



Online filing guide

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This is a quick reference guide, which contains facts, figures and other useful information relating to online filing.

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PEGASUS: LENDING A HELPING HAND

Welcome to the Pegasus Online Filing Guide. Over the next few pages we'll be sharing our expertise on this Government initiative with you, helping to alleviate any concerns you may have on this subject.

It's an easy-to-follow reference guide outlining the questions most frequently asked by businesses about filing online, and provides details of where to get further information if you need it. We recommend you keep it close!



WHAT IS ONLINE FILING?

Online filing was first introduced by the Government as a means of sending Employers' Annual Returns (P35 and P14) online, eliminating the need for paper returns. Virtually all employers must now submit their year-end returns to HMRC online and, from April 2011, virtually all employers must also file a number of PAYE in-year forms online (P45(Part 1), P45(Part 3), P46, P46(PEN) and P46(EXPAT)).

HOW DO YOU FILE ONLINE?

There are two ways you can file online:

- Use payroll software capable of filing your Return online via the secure HMRC PAYE Online for Employers – Internet service.
- Use an intermediary, like an agent or a Payroll Bureau, who can file online on your behalf.

HOW WILL YOU BENEFIT?

Filing online brings many benefits to your organisation:

- Sending or receiving information online is secure and convenient.
- It is more reliable and efficient than using paper.
- There is less chance of misinterpretation or mistakes.
- It saves time and money.
- It helps you run your payroll more efficiently.

USING THE RIGHT SOFTWARE: HMRC PAYROLL STANDARD

The HMRC Payroll Standard accreditation is awarded to payroll software products that satisfy the requirements of the Payroll Standard. This ensures the software has all the features you need to work out PAYE, National Insurance Contributions, Statutory Payments and many more payroll essentials.

You may want to check if your payroll software meets this standard to ensure you are deploying the most up-to-date payroll technology.

For further details of the Payroll Standard, visit www.hmrc.gov.uk/ebu/psu.htm.



Optional Features	2 weekly 4 weekly pay frequencies	Yes
	Directors National Insurance	Yes
	Contracted-out Pension Deductions	Yes



“ *Online filing acts as a bridge between us as a company and HMRC. From an employer's point of view, it certainly simplifies the end-of-year return procedure* ”

Ian Hogden
John Morley Ltd

“ *I liked having the confirmation, knowing that HMRC had received our information. It relieved me of the worry of being at the mercy of the postman* ”

Dawn Wilson
M J Wilson Group Ltd

HMRC QUALITY STANDARD

If you want to use your payroll software to fulfil your online filing commitments, you must ensure that it is capable of sending your data electronically and that it meets the HMRC Quality Standard.

It will check the validity of your data prior to the electronic submission, specifically that the entries are correct, that they are in the correct fields and that they all add up.

Once you send your Returns electronically, and these successfully meet the HMRC Quality Standard, an on-screen message will be displayed to advise you of the successful submission.

If you are unsure, please check with your software supplier to ensure the payroll software you use is capable of meeting your online filing obligations and meets the HMRC Quality Standard.

The benefits of online filing will outweigh any investment required to get you started

RETURNS THAT MUST BE FILED ONLINE

HMRC has introduced mandatory online filing of PAYE in-year forms (P45(Part 1), P45(Part 3), P46, P46(PEN) and P46(EXPAT)) for virtually all employers from 6 April 2011. Mandatory online filing also applies to P35 and P14 year-end returns.

What are the benefits?

Sending information online is a more accurate, error-free way to process employee information, which means fewer enquiries from HMRC. It's more secure than sending paper forms and gets information to and from HMRC more quickly via the Government Gateway. Pegasus Opera 3, Opera II, Capital Gold Payroll and Online Filing Manager are HMRC-approved for in-year and year-end forms.

PAYE SCHEMES

Most employers have one PAYE scheme with a unique employer reference number. If you have more than one scheme, online filing applies to each of them. You must make a separate online Return for each PAYE scheme.



USING AN INTERMEDIARY

If you use an intermediary, like an agent or a payroll bureau, they may be able to fulfil your online filing requirements. However, you will still be responsible for ensuring that your Return is filed on time and meets the HMRC Quality Standard.

WHAT HAPPENS IF YOU DON'T COMPLY?

The law states that you must send HMRC a completed Employer Annual Return by 19 May each year.

If you are required to file your Annual Return online and you send it on paper you may be charged a penalty. You also face a penalty if you file your Annual Return late.

Penalties vary between £100 and £3000 depending on a number of factors including company size.

So remember to file online in time and ensure that your Return meets the HMRC Quality Standard.

HOW CAN PEGASUS HELP?

Pegasus Online Filing Manager

Pegasus Online Filing Manager was the first professional application to gain HMRC approval for verifying and submitting online P35 and P14 information.

Our in-depth knowledge of payroll requirements, together with a strong relationship with HMRC, allows us to develop market-leading payroll software, ensuring our customers not only receive the most up to date legislation changes, but also deploy the latest technology and business intelligence available.

Opera 3 Payroll & HR

We've worked closely with HMRC, Central Government and existing customers to revolutionise our award-winning Payroll and HR solution. It's designed to communicate, so your Payroll and HR staff always have a complete picture of every employee's relationship with your company.



“ Online filing with Pegasus Online Filing Manager was so easy and hassle free, we wondered whether we had missed anything! It was quick and easy, included all the relevant checks and has cut down on our HMRC paperwork ”

Gill Stephens
Wyborne Hotels Ltd



More and more businesses are moving to Opera 3 Payroll & HR. Why?

- It simplifies complicated Payroll procedures, including Statutory Payment Processing, Directors NI and Multiple Pension Scheme Management.
- The integrated Online Filing Manager sends data electronically using the secure HMRC PAYE Online for Employers – Internet service.
- It is tested and meets the HMRC Payroll Standard and Quality Standard.
- It can generate in-year forms P45(1), P45(3), P46, P46(PEN) and P46(EXPAT) for submission via the Government Gateway using Pegasus Online Filing Manager.
- It features the ability to re-introduce historical employee records for easy re-instatement and transaction viewing.
- It provides the facility to retain detailed transaction history, to a maximum of 999 pay periods, including payslip regeneration.

EMPLOYERS WHO DO NOT HAVE TO FILE ONLINE

Some employers can still file their Employer Annual Return and employees' in-year returns on paper:

- Employers entitled to operate PAYE using the Simplified Deduction Scheme for domestic employees if they have not previously received a tax-free payment for online filing.
- Practising members of religious societies or orders whose beliefs are incompatible with the use of electronic methods of communication.
- Employers who employ someone to provide care or support services at or from their home.
- Limited companies filing a return solely to submit an entry in box 28 of form P35 ('CIS deductions suffered').

Some employers cannot file their P35 Employer Annual Return online so must file it on paper:

- Limited companies filing a return solely to submit an entry in box 28 of form P35 ('CIS deductions suffered').



IF YOU DON'T HAVE TO MAKE A RETURN

If you are not required to file an Employer Annual Return you must let HMRC know otherwise you may receive reminders and penalty notices. You can notify HMRC online, by phone or in writing.

If you were required to maintain a Deductions Working Sheet (P11 or equivalent) for at least one employee during the 2010-11 tax year, you must complete and file an Employer Annual Return (P35 and P14).

Sending a P35 with no financial entries, but with P14s

Occasionally, you may have to complete a P35 where you have nothing to report in the accounting boxes, but you still have to send P14s. For example:

- Where all your employees are paid at or above the Lower Earnings Limit for National Insurance, but below the National Insurance Earnings Threshold.
- Where all your employees are confirmed by HMRC as resident abroad and working for a UK employer, and they have been given an NT code.

HMRC PAYE ONLINE FOR EMPLOYERS – INTERNET SERVICE

You must register and activate the PAYE Online for Employers – Internet service before you can submit your Returns. This can take up to 7 working days; therefore you should do this as soon as possible to ensure you meet the online filing deadlines.

Registration and activation

- To register, visit www.hmrc.gov.uk, select PAYE for Employers and follow the instructions online.
- HMRC will post your Activation PIN to you within 7 days of your registration.
- To activate, visit www.hmrc.gov.uk, select PAYE for Employers and follow the instructions online. You must activate this within 28 days or your registration will be deleted and you will have to start the process again.

WHAT NEXT?

It's crucial that you take the time to review your payroll procedures and decide whether to adhere to this new legislation in-house, or outsource your online filing requirements. In both cases, you must ensure that the software used meets both the HMRC Payroll Standard and the Quality Standard, and that you are able to meet the deadlines relevant to your company size.

“*Online filing is so much better than paper filing. It is more efficient, you get instant feedback and it takes the worry out of the year-end*”

Dave Chalmers
Presentation Plastics Ltd

“*I found online filing very simple and straightforward. Not as daunting as I thought it would be*”

Hazel Patterson
John Gunn & Sons Ltd

FURTHER HELP AND INFORMATION

From Pegasus

For further details regarding Opera 3, Opera 3 Payroll & HR and Pegasus Online Filing Manager contact us on:

- 0800 919704
- e-mail info@pegasus.co.uk
- visit www.pegasus.co.uk

From HMRC

HMRC has a number of useful contacts for help with online filing:

- Visit www.hmrc.gov.uk/payeonline
- Call the Employers' Helpline on 08457 143 143
- Call the Online Services Helpdesk on 0845 6055 999
- Refer to your Employers' Budget CD-ROM. Copies of this can be obtained from the Employers' Order Line on 0845 7646 646

Registering for online services

Employers can register for online services on the HMRC website by clicking the Online Services button and then selecting the Login or Register for HMRC Online Services option.

Although every effort has been made to ensure that the information provided in this document is accurate, please note that Pegasus does not accept any liability for any errors, omissions or statements of opinion or subjective comment which may be directly read or inferred from the contents of this document.