

SCHEDULE J(B)

PAYROLL SERVICES (INCLUDES OFF PAYROLL WORKING)

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR PAYROLL SERVICES

1.1 Recurring compliance work

1.1.1 We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- a) calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
- b) calculating the employees' national insurance contribution (NIC) deductions;
- c) calculating the employer's NIC liabilities;
- d) calculating statutory payments, for example, statutory sick pay and/or statutory maternity pay;
- e) calculating reclaims of statutory payments, for example, maternity payments;
- f) calculating employee and employer pension contributions for employees who are members of workplace pension schemes (including those who are auto-enrolled) on the basis of the information that you provide to us;
- g) processing any employee and employer pension contribution refunds through the payroll on the basis of the information that you provide to us;
- h) calculating other statutory and non-statutory deductions including employment allowance, apprenticeship levy; and
- i) submitting information online to HMRC under Real Time Information (RTI) for PAYE.

1.1.2 Where you have contractors working for your business through their own personal service companies, we will help you to determine whether or not your business is "small" under the off-payroll working rules.

1.1.3 Where you have contractors working for your business through their own personal service companies and your business is not "small" under the off-payroll working rules, we will help you to determine the deemed employment status of those contractors.

1.1.4 Where you have contractors working for your company through their own personal service companies and your company is not "small" under the off-payroll working rules we will help you prepare employment status determination statements to give to those contractors and labour supply agencies that you have contracted with.

1.1.5 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

1.1.6 Where a director/employee of your company is a deemed employee of a client under the IR35 off-payroll working rules, we will calculate the deemed employment payment(s) and:

- a) account via payroll to HMRC for associated PAYE tax, including at the Scottish and Welsh rates of income tax if applicable, and employee and employer NIC;
- b) advise on / make appropriate entries in the corporation tax computation to eliminate the deemed payments; and

- c) advise on/ make appropriate entries in the director's/ employee's self assessment tax return.
- 1.1.7 To enable us to calculate the deemed employment payment(s), you agree to provide us with the following information for each assignment for which a director/employee was a deemed employee of the PSC's client:
- a) fees for off-payroll work paid by the client to the company;
 - b) payments that would have been employment income made by the client directly to the director/employee;
 - c) expenses paid by the company to the director/employee that would have been deductible for tax against employment income had the director/employee been directly employed by the client;
 - d) capital allowances on equipment bought by the company for the deemed employment;
 - e) pension contributions paid by the company for the director/employee; and
 - f) salary and benefits paid by the company to the director/employee and PAYE tax and employee NIC, and as a separate figure employer NIC, accounted for to HMRC.
- 1.1.8 Where the off-payroll working rules apply to work carried out by contractors for your company and your company pays the personal service companies of deemed employees, we will prepare the necessary records in your UK payroll for each payroll period to meet UK employment tax and off-payroll working requirements, specifically:
- a) calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
 - b) calculating the deemed employees' NIC deductions;
 - c) calculating the employer's NIC liabilities;
 - d) calculating other statutory and non-statutory deductions [including apprenticeship levy];
 - e) indicating in payroll that the individual is a deemed employee by setting the off-payroll worker (OPW) marker; and
 - f) submitting information online to HMRC under Real Time Information (RTI) for PAYE.
- 1.1.9 Where you are onward paying to an employee/director of the company fees received by the company where the employee/director has been treated as a deemed employee in the payroll of a third party under the off payroll working rules, we will prepare your UK payroll for each payroll period to meet UK employment tax and IR35 and off-payroll working requirements, specifically:
- a) treating the employees' pay up to the amount of net fees received under the off-payroll working rules as not subject to pay as you earn (PAYE) income tax deductions nor employee or employer national insurance contributions (we shall need evidence of what monies have already been subjected to PAYE/NIC), and
 - b) submitting information online to HMRC under Real Time Information (RTI) for PAYE.
- 1.2 Ancillary payroll services**
- 1.2.1 Before the time of payment through the payroll or due date, we will prepare and send to you the following documents for delivering information to HMRC:
- a) payroll summary report showing the reconciliation from gross to net for each employee and deemed employee if acting as an engager or fee payer under off-payroll working rules and all relevant payroll totals;

- b) the data included within each Full Payment Submission (FPS) for taxable pay and payrolled benefits-in-kind and expenses for each employee and deemed employee if acting as an engager or fee payer under off-payroll working rules;
 - c) a payslip for each employee and deemed employee if acting as an engager or fee payer under off-payroll working rules
 - d) a form P45 for each leaver – both actual employee and deemed employees
 - e) a report showing your PAYE and NIC liability, employee student loan repayments, apprenticeship levy and due date for payment; and
 - f) a workplace pension contributions report showing:
 - i) any employee and employer pension contributions payable in respect of each actual employee (but not deemed employee) to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment;
 - ii) any employee pension contribution refunds payable to any employee; and
 - iii) any employer pension contribution refunds due to you for any employee who has ceased membership of the scheme(s).
- 1.2.2 We will submit FPS online to HMRC on the basis of the data provided by you. (FPS must normally reach HMRC on or before the contractual payday, ie, the date that employees are entitled to be paid) but we will file it for you on, or before, the actual day that monies change hands if you have made us aware of that date in order to be compliant with PAYE regulations. You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.
- 1.2.3 For each tax month we will prepare, if appropriate, an Employer Payment Summary (EPS) from the information and explanations that you provide to us. (Examples of EPS data include statutory payments, employment allowance, construction industry scheme deductions ,apprenticeship levy allowance allocated to that PAYE scheme and apprenticeship levy payable to date and confirmation that no payments were, or will be, made to employees during that tax month or for future tax months.)
- 1.2.4 We will submit the EPS online to HMRC [after the data to be included therein has been approved/on the basis of the data provided] by you. (The EPS must reach HMRC by the 19th of the month following the tax month to which it relates.) You must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.
- 1.2.5 At the end of the tax year we will:
- a) prepare the final FPS (or EPS) and submit this to HMRC on the basis of the data provided by you; (the due date for submitting final FPS is on or before the last actual payday of the tax year (however as made clear above we will still require to know the contractual pay day too as that is held within the FPS), failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year;) you must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below;
 - b) prepare and send to you Form P60 for each employee [and deemed employee] on the payroll at the year-end so you can give them to employees by the statutory due date of 31 May following the end of the tax year;

- c) prepare and send to you a statement for every employee for whom benefits-in-kind have been payrolled identifying every benefit provided to each employee during the tax year and the cash equivalent of each benefit treated as PAYE income so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
 - d) give you details of the Class 1A NIC on payrolled benefits-in-kind which will need to be accounted for on form P11D(b) and the due date for payment;
 - e) give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b) and the due date for payment;
 - f) give you the figures that need to be included on forms P11D to account for income tax in respect of expenses for which Class 1 NIC has been accounted for in the payroll.
- 1.2.6 We will deal with any online secure messages sent to us by HMRC in respect of your payroll, for example, code number notifications, student loan repayment notices, and generic notification notices that you receive in your PAYE online account should be forwarded to us for action.
- 1.2.7 We will submit national insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.
- 1.2.8 Any enquiries from individual employees regarding their pay or other payroll details will be referred back to you.
- 1.3 Excluded, ad hoc and advisory work**
- 1.3.1 The scope of our services provided to you will be only as set out above, and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake.

Examples of such work that you may wish to instruct us to undertake include:

- a) work in connection with employee workplace pension schemes other than that detailed above including helping with setting up and administering workplace pension schemes, including referring you to appropriate specialists where necessary;
- b) agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;
- c) ensuring that all employees are paid at least the national living wage/national minimum wage;
- d) helping you to ascertain whether you are eligible to claim employment allowance and/or allocate employment allowance across your multiple or associated/connected companies' PAYE schemes;
- e) helping you to allocate apprenticeship levy allowance across your multiple or associated/connected companies' PAYE schemes;

- f) preparing and submitting returns P11D and P11D(b) for employee benefits-in-kind and expenses and advising on the payment of associated Class 1A NIC (such work, if undertaken, is covered in a separate schedule of services);
- g) dealing with any compliance check or enquiry by HMRC or any other official compliance body into the payroll data submitted and corresponding with HMRC or other such body as necessary;
- h) preparing and submitting any amended returns or data for previous tax years;
- i) assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors;
- j) conducting PAYE, and benefits and expenses health checks; and
- k) advising on ad hoc transactions, for example, termination payments to employees.

For personal service companies,

- a) helping you determine deemed employment status under IR35/off-payroll working rules for work undertaken for clients by the company (subject to 1.3.2 below)
- b) where deemed employment status under the April 2000 IR35 rules applies to work undertaken for clients by the company, calculating the deemed employment payment where deemed employment status under the April 2000 IR35 rules applies to work undertaken for clients by the company and accounting through payroll to HMRC for the tax and NIC etc;
- c) where the April 2017 (extended to April 2021) off-payroll working rules apply and your personal service company (PSC) is onward paying tax- and NIC-free salary to a director or employee of up to the amount of net fees received by the PSC for client work carried out by that individual who has been treated as a deemed employee in a third party payroll under those rules, advising on and calculating statutory payments;
- d) where the April 2021 off-payroll working rules apply and your company pays deemed employees' personal service companies, accounting via payroll for tax and NIC etc on the payments;
- e) where you have contractors working for you through their own personal service companies, helping you to determine whether you are "small" under the April 2021 off-payroll working rules;
- f) where you have contractors working for you through their own personal service companies, and your company is not "small" under the April 2021 off-payroll working rules, helping you to determine the deemed employment status of those contractors (subject to section 1.3.2 below) and prepare employment status determination statements to give to labour supply agencies and those contractors;
- g) work in connection with employee workplace pension schemes other than that detailed above including helping with setting up and administering workplace pension schemes, including referring you to appropriate specialists where necessary;
- h) agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;
- i) ensuring that all employees are paid at least the national living wage / national minimum wage;

- j) helping you to ascertain whether you are eligible to claim employment allowance and/or allocate employment allowance across your multiple or associated/connected companies' PAYE schemes;
- k) helping you to allocate apprenticeship levy allowance across your multiple or associated/connected companies' PAYE schemes;
- l) preparing and submitting returns P11D and P11D(b) for employee benefits-in-kind and expenses and advising on the payment of associated Class 1A NIC (such work, if undertaken, is covered in a separate schedule of services);
- m) dealing with any compliance check or enquiry by HMRC or any other official compliance body into the payroll data submitted and corresponding with HMRC or other such body as necessary;
- n) preparing and submitting any amended returns or data for previous tax years;
- o) assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors;
- p) conducting PAYE, and benefits and expenses health checks; and
- q) advising on ad hoc transactions, for example, termination payments to employees.

1.3.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

1.4 Changes in the law, in practice or in public policy

1.4.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances.

1.4.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

1.5 Your responsibilities

1.5.1 Even though you are engaging us to help you meet your payroll obligations, you are legally responsible for:

- a) ensuring that the data in your payroll submissions is correct and complete;
- b) complying with auto-enrolment obligations;
- c) making any submissions by the due date; and
- d) paying tax and NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

1.5.2 Employers cannot delegate these legal responsibilities to others.

1.5.3 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

1.5.4 We will communicate with you in relation to your/the company's/partnership's/trust's payroll services.

- 1.5.5 To enable us to carry out our work, you agree:
- a) that all information required to be delivered online is submitted on the basis of full disclosure;
 - b) to provide full information necessary for dealing with your payroll affairs and workplace pension scheme contributions and refunds; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay and other information relevant to the services provided under this schedule; we will process the changes only if notified by that/those individual(s);
 - d) to advise us in writing of changes of payroll pay dates;
 - e) to notify us at least 5 working days before the payroll pay date of all transactions or events which may need to be reflected in the payroll for the period, including details of:
 - all new employees [and deemed employees under the off-payroll working rules] (including starter checklist showing full names, address, date of birth, gender, national insurance number, and start date) and details of their remuneration package including benefits-in-kind to be payrolled;
 - for employees [and deemed employees under the off-payroll working rules] whose benefits-in-kind are being payrolled, their names, the identity of the benefits-in-kind, and the cash equivalent amounts to be included in payroll;
 - for employees who are active pension scheme members, name of pension scheme, pensionable pay, employee and employer contribution rates, dates from/to which contributions and qualifying earnings payable;
 - names and dates of birth of all apprentices aged under 25;
 - names and dates of birth of all employees aged under 21;
 - all changes to remuneration packages including benefits-in-kind to be payrolled;
 - employee expenses which need to be included in payroll to account for either income tax or Class 1 NIC or both;
 - expenses for each employee if the expense is to be reimbursed gross through payroll as an addition to net pay;
 - the details of each invoice payment net of VAT that will form the earnings for each pay period;
 - information necessary to enable us to calculate statutory payments, eg, statutory sick pay, statutory maternity pay, statutory adoption pay, statutory paternity pay, statutory shared parental pay, statutory parental bereavement pay;
 - irregular and/or ad hoc payments and the dates to be paid; and
 - all leavers, their annual salary before any salary sacrifices, how often paid, unworked notice period, contractual payment in lieu of notice (PILON), date of termination of employment, age, number of years' service, the last payment prior to termination and when paid, and the components parts of the termination package, including statutory redundancy pay, compensation for loss of office, any bonus payable on termination, and any payments made after the leaving date.

- f) to confirm that you have reviewed your entitlement to the employment allowance and confirm that you wish us to make the legal declaration claim on your behalf – indicating payroll name(s), PAYE scheme reference(s) and industry sector;
 - g) to tell us the value of the apprenticeship levy allowance that is being allocated in the range £0 to £15,000 to each PAYE scheme – indicating payroll name and PAYE scheme reference.
 - h) to notify us within 5 working days of your receiving or becoming aware of any opt-out notices or any other requests to cease membership of a scheme, so that we can cease to calculate any relevant pension contributions and process any required refunds;
 - i) to register with HMRC in advance of the tax year, to notify which benefits-in-kind are to be payrolled for which employees (as agents, we cannot do this);
 - j) to keep us informed of changes in circumstances that could affect the payroll; if you are unsure whether a change is material, please tell us so we can assess its significance;
 - k) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your payroll; and
 - l) to approve:
 - in-year and final FPS by at least 5 working days before contractual pay dates so that they can be submitted on or before payday, or as agreed with us;
 - in-year and final EPS by at least 5 working days before the 19th of the month following the tax month;
 - revised year to date FPS for an earlier year within 5 days of notifying you of the data therein.
- 1.5.6 If we do not hear from you by the above deadlines, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.
- 1.5.7 If the information required to complete the payroll services set out above is received later than the dates specified above or agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances.
- 1.5.8 If you require us to make a correction after the FPS or EPS has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run.
- 1.5.9 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC.
- 1.5.10 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC has the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of communications issued to you and, in most cases, will not do so. You should also keep a note of any telephone communication you have with HMRC's tax credits helpline or DWP's universal credits helpline, including the date and time of the call and the name of the helpline operator(s).