



Payroll Year End

Hello.

Please read these instructions before attempting year end.

Software Update

Keytime Payroll 2019-20 Year End

Getting Help

You can get help with your year end in one of three ways:

Online at support.keytime.co.uk

Email us at support@keytime.co.uk **Call**

us on 0344 815 5560

Changes for 2019-20

Personal allowances

Personal allowances have been uplifted this year, so you will need to update the personal allowances for codes L, M and N before processing your first pay period of 2019/20.

You can find instructions on making these changes for each payroll company you process later in this guide.

Welsh rate of income tax

From 6th April 2019, the Welsh Assembly will be able to vary the rates of income tax payable by Welsh taxpayers. For the 2019/20 tax year, the Welsh Government has set the Welsh rates at the same level as in England and Northern Ireland. Welsh tax payers will receive a new tax code with a 'C' prefix.

Postgraduate loan repayments

From April 2019, employees with post graduate student loans and earnings above £21,000 pa will start to repay the loan at a rate of 6%. Postgraduate loans can run in conjunction with a student loan and loan deductions are allocated first to a postgraduate loan as this carries a higher rate of interest.

Automatic enrolment

Under automatic enrolment, pension contributions are due to increase over time. From April 2019 the minimum total contribution is 8%, with a minimum of 3% coming from the employer. These new rates need to be manually applied to your pension setup (see Auto enrolment minimum contribution at the end of this document for instructions).

Abolition of Earlier Year Update (EYU)

HMRC have abolished the requirement to submit an earlier year update (EYU) for amendments for tax year 2018/19 onwards post 19th April. The requirement is to instead submit an FPS that contains year to date pay and deduction details. The EYU has, therefore, been removed from the employee toolbar for the 2018/19 year. If an update is required, it means restoring a backup of your payroll data to allow the adjustment to be processed. It is, therefore, of paramount importance that you take and retain regular backups.

Disguised remuneration

Arrangements where employers pay loans to employees in place of ordinary remuneration with the sole purpose of avoiding income tax and National Insurance contributions (NICs).

On 5 April 2019, the outstanding balance of such loans will be treated as employment income. Employers must declare any outstanding loan amounts via an Earlier Year Update (EYU) submission and pay the income tax, NICs and Student Loans deductions due. As per the previous point, the EYU has been abolished from tax year 2018/19, however, HMRC are making an EYU available for this year within their Basic PAYE Tools for anyone needing to report this information.

Install the update

The year-end update installs two versions of the software onto your PC.

Keytime Payroll 18 (for 2018-19 and year end processing) **Keytime Payroll** (for processing 2019-20 payrolls)

Step by step install instructions

1. Ensure that no Keytime programs are running - if they are, close them.
2. Download the update from here:
<http://www.keytimeonline.co.uk/registrations/Docs/Payrollupdate.exe>
3. Follow the on-screen prompts and allow the update to install.
4. The system will tell you when it has finished.

Finish processing

It is imperative that you take regular backups throughout the payroll year (see above point on the abolition of the EYU). As well, you **must take a separate pre-year end backup**, and store it separately from your usual backups. It helps to label this backup as a year-end backup.

You should complete every period for 2018/19 payroll before processing the year end. Payroll will not allow you to process year end whilst a pay period is open.

Week 53

A week 53 payment will only be required in 2018-19 if the actual day on which you pay your staff is Friday 5th April.

If your payment date is correctly set in the system at Friday week 53 will run automatically.

In line with legislation, Keytime Payroll calculates the extra period on a **week 1/month 1** basis. Please bear in mind that this could cause staff to be underpaid for the year ended 5th April 2019.

Filing a Final FPS or EPS

The final FPS must be filed on or before the date you pay employees.

If you have statutory payments to recover, or you need to tell HMRC that you haven't paid anyone in the final tax month, you must file an EPS. Under these circumstances the EPS *must* be filed by **19th April 2019** to ensure HMRC allocate recovery amounts to the correct period and tax year.

Final FPS

Open your 2018-19 payroll, to submit a final FPS click **submit** on the main toolbar in the employee library, click Full Payment Submission.

Select the FPS to be submitted, click Submit. In the FPS wizard, tick (click) the box 'final submission for the year', click next.

Once the pre-filing validations have been completed click Submit to send the FPS; you can send as many final FPSs as necessary.

Final EPS

If you need to send an EPS, for example to recover statutory payments, you can send a final EPS instead of a final FPS (you must still send an FPS for the last period). Click submit on the main toolbar in the employee library, click Employer Payment Submission.

Select the EPS to be submitted, click submit. In the EPS wizard, tick (click) the box 'final submission for the year'. Continue with the EPS as normal. It is important to note that if you are recovering statutory payments you *must* submit the EPS by 19th April 2019 to avoid HMRC allocating the recovery amount to the incorrect tax period and year.

Run the year end

- 1 Install the Payroll Year End update if you haven't already done so.
- 2 Complete any outstanding processing for 2018-19 and close the last period as usual – **you must ensure you have a backup before closing the final period**. If you normally use an icon on your desktop to start the payroll software use the new Keytime Payroll icon instead.
- 3 Take a backup of your data, label the backup as your Year End backup, and keep it safely away from your regular backup set.
- 4 Using the Keytime Payroll 2018-19 icon go back into your 2018-19 payroll and print off your P60s. To do this, make sure you are in the Employees screen (*the employees button in the top-left hand corner will be disabled*).
Reports > Year end > P60s
- 5 Print the reports you need before year end. It is possible to print P60s after closing down the year. To do this simply log into the 2018-19 payroll using the Payroll 2018-19 icon.

You can now run the year end. This will create your data in the 2019/20 version of the software.

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In the 2018/19 version of Payroll click Payroll > End of year > Process end of year

- 6 Close Payroll 2018/19 and re-open it using the other icon, which will be labelled simply Keytime Payroll. The tax year (bottom right) should now read 2019/20 and the pay periods will have reset to 1.

P60 print alignment

All the boxes on the P60 are in fixed positions which should be correct for all printers.

Please note that the system uses Portrait Laser P60 single sheet forms only.

Occasionally, you may need to adjust the prints to fit the forms. You can manoeuvre the entire print horizontally and/or vertically to ensure that it prints within the boxes on the form.

Setup > Configure system. Click the settings tab. You can then adjust the margins to align the P60s.

If you do make a change, we recommend making a note of the original settings, in case your payslip alignment is affected. You only need to make this change in a single company - other companies will use the same settings.

Tax code changes

For every company:

1. Open the company in Keytime Payroll (*for 2019/20*)
2. Go to payroll > End of year
3. Select change tax code
4. Type **L** to change the L code

5. Enter **65** for the amount to change
6. Type **M** to change the M code
7. Enter **71** for the amount to change
8. Type **N** to change the N code
9. Enter **59** for the amount to change

Emergency tax code is 1250L

NB these changes are the same for Scottish tax codes.

For further details regarding Tax and tax credit rates and thresholds for 2019/20 please refer to the following:

<https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2019-to-2020>

Student Loan thresholds

If you have ticked the box for a Student loan the annual earnings above which collection will start are as follows:

Threshold for Plan 1 £18,935

Threshold for Plan 2 £25,725

Threshold for postgraduate loans £21,000

Auto enrolment minimum contribution

Minimum total contribution increases to 8% from 6th April 2019. To increase the contribution rate, click the Company menu, select Pension Details, select (click) the pension and click the Details tab. Enter the new rates, note that the minimum contribution for employers is 3%.