YEAR END REPORTING

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As the 2018/19 tax year closes, there are some important deadlines that employers need to meet.

The key deadlines are summarised below:

Before 5 April 2019

- Final Full Payment Submission

Before 6 April 2019

- Review and update payroll records and software

By 31 May 2019

- Issue P60s to all employees

By 6 July 2019

- Prepare and submit P11Ds to HMRC and employees
- Prepare and submit share reporting return

By 22 July 2019

- Class 1A NIC deadline

WHAT DOES THIS MEAN FOR MY BUSINESS?

1. Review and update payroll records – you need to make sure your payroll is complete and accurate (and if any amendments are needed, these are done appropriately)

For each employee working for you on 6 April, you'll need to:

- Prepare a payroll record
- Identify the correct tax code to use in the new tax year; and
- Enter their tax code in your payroll software

You should include in your payroll:

- All employees you pay in the tax year - no matter how much you pay them
- Any employee who has worked for you in the current tax year (since 6 April) even if they've already left

You should follow your providers' instructions, updating your payroll software to ensure that it contains the correct rates of Income Tax, National Insurance and student loan repayments for the new tax year.

If you identify any errors it's important to rectify this as soon as possible. Depending on the error, it may be appropriate to deal with this via a payroll adjustment, Earlier Year Update or disclosure. We recommend seeking guidance on this to ensure you deal with this in the most suitable way and can avoid the error arising again.

2. Payrolling Benefits in Kind and P11D reporting

If you registered online on or before 5 April 2018, and you are using the Payrolling Benefits in Kind process you'll need to send HMRC;
- A P11D for any benefits you've not payrolled
- A P11D(b) to report Class 1A National Insurance contributions on the cash equivalent, or relevant amount for Optional Remuneration Arrangements (including the payrolled ones).

You'll also need to give your employee a letter telling them which benefits were payrolled, and telling them the amount of the benefit.

If you didn't register online on or before 5 April 2018 to payroll benefits in kind, then you'll need to send HMRC;
- A P11D for all benefits
- A P11D(b) to report Class 1A National Insurance contributions on the cash equivalent, or relevant amount for Optional Remuneration Arrangements.

If you've payrolled informally (without registering online) then you'll need to put a note on the P11Ds to show which benefits have been payrolled. Please write on each P11D, not just on one or on the P11D(b). You can register online on or before 5 April 2019 to payroll benefits for 2019-20.

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P11D reporting – penalties can be imposed on incorrect returns, so it's important these are accurate and sent to your employees on a timely basis.

Certain benefits provided to employees (for example, company cars, medical insurance) need to be reported to HMRC via a form P11D if they have not been payrolled. You also have an obligation to provide employees with their P11D forms so they can account for any tax they may owe HMRC on a timely basis.

Preparation of the forms can be time consuming, so we recommend starting this well in advance of the deadline. The accuracy of the returns is also crucial as HMRC can apply penalties for incorrect returns, so careful collation of data and preparation of reportable numbers is also important.

3. PAYE Settlement Agreement

A PAYE Settlement Agreement (PSA) allows you to make one annual payment to cover all the tax and National Insurance due on minor, irregular or impracticable expenses or benefits for your employees.

If you get a PSA for these items you won't need to:

- put them through your payroll to work out tax and National Insurance;
- include them in your end-of-year P11D forms
- pay Class 1A National Insurance on them at the end of the tax year (you pay Class 1B National Insurance as part of your PSA instead)

You have until 5 July 2019 to agree a PSA with HMRC for the 2018/19 tax year. You must pay any tax and National Insurance owed under a PSA by 22 October after the tax year the PSA applies to (19 October if you pay by post).

4. Share reporting

Penalties apply for late / incorrect returns and this reporting provides HMRC with an oversight of your share plans, so it's important to report all events correctly.

All companies offering shares and securities (this can include loan notes, partnership units and other securities) to their employees in the UK are required to file a return detailing activity during the tax year. This return includes events such as:

- Grant of Stock Options
- Award of Restricted Stock Units, Restricted Stock and Stock Appreciation Rights
- Exercise of Stock Options
- Vest of Restricted Stock Units, Restricted Stock and Stock Appreciation Rights
- Cash cancellation of awards

The reporting includes other types of securities such as loan notes and can be particularly complex for private companies.

The reporting requirements also extend to internationally mobile employees who have been in the UK at some point during the life of the award. In our experience, many companies struggle with the tracking and reporting of such individuals and this is a particularly popular area of review for HMRC.

The returns must be filed online and are due by 6 July following the end of the tax year, the deadline for the 2018/19 return is 6 July 2019. Automatic penalties apply for late returns and HMRC can impose penalties for incorrect returns.

HOW CAN BLUE-PEAK HELP?

With backgrounds in the Big 4, we have a wealth of experience assisting companies with their year-end reporting. This includes preparation of P11Ds and share reporting returns, as well as payroll advisory support.

Our experience ranges across a wide portfolio of companies, from owner managed businesses through to UK PLCs and large multi-national overseas entities.

Contact us to discuss your year-end reporting requirements in further detail and find out more about how we can assist your business and take the stress out of Year End.

Catherine Bond - Director
catherine.bond@blue-peak.co.uk
07968 755 857

Lucy Childs - Tax Manager
lucy.childs@blue-peak.co.uk
07887 793 270

www.blue-peak.co.uk