

Payroll 2017/2018

March 2017

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Contents

	Page
Introduction	1
Budget 2017	1
Updating Your Registration Number	1
How to Update Your Programs	2
First Access of Payroll after Update	4
Audit of Payroll Files	4
Final Submissions for 16/17	5
End of Year Employee P60	7
Year End Procedure	8
Creating a History Company	8
PAYE, NI and Statutory Payment Updates	9
Update Employee Tax Codes	12
Confirm First Pay Date in New Tax Year	12
Payroll 2017/18	13
Benefits in Kind – Company Cars	13
Apprentice Levy	15
Common Questions	18

Introduction

The payroll update contains new programs to cater for changes in payroll legislation for the tax year 2017/18.

These changes include:

- Support for PAYE Tax from 6th April 2017
- Support for National Insurance band/rate changes from 6th April 2017
- Support for new Benefits in Kind / Company Car
- Support for new Apprenticeship Levy

The update should be installed prior running the payroll year-end.

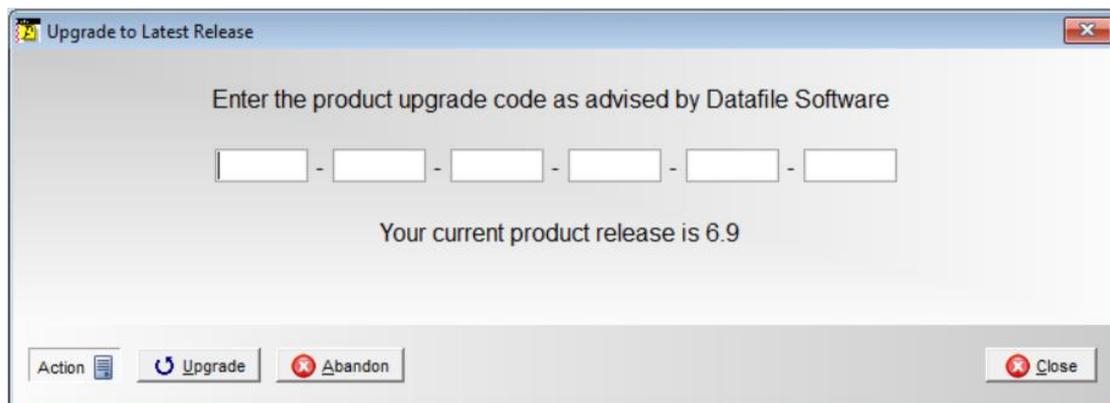
Budget 2017

These programs are being sent out prior to any changes announced in the Budget for 2017 to enable you to be ready for the new tax year starting April 6th 2017. The Budget this year takes place on 8th March 2017 and any changes announced taking effect in the 17/18 tax year will be available later on after this point.

Updating Your Registration Number

The software version for this payroll update is Release 7.0

Sign on with the SLAVE user-id and password and select the option 'Upgrade to Latest Release'



The upgrade key is 24 characters split into six groups of four, you need to press <Enter> or <Tab> after each part. Once the key has been entered press UPGRADE to update to the current release.

If the key is not accepted re-check that you have entered the key as supplied. If the key is still not accepted ask your Datafile reseller to arrange an update of the security file.

NB: If 'Your current product release is 7.0' is displayed then no upgrade key is required.

How to Update Programs

Before you start, certain details are required:

- Is Datafile installed on a network, if so are the programs run from the network or the local terminal?
- Where are the Datafile programs held?
- Have you downloaded the "PAYUPD-V6-2017.EXE" or the "PAYUPD-V20-2017.EXE" as appropriate for your software version? If not, download from the website now.

Once these details are known you can begin the upgrade.

- a) All users must exit Datafile Software completely. Users should select 'Quit' on the main menu and then 'Quit/Exit Datafile' from the sign-on screen. Users should also close Microsoft Word / Outlook programs.
- b) Double-click the downloaded update file. This is a compressed archive file which, when run, will unzip the updated programs and installation procedure. The default folder the system will wish to unzip to will be C:\PAYUPD2017 – if this is acceptable click FINISH or use Browse to change to a folder of your own choosing. (If a new folder warning is displayed select YES to create this folder). The system will then expand the compressed files and then automatically launch the setup process.
- c) Select 'Update Program Files'
- d) Choose whether you wish to update your menus. Note no new menus are supplied with the Payroll update.
- e) Choose 'Network Installation' or 'Local Installation' as appropriate.
- f) Next the system asks for the paths of the Datafile Software system.

PROGRAMS (Path 1) – location of Version 6 Programs (DFWIN.EXE)

PARAMETERS (Path 2) – location of main Datafile folder (DIAMOND.D00)

DATA (Path 3)– location of main company files (DIAMOND.D05)

PROGRAMS20 (Path 4) – location of Datafile 20nn Programs (DFWIN.EXE) – 2016 Upgrades Only

The system will validate that the pathnames entered here contain files appropriate for each location (these are the filenames in brackets above). To check the paths to be entered you can use the FIND/SEARCH option on the Windows Start Menu.

g) Once the pathnames are accepted, press <NEXT> until the Licence Agreement is displayed and 'YES' to accept this. The supplied programs will then be updated.

h) If installing to a Local Workstation then the update is now complete.

If installing to a Network then the update continues by asking 'Do You Want to Install Local Programs'. Respond 'Y' to this prompt regardless as to whether programs are run locally or over the network – you may still need to update the local workstation for Microsoft Word links. After a short pause the system will ask you to confirm whether programs are run from the Network or Locally. Confirm as appropriate.

i) If running programs locally you are then asked to confirm the local program path – usually C:\DFWIN\PROGRAMS. If running programs from the network then this prompt is skipped.

j) You are then asked to confirm the folder on the Start Menu to access Datafile (usually DATAFILE SOFTWARE) before the system updates the appropriate local files.

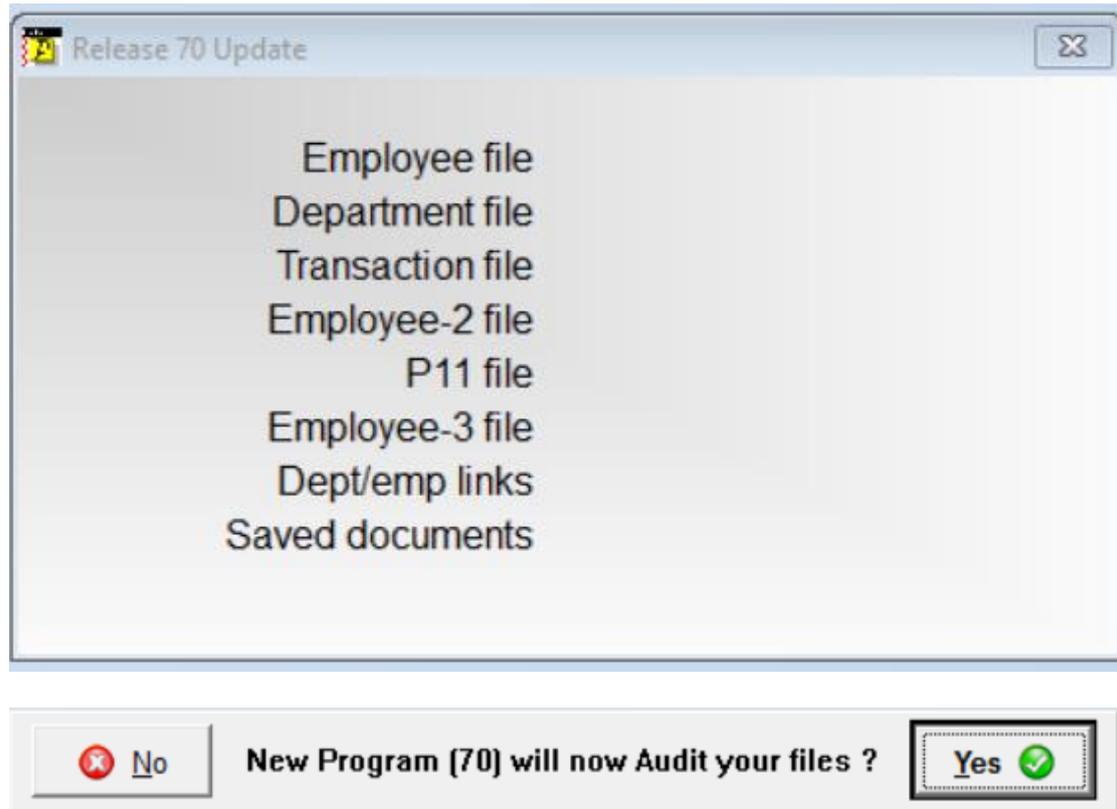
k) Update of the workstation is now complete. To update other workstations you need to run SETUP.EXE from the main Datafile folder on the network (use the Windows option RUN on the Start Menu) from each workstation – this repeats options H-J above. You can now delete the contents of the PAYUPD2017 folder and the downloaded update file.

First Access of Payroll after Update

The first time an operator accesses the payroll program for a company after the update, they will be prompted to follow procedures to update payroll in preparation for the end of the tax year 2016/17, and the start of the new tax year.

Audit of Payroll Files

This first prompt asks you to audit your Payroll Databases and Documents.



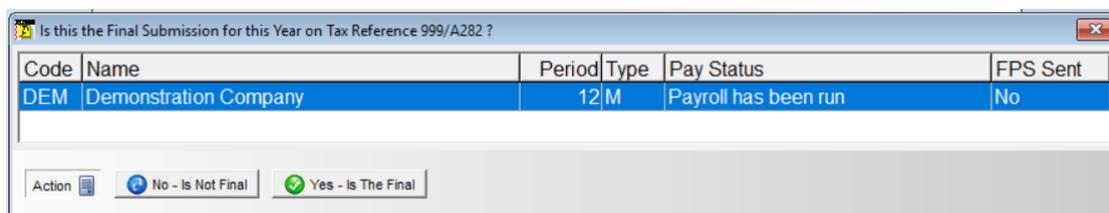
Final Submissions for 16/17

With Real-Time Updating to the HMRC Employers no longer need to supply an end of year return P14 or P35 to the HMRC. The information required has been supplied to the HMRC as part of the returns submitted each tax week/month.

However, the HMRC does need to be informed when you have made your final RTI submission to them for the 16/17 tax year.

FPS Submissions – Final Pay Period

When submitting the FPS for the final pay period you will be prompted with the normal runtime options to confirm whether you wish to print the XML return / make a test submission etc. If you choose to proceed with a live submission a new prompt will be displayed.



The system will display the list of payroll companies for the tax reference – you may have more than one company where you have (say) a mixture of weekly and monthly paid employees or you run payroll separately for multiple branches.

Where there is only one remaining FPS to send for the current company the two options are available for selection to the prompt 'Is This the Final Submission for this year for the Tax Reference XXXX' – select 'No – Is Not Final' or 'Yes – Is The Final' as required.

Is This Your Final Submission?

If you need to submit an Employer Payment Summary (EPS) then the answer to this prompt is 'No – Is Not Final' – you will make your final declarations as part of the EPS submission.

If there is another company, other than the current company, that has not yet sent its last FPS for 16/17 then the 'Yes – Is The Final' option will not be available for selection – choose 'No - Is Not Final' to continue with the FPS for this company.

If all bar the current payment company have submitted their Final FPS, or you only have one payroll company, you may select 'Yes – Is The Final' when submission of an EPS is not needed.

As a double check you will be prompted to confirm whether you will be submitting a further EPS for the current tax year. Respond as required.



After confirming these details you will be prompted to continue with the FPS output and this will be uploaded to the HMRC.

EPS Submissions – Final Pay Period

If you do need to submit an EPS (or you didn't declare the final submission status on your last FPS) then the Employer Payment Summary (EPS) Submission will allow you to make your final submission declarations.

Note that, as the EPS for the tax month from 06/03/2017 to 05/04/2017 can be submitted at any time from the 20/03/2017 to the 19/04/2017, you may have already run the payroll year end before submitting the EPS. If you have run the year end you will need to submit this EPS from the backup history company.

As with the FPS above you will be prompted to declare that this is the final submission - the option for 'Yes – Is The Final' will only be available where an FPS has been submitted for all the Payroll companies in the list.

Note

If as part of the FPS submission you made the Final Submission declarations but later realise you do actually need to submit an EPS you will be allowed to do so.

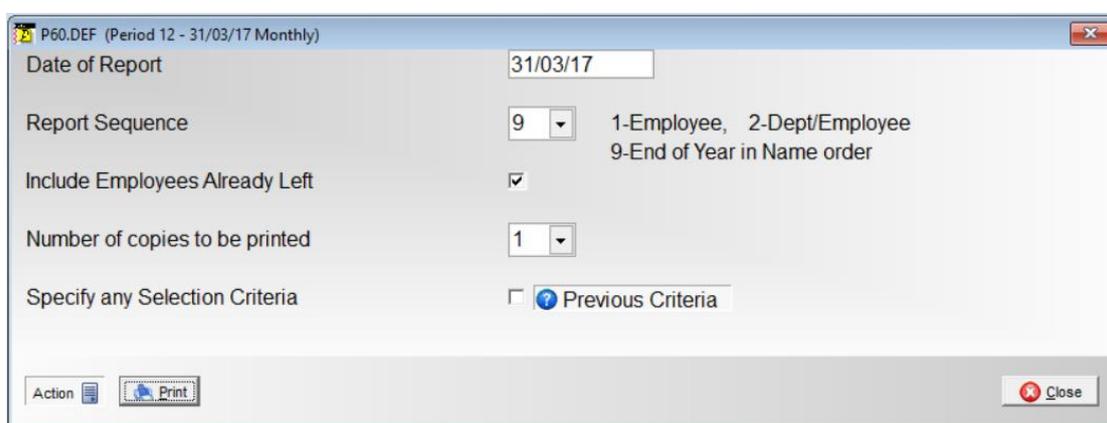
End of Year Employee P60

Even though submitting the end-of-year returns online you still need to print the employee's P60 and you may want to print your own copy. Similarly, you should print the P35 listing for your records. The P60 document and the P35 listing are usually available as options on the Payroll Year-End menu.

Printing Employee P60 Documents

The default layout is designed to print on the 'P60 (Single-Sheet / Shortened) (2016-2017) – Certificate of Pay' document supplied by the HMRC – if using substitute forms supplied by a stationery supplier then you should amend your layout manually.

Depending on the printers involved you may have to adjust the printing positions of data items – we suggest running a test print for one or two employees before proceeding with the full run to ensure items print in the correct position.



P60.DEF (Period 12 - 31/03/17 Monthly)

Date of Report: 31/03/17

Report Sequence: 9 (1-Employee, 2-Dept/Employee, 9-End of Year in Name order)

Include Employees Already Left:

Number of copies to be printed: 1

Specify any Selection Criteria: Previous Criteria

Action | Print | Close

Select the PRINT button to print the report – if want to run an alignment test tick the 'Specify Any Selection Criteria' option and set criteria so that only one or two employees are processed.

Note

If you have not received your P60 stationery by the time you need to run your payroll year-end then, if you create the history company as part of your year-end (recommended), you can print these documents at a later date and continue with the year end.

Year End Procedure

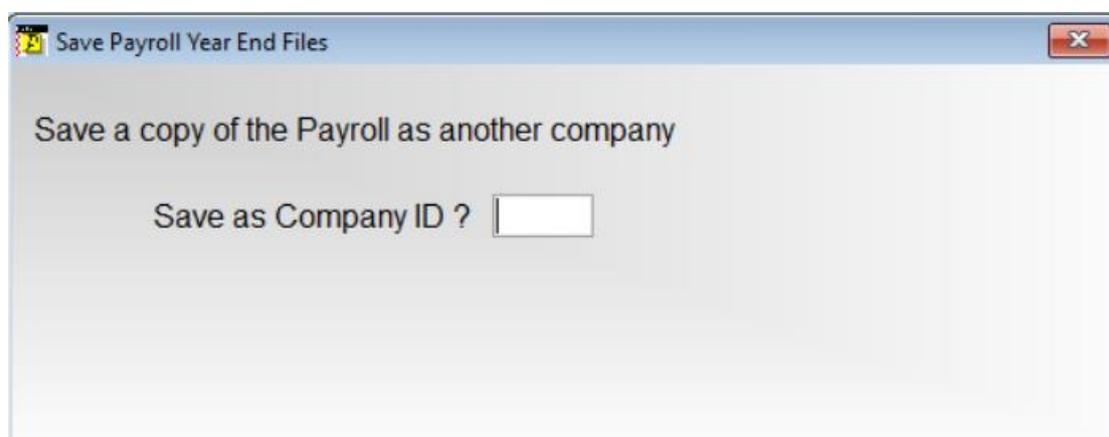
This procedure clears your year-to-date values and updates the PAYE, the National Insurance and Statutory Payment tables ready for the 6th April 2017.

Creating a History Company

At the start of the year-end process you will be asked to create a history company for the payroll data. This is extremely useful for enquiry purposes and required if you need to run the year-end before submitting EPS returns to the HMRC.



Respond 'Yes' to save a copy of the payroll system as a history company.



Save as Company ID – enter a three-character reference for the history company to be created. Selected characters are reserved – existing company codes, Pxx and Sxx formats etc. – if you enter a reserved ID you will be warned according and asked to select again.

Do You Also Want to Rename Period-*nn* Saved Files to Keep in History Company – As part of the payroll run and period end the system takes backup files of your data. This prompt asks if you wish to rename these files so that they are kept with the backup history company.



It is strongly recommended that you respond YES to this. You will need these backup files if payroll input errors are later discovered and you need to re-run the payroll.

PAYE, NI and Statutory Payment Updates

The following tables take effect from the first payroll run after the 6th April 2017.

PAYE – England / Wales / N.Ireland

Entry	Cumulative Tax Bands		Rate %
1	0 -	33500.00	20.00
2	33500.01 -	150000.00	40.00
3	150000.01 -	0.00	45.00
4	-	0.00	0.00
5	-	0.00	0.00
6	-	0.00	0.00
7	-	0.00	0.00
8	-	0.00	0.00
9	-	0.00	0.00
10	-	0.00	0.00

Basic rate entry ? Max % ?

SLC threshold 1 ? Rate 1 %
 2 ? Rate 2 %

PAYE – Scotland

Entry	Cumulative Tax Bands		Rate %
1	0 -	31500.00	20.00
2	31500.01 -	150000.00	40.00
3	150000.01 -	0.00	45.00
4	-	0.00	0.00
5	-	0.00	0.00
6	-	0.00	0.00
7	-	0.00	0.00
8	-	0.00	0.00
9	-	0.00	0.00
10	-	0.00	0.00

Basic rate entry ? Max % ?

National Insurance Table – Earnings Brackets

National Insurance Table - Earnings Brackets			
Earnings Bracket	Weekly	Monthly	Yearly
No: 1 LEL	0- 113.00	0- 490.00	0- 5876.00
2 PT/ST	113.01- 157.00	490.01- 680.00	5876.01- 8164.00
3 UEL/UST/AUST	157.01- 866.00	680.01- 3750.00	8164.01- 45000.00
4 UEL+	866.01- 0.00	3750.01- 0.00	45000.01- 0.00
Employees Upper Limit	866.00	3750.00	45000.00
Annual director NHI contributions to be averaged ? <input type="checkbox"/>			

National Insurance Table – Employee Contributions

National Insurance Table - Employee Contributions					
Earnings Bracket	AM/H	B	C	J/Z	
1 LEL	0.00	0.00	0.00	0.00	
2 PT/ST	0.00	0.00	0.00	0.00	
3 UEL/UST/AUST	12.00	5.85	0.00	2.00	
4 UEL+	2.00	2.00	0.00	2.00	

National Insurance Table – Employer Contributions

NI - Employer Contributions			
National Insurance Table - Employer Contributions			
Earnings Bracket		A/B/C/J	H/M/Z
1	LEL	0.00	0.00
2	PT/ST	0.00	0.00
3	UEL/UST/AUST	13.80	0.00
4	UEL+	13.80	13.80

Statutory Payments

SSP Table	Lower-limit	Higher-limit	SSP Payment
	0.00	112.99	0.00
	113.00	0.00	89.35
	0.00	0.00	0.00
	0.00	0.00	0.00
	0.00	0.00	0.00

Max number of weeks to be paid in year ?

Percentage of Earnings ?

SMP lower rate ?

Fixed weekly amount ?

Minimum Earnings 1 ? 2 ?

Change over Date ?

SMP/SAP weeks 1 ? 2 ? SPP ? ASPP ?

Update Employee Tax Codes

As part of the year-end update employees with "L" "M" or "N" suffix tax codes can have their code uplift automatically applied – select as required.

<input type="radio"/> No	Update Employees for Standard Tax Code changes "L" (increase by 50) for 2017/2018 ?	<input checked="" type="radio"/> Yes
--------------------------	-------------------------------------------------------------------------------------	--------------------------------------

<input type="radio"/> No	Update Employees for Standard Tax Code changes "M" (increase by 55) for 2017/2018 ?	<input checked="" type="radio"/> Yes
--------------------------	-------------------------------------------------------------------------------------	--------------------------------------

<input type="radio"/> No	Update Employees for Standard Tax Code changes "N" (increase by 45) for 2017/2018 ?	<input checked="" type="radio"/> Yes
--------------------------	-------------------------------------------------------------------------------------	--------------------------------------

Confirm First Pay Date of the Tax Year

At the end of the year-end process you will be asked for the first pay date in the new tax year. This is the date the employees are first paid in the new tax year. This data must be after April 6th 2017.

Confirm First Pay Date in Year		<input type="button" value="X"/>
First Pay Date ?	<input type="text" value="30/04/17"/>	

Payroll 2017/18

Benefits in Kind

From the start of the 2016/17 tax year employers could choose to account for the tax on benefits in kind through PAYE each payday. For more details review the HMRC website at <https://www.gov.uk/guidance/paying-your-employees-expenses-and-benefits-through-your-payroll>

In summary this option increases the employees 'taxable pay' to include the benefit in kind rather than the HMRC reducing the employees tax code and avoids the need, in some circumstances, to submit a P11D.

From 17/18 you now have the option to record company car details against a nominated benefit in kind. Recording these details is optional currently, even if you have chosen to payroll Benefits in Kind, though is likely to become mandatory in the future.

Within the Payroll System Profiles **Payment and Deduction Table** if you have a Benefit in Kind switch which is used for Company Car's you can identify this switch via the parameter on screen 2 of the profiles.

Code	Description	Payment/Deduct/Repay	Taxable	NHI	Pension	Fixed	Adv	AVC	Benefit
A	Extra payment	P - Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B	Dr Barnardo	D - Deduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C	AVC (Pension)	D - Deduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D	Commission	P - Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E	Company Car	B - Benefit in Kind	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
F			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Company Car (Benefit in Kind) Switch

Company Car (Benefit in Kind) Switch – enter the switch letter / number in use as a BiK switch for company cars.

With Employee Maintenance – either when adding new employees or via the Switches maintenance screen – when an employee is confirmed as using the Company Car BiK switch a pop-up screen will allow recording of the company car details.

The screenshot shows a software window titled "Company Car - Current Vehicle" with a standard Windows-style title bar (minimize, maximize, close buttons). The window contains the following fields and controls:

- Make/Model: A wide text input field.
- C02 Emissions: A text input field.
- Fuel Type: A dropdown menu.
- Car Registration: A text input field.
- Calculated Price: A text input field.
- Date Car Available From: A date input field.
- Date Car Available To: A date input field.
- Cash Equivalent: A text input field.
- Date Free Fuel Provided: A date input field.
- Date Fuel Withdrawn: A date input field.
- Cash Equivalent of Free Fuel: A text input field.

At the bottom of the window, there is a grey bar containing three buttons: "Action" (with a list icon), "Ok" (with a green checkmark icon), and "Abandon" (with a red X icon).

Details prompted will be familiar to those used to recording these details on line via the HMRC website. If a car is withdrawn / replaced during the tax year you should update the withdrawal dates and create a new entry for the new car – up to four changes of car are supported for the employee within the tax year.

Apprenticeship Levy

As an employer, you'll have to pay the Apprenticeship Levy each month from the 6th April 2017 if you

- Have an annual pay bill of more than £3 million
- Are connected to other companies or charities for the Employment Allowance which in total have an annual pay bill of more than £3 million

Your annual pay bill is all payments to employees that are subject to employer Class 1 secondary National Insurance Contributions.

You must include payments to

- All Employees earning below the LEL and Secondary Thresholds
- Employees under the age of 21
- Apprentices under the age of 25

Your pay bill doesn't include

- Earnings of Employees under 16
- Earnings of Employees who are not subject to UK NICs legislation
- Earnings on which Class 1A NICs are payable, such as benefits in kind

Employers who aren't connected to another company or charity will have an Apprenticeship Levy Allowance of £15,000 each year. The allowance reduces the amount of Apprenticeship Levy you should pay by £15,000 across the year. This means that only employers with an annual pay bill of more than £3 million will pay the levy.

The Apprenticeship Levy is charged at 0.5% of your annual pay bill.

For the first month of the tax year this is calculated by:

1. Dividing your Apprenticeship Levy allowance by 12.
2. Subtracting this figure from 0.5% of your monthly pay bill.

For each of the following months it is calculated by:

1. Calculate your total pay bill for the year to date.
2. Add up your monthly levy allowances for the year to date.
3. Subtract your levy allowance for the year to date from 0.5% of your total pay bill for the year to date.
4. Subtract the amount of the levy you've paid in the year to date.

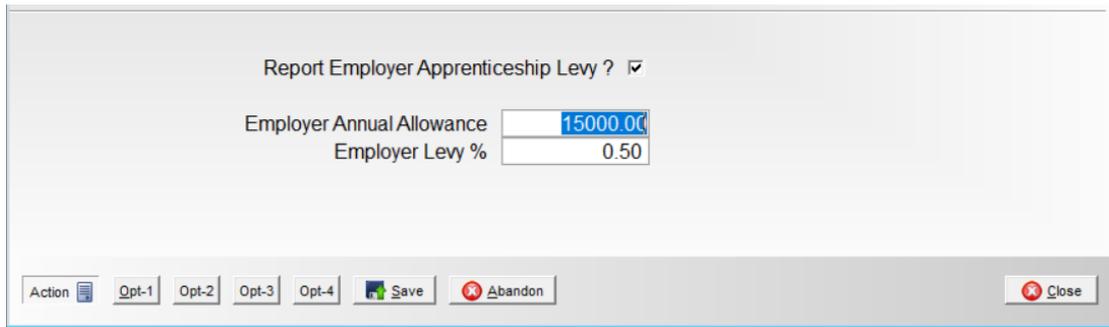
From 6th April you'll need to tell the HMRC how much Apprenticeship Levy you owe each month

- From the start of the year IF your annual pay bill last tax year was more than £3 million or if you think your annual pay bill this tax year will be more than £3 million.

- If your annual pay bill unexpectedly increases to more than £3 million within the tax year you should start reporting this when it happens. You will need to monitor manually for this.

You report the Apprenticeship Levy each month using the Employer Payment Summary (EPS)

The Payroll System Profiles **Payroll Options** includes a parameter to report the Employer Apprenticeship Levy. You should set this if either of the above conditions are, or become, true.



Report Employer Apprenticeship Levy ?

Employer Annual Allowance

Employer Levy %

Action

The value of the Employer Annual Allowance will default to £15,000. If under linked company/charity rules the value that can be applied to this PAYE reference is less than this then this value should be adjusted accordingly.

Previously you would have only need to send an EPS if any statutory payments needed to be recovered but once set for the Apprenticeship Levy you will need to send an Employer Payment Summary each tax month – regardless of whether any levy payment is due.

As part of submitting the EPS the system will determine the total pay bill for the year to date (reading the FPS submissions for this PAYE reference), add up your monthly allowance relative to the current tax month, subtract the year to date levy amount from 0.5% of the total pay bill and then subtract the amount of the levy you've already paid in the year-to-date.

	Prev Submission	Curr Submission	Year-to-Date
SMP Recovered	0.00	0.00	0.00
SMP NIC Compensation	0.00	0.00	0.00
SPP Recovered	0.00	0.00	0.00
SPP NIC Compensation	0.00	0.00	0.00
ShPP Recovered	0.00	0.00	0.00
ShPP NIC Compensation	0.00	0.00	0.00
SAP Recovered	0.00	0.00	0.00
SAP NIC Compensation	0.00	0.00	0.00
Value of CIS Deductions	0.00	0.00	0.00
Total Deductions	0.00	0.00	0.00
Apprenticeship Levy	0.00	1512.00	1512.00
Employer Allowance	0.00	1250.00	1250.00
Levy Due	0.00	262.00	262.00
Submission Date		19/05/2017	
Tax Period From		06/04/2017	
Tax Period To		05/05/2017	

Action Previous Next Close

The calculated Apprenticeship Levy Due value for the current submission should be paid to the HMRC as part of your normal monthly payment.

When calculating the Levy Due, variances in pay bills each month may mean that the Year to Date amount due reduces and the levy in the current month is negative. This amount can be offset against your monthly payment.

Frequently Asked Questions

This section provides a list of the questions that are commonly raised at this time of year with regards to the Datafile payroll system.

Q After the program update and registration update has been applied, what should the version number be?

A The version number for the programs is 'F58'. Your registration/serial number should begin with '70'.

Q When can I update the programs?

A The update should be applied prior to the year end.

Q Do I Have a Week 53?

A You would only have a Week 53 (or a Week 54 on a 2-weekly payroll, week 56 on a 4-weekly payroll) if your pay day is a Wednesday meaning that you will run the payroll with a tax point date of the 5th April 2017. You can enable week 53 within the Payroll System Profiles.

Q When running the year-end I am asked to 'Confirm First Pay Date in Year'. What does this mean?

A You are being asked to confirm the first date that your employee is to be paid in the new tax year. To avoid fines for late submissions from the HMRC your payroll date should also default to the date the employee is paid each period.

Q Can I compact my employee files after year-end, to re-use the space generated by leavers?

A Generally speaking No – the employee number for each employee relates to the record number and compacting the files would amend this. In addition, if saving your payroll documents such as the payslip for printing you would lose the link for these as well.

Q Do I still need to print the P60 and P35 listings even when submitting via the Internet?

A You still need to print the P60 for the employee and you can print a copy for your records. The P35 listing can also be printed for your records.

Q My Submissions to the HMRC are reporting an Error

A If error message is displayed prior to the submission being sent then Datafile is detecting that values needed are missing or incorrect. If you set to 'Print XML' as part of the submission procedure then you can inspect the report searching for the label 'error' and this will detail the area with the problem. This information can then be corrected and the submission process started again.

If the error message is returned after the submission then a business level error is recorded by the HMRC. A common error code of **1046** indicates the user-credentials supplied are incorrect or that the credentials supplied are not registered for online submission. Information on other error codes can be obtained by searching on the HMRC website – www.hmrc.gov.uk

Q My Online Submission is repeatedly ‘polling’

A At times, particularly in the initial couple of weeks after 6th April, the HMRC website can get very busy and this can result in repeated polling where Datafile is ‘asking’ the HMRC ‘Is the submission OK’ and getting the response ‘I haven’t finished processing it yet!’. If repeatedly polling, or get a large response delay, then select the SKIP option and use the ‘Check for Active Submissions’ option within the Payroll ‘Utility’ menu to check for completion later.