you have moved into the 2011/2012 tax year you will need to reselect the required reports from **Reports / Library Selection**.

- Company Costs Summary
- Month-end Summary
- Payroll Analysis
- Payroll Analysis by Employee
- Payroll Summary
- Variance Report
- Weekly Average Gross
- P30 Summary
- History SSP, SMP, SAP, & SPP Summary (now called History SSP, SMP, SAP, OSPP & ASPP Summary)
- History Summary
- P11 Working Sheet
- Year To-date Summary
- Pay Elements Summary
- History Summary (Department Totals By Period)

Payroll Calendar

The **Payroll Calendar** allows you to define the start and end date for each work period in the year. The calendar gives you options for monthly, weekly, two weekly, four weekly and quarterly.

The **Payroll Calendar** links with Statutory Maternity Pay, Statutory Paternity Pay and Statutory Adoption Pay. This is so the system can calculate the correct weeks to be paid in the payroll run.

You can enter the start and end dates to the calendar at any time but the data must be completed before creating a new statutory payment record. E.g. if a monthly paid employee is starting on SMP, the monthly calendar tab will need to be completed before setting up the statutory payment.

Once you have entered a period's start date, the subsequent start and end dates will automatically be populated from the first entry to the end of the year. If you start the payroll software part way through the year you can configure the calendar from this point.

It is not possible to miss out any dates e.g. if the end of month 1 is set to 30th April the beginning of month 2 must be 1st May. The system will automatically check the dates for you before saving the data.

Some examples are shown below:

Weekly Calendar

If first day entered is 3rd April



Week	Start Date	End Date
1	03/04/2010	09/04/2010
2	10/04/2010	16/04/2010
3	17/04/2010	12/04/2010
4	24/04/2010	30/04/2010

Monthly Calendar

If the first day entered is 1st April

Month	Start Date	End Date
1	01/04/2010	30/04/2010
2	01/05/2010	31/05/2010
3	01/06/2010	30/06/2010
4	01/07/2010	31/07/2010

Clear button

If you make an error on one of the tab cards, you can use the clear button to delete the entries from the start date and end date columns for the selected pay frequency and payroll year. You will subsequently be able to enter more data and re-configure the two columns of dates.

Other Issues - April 2011

The following amendments are also included in the April 2011 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.

P35 Checklist

(70919) The text has been amended to read 'Have you sent a form P14 End of Year Summary or completed and retained a form P38(S) Student employees for every person in your paid employment either on a casual basis or otherwise, during the tax year shown on the front of this form?'

Directory for Data

(70613) Changes have been made to stop the 'Error in Mainfrm.frm::sub mCompanyOptions_click: error 91 – Object variable or With block variable not set' appearing when trying to change the directory for data in Alter Company Details.

CIS Month End Summary

(67412) The month end summary has been altered to stop issues experienced when trying to print the report without previewing it first



P14/P60

(70562) The P14/P60 report has been amended so that 1a, 1b, 1c and 1d figures will show as zero if employee on X rate NI.

Quick Report Writer

(66507) Improvements have been made to the quick report when adding quick reports to the report table.

P30 Summary

(71028) Issues with the P30 and SMP reclaimed values are now resolved.

Restoring Data

(71030) There was an issue with directors NI calculations being incorrect. This was after restoring last year's data over live data and then restoring live data back and running payroll with no changes. This issue is now resolved.

CIS Month End Submissions

(71197) The Total Payments field in the XML file for month end submissions now includes the value for Cost of Materials.

SAP Business One

An issue regarding being unable to post to SAP when there was a hyphen in a project code has been resolved.