

SCHEDULE J(A)

PAYROLL SERVICES (NO 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 contributions (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.

1.2 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 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;
 - c) a payslip for each employee;
 - d) a form P45 for each leaver;
 - e) a report showing your PAYE and NIC liability, 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 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,

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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 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 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:

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- 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) 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);
- d) dealing with any compliance check or enquiry by HMRC into the payroll data submitted and corresponding with HMRC as necessary;
- e) preparing and submitting any amended returns or data for previous tax years;
- f) assisting you in the operation of the Construction Industry Scheme (CIS) for sub-contractors;
- g) conducting PAYE, and benefits and expenses health checks;
- h) helping you to allocate apprenticeship levy allowance across your different PAYE schemes/group companies/connected charities; and
- i) 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 and any other pre-approved individuals in relation to the payroll services, having agreed with you that they will represent you.

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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 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 (including full names, address, date of birth, gender, national insurance number, their start date and starter form) and details of their remuneration package including benefits-in-kind to be payrolled;
 - for employees 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;
 - information necessary to enable us to calculate statutory payments, ie, 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 notify us 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;
- g) 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);
- h) 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;
- i) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your payroll.

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- 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. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- 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).