

Payroll FAQs

1. How do I enter the employee's tax code in the Employee's Data File?

Employee Data File Cells				
		Cell O4	Cell R4	Cell R5
HMRC Tax Code	Description	Pay-slip entry Tax Code in use	Numeric Value	Tax Basis
810L	Emergency Code for 2012-13 (Cumulative Tax Basis)	810L	810	C
810L Wk1/Mth1	Emergency Code for 2012-13 (Wk 1/Mth 1 or Period Tax Basis)	810Lx	810	P
624L	A typical Tax Code (Cumulative Tax Basis)	624L	624	C
624L Wk1/Mth1	A typical Tax Code (Week 1/Month 1 or Period Tax Basis)	624Lx	624	P
K500	"K" Code (Cumulative Tax Basis)	K500	-500	C
K500 Wk1/Mth1	"K" Code (Week 1/Month 1 or Period Basis)	K500x	-500	P
BR	BR Code (Cumulative Tax Basis @ Basic Rate, 20%)	BR	0	BRC
BR Wk1/Mth1	BR Code (Week 1/Month 1 or Period Basis @ Basic Rate, 20%)	BRx	0	BR
0T	0T Code (Cumulative Tax Basis)	0T	0	C
0T Wk1/Mth1	0T Code (Week 1/Month 1 or Period Tax Basis)	0Tx	0	P
D0	D0 Code (Cumulative Tax Basis @ Higher Rate, 40%)	D0	0	D0C
D0 Wk1/Mth1	D0 Code (Week 1/Month 1 or Period Basis @ Higher Rate, 40%)	D0x	0	D0
D1 Wk1/Mth1	D1 Code (Week 1/Month 1 or Period Basis @ Additional Rate, 50%)	D1	0	D1
NT	No Tax (or employee has LEFT)	NT	0	NT

Code Number in Use : x after Code is used to indicate **Week 1/Month1** basis.

Note on HMRC Tax Codes:

A tax code is usually made up of numbers and letters.

The numeric part of the Code is normally entered in Cell **R4** of the EE File. This number is used to work out the tax due on the Taxable Pay.

The meaning of the suffix letters is explained below. If the code is a number followed by a letter, the letter shows how it should be adjusted following any Budget changes.

A no longer in use.

H no longer in use.

L is for a tax code with basic personal allowance.

P is for a tax code with the full personal allowance for those aged 65-74.

V is for a tax code with the full personal allowance for those aged 65-74 *plus* the full married couple's allowance for those born before 6 April 1935 and aged under 75.

Y is for a tax code with the full personal allowance for those aged 75 or over.

T is used if there are any other items the HMRC need to review in the employee's tax code; the **T** does not mean a temporary code has been given. Changes should only be made following specific HMRC instructions.

"K" Codes - those with a prefix 'K'

K codes have been in operation since 6 April 1993. They represent the 'additional pay' to be added to arrive at the PAY for the appropriate **K** code (K prefix). *PCC Payroll* can cope with this by making the numeric part of the K code negative when making an entry in the Employee's Data File. This is cell **R4** on Page 2 of the Employee's Data File.

However, there is also the Overriding Regulatory Limit, or Maxrate, which is set at 50%. This is the maximum percentage of PAY in a pay period that an employee can pay as tax irrespective of what tax the K code produces. The Maxrate setting is preset in the software and cannot be changed.

Note that at the bottom of the pay-slip against the heading **TAX EXS**, should the Regulatory Limit be actioned, you will find the excess tax not deducted owing to the action of the Regulatory Limit. This is the difference between the tax deducted compared to the sum as calculated by the Tax Tables.

Should an amount appear on a particular employee's pay-slip you may wish to record it in the **EE** file as a *Cell Note*. This sum is an indication of a tax liability to be recovered in future pay periods or at the end of the year.

2. How do I enter an employee's P45 which has arrived late ?

When the employee first joins with no P45 Form he should be taxed on a 'Week1/Month 1' Emergency Code (810L for 2012-13) with Tax Basis, **P**. Alternatively, where this is a secondary employment for the employee, the **BR** Code should be used.

The 'late arriving' P45 will give the total PAY and TAX paid in the previous employment with the Tax Code used. The Totals of PAY and TAX should be entered on the Employee's Data File, on the Period line immediately preceding the first period he was paid in 'this' employment, in the CUM PAY and CUM TAX columns only (columns G and I respectively). No entries should be made in the Gross Pay columns which are only applicable to 'this' employment.

The difficulty that now arises is that the CUM PAY and CUM TAX columns must have all their totals increased by the previous employment amounts for all the Periods that the employee has been in 'this' employment on a 'Week1/Month 1' Tax Code (with Tax basis **P**) or **BR**. The CUM columns can be amended manually and then the Tax Basis may be changed to **C**, for Cumulative Tax calculation.

Cell **R4** should be amended to reflect the numeric part only of Tax Code on the P45 Form.

A 'text string' or 'label' should be entered in Cell **O4** giving the complete new HMRC Tax Code, for example **'810L**. This cell is reported directly to the pay-slip for information and has no computational purpose.

Finally, the Employee Data File should be saved.

See item 14

The special case where an employee joins in Month 1 having worked for another employer for part of the first month.

3. How do I move my *PCC Payroll* software to a new computer?

The steps to move the Payroll software to the 'new' computer are as follows:

1. Install one or more 'payrolls' on the 'new' computer using the original program disks or CD for the current fiscal year (e.g. Version 21.0x for 2012-13). This will set up the 'shortcut' icons and make any necessary file entries to the WINDOWS directory. You should choose the same names for (1) the program folder (destination directory) and (2) for the **Start Menu|Programs** folder ('shortcuts') as you used on the 'old' computer.
2. In the case of the stand alone *Windows* Payroll, copy all the **.bwb** files from the old computer's program-files folder (destination directory) to a CD or 'flash drive' in order to transfer them to the respective new program-files folder on the new computer. The minimum requirement is to transfer the Employee Data Files, EE101.bwb, EE102.bwb, etc.
3. In the case of the *Excel* Payroll, copy all the **.xls** files from the old computer's program-files folder (directory) to a CD or 'flash drive' in order to transfer them to the respective new program-files folder on the new computer. The minimum requirement is to transfer the Employee Data Files, EE101.xls, EE102.xls etc.
4. If you have both the 'old' and 'new' computers on a Network, the copying task will not require intermediate media to be created and the required files may be selected and copied directly to the 'new' computer's payroll directory.

4. How can I convert Employee Data files from the *Windows* version (.bwb) for use by the *Excel* Version (.xls)?

The steps to convert the *Windows* version **.bwb** Employee Data Files to *Excel* **.xls** type files are as follows:

1. From the *Windows* program save each EE file as a *Lotus* **.WK1** file type using the **File|Save As** menu option and changing the File Type to **Lotus .WK1**.
2. Open each file with your *Excel* '97+ program and then save it as an Excel Workbook, again using the **File|Save As** menu option.
3. You should now have an Excel workbook, e.g. **EE101.xls**, which will require one amendment. The active worksheet, containing the employee's data must be renamed **DATA**. This name has been lost in the transition.
4. Finally, resave the EE file which can now be used with the Excel **PAYCAL.xls** file or the **P14.xls** file to prepare end of year returns. The Excel version of the P14 file can print P60s on the HMRC Form: **P60 (Single Sheet)**(2012-13).

5. How may I update the Employee Data Files from 2011-12 for use in 2012-13?

PCC Payroll version 21.0x for 2012-13

There are no changes to the P11 form for 2012-13; the structure of the Employee Data File has not been changed. Therefore, it is possible to use a copy of the 2011-12 EE files for 2012-13; you should clean out the data from Period lines 1 to 53 and amend the Year and Tax cells.

PCC Excel Payroll version 21.0x for 2012-13

We will assume you have made back-up copies of all your previous year's Employees' Data Files; having done so, copy these to your 2012-13 payroll directory, say, **IPAY1213X**.

The **Payroll|Setup** menu will have a new menu option: **Setup 2012-13 EE files**. The data in the Period lines 1 to 53 will be deleted from each EE file and the 'Year' (Cell I1) will be updated to **2011-12** in the

header section of the file. No changes are made to the tax code, NI letter, pension or regular adjustment cells; these must be checked and amended by the user. The column headers will also be amended.

The danger of including any procedure that deletes the Employee Data Files has been addressed as follows. Before any EE file is 'cleaned' or amended by the new procedure, a copy of the respective file, e.g. EE101.xls, is made by saving the file as EE101.BAK. The backup files will only be important if the procedure is used by mistake during the PAYE year when the EE files contain *vital period data*. If a **.BAK** file already exists in the payroll folder the 'cleaning' procedure will not continue. The **.BAK** files will not appear in the **File|Open** dialog box unless the **Files of type:** is set to **All files (*.*)** or **Backup Files**.

To make the task easier, **<Ctrl + E>** is a 'shortcut' command to 'clean' a selected **EE** file.

The Employee Data Files will also require manual amendments to the various HMRC Code Number entries for 2012-13; also check NI Table Letter, Pension entries, etc.

If you are not confident about making these changes to the 2011-12 **EE** files - it may be quicker to create new files for 2012-13.

6. How may I refund income tax or NI previously deducted?

PCC Excel Payroll: to illustrate the procedure we will take the example of an employee, A Jones, who reached State Retirement Age some time earlier and should have been processed using Table C instead of Table A. You should first process your next Pay Period after setting **Cell I5** in Jones' Employee Data File to '**C**'. Now reopen his EE file, and note the total NI paid to date by the employee in the **CUM NI EE** column, **L**. If this total amount is to be refunded, enter it as a negative amount in the **NI EE** column, **K**, for the current period. Column **L** for this period should now be amended to read zero, i.e. the total NI paid to date by the employee is zero. If a lesser amount is to be refunded, this may be entered as a negative in Column **K** with the cumulative column being amended to read the previous cumulative NI paid by the employee *less* the required refund. You should also amend the **GR-NICs** column, **AA**, to give the final net total of employee and employer NI paid for this period. Finally in column **Z**, replace the NI Table letter **A** by **C** for all relevant periods where the employee had passed State Retirement Age.

The next task is to amend Jones' pay-slip for the current pay period to include the NI to be refunded. With the **Pay-slips** worksheet on screen, press **<Ctrl-K>** for Spreadsheet Mode. Now unprotect the sheet by selecting **Tools, Protection, Unprotect Sheet** from the top menu bar. **<Pg-Dn>** to the pay-slip for A Jones. His NI deduction should read zero (a blank) since he has been processed on Table C. Enter the required refund of NI **as a positive amount** (negative is the convention for deductions in the pay-slip). Also amend the **Net Pay** and **Net Payment** manually to read the correct amount so as to include the NI refund (There are no formulae in the Pay-slips worksheet). For NI refunds, you should amend the **NI employee net to date** cell to agree with the new cumulative figure on the Employee Data File (for example: zero). Please protect the worksheet once again when you are happy with Jones' pay-slip and save the PAYCAL file.

The Period Reports will be updated automatically to include the refunded NI amount.

PCC Payroll for Windows: the procedure is the same as that described above except that it is not possible to unprotect the complete Pay-slips worksheet. However, individual cells may be unprotected and protected using icons on the bottom-line Toolbar.

7. How do I operate with more than 60 employees in the PAYE year?

Case 1

For an employer with a large turnover of staff, **but with less than 60 employees employed at any one time**, you may proceed as follows:

Install Payroll A, say, in a destination folder PAY1011A with a **Start Menu|All Programs** folder PAY1011A. This would be the active payroll with Employee Code Numbers running 101-160 (default settings).

Install Payroll B, say, in a destination folder PAY1011B with a **Start Menu|All Programs** folder PAY1011B. This payroll folder would hold the Employee Data Files for those employees who had left during the year.

When an employee leaves, the EE file is transferred to the Payroll B folder. The file name is then changed so that EE105.xls becomes EE161.xls (the first employee to leave in the tax year). The EE file may then be opened and amended for the new Code Number applicable in Payroll B. No processing will ever be done in Payroll B - only the P14 utility files will be used to produce the year-end returns. The PAYCAL file could be deleted in this folder.

The Code Number in Payroll A of the employee who has left now becomes available for a new employee.

The only 'downside' to this procedure is that the data from the Draft P35s produced by each payroll will have to be combined at year end.

Case 2

For an employer with a large turnover of staff, **but with more than 60 employees employed at any one time**, you may proceed as follows.

Install Payroll A, say, in a destination folder PAY1011A with a **Start Menu|All Programs** folder PAY1011A. This would be a payroll with Employee Code Numbers running from 101 to 160 (default settings).

Install Payroll B, say, in a destination folder PAY1011B with a **Start Menu|All Programs** folder PAY1011B. This payroll folder would hold the Employee Data Files for employees with Code Numbers greater than 160 . The PAYCAL file of this payroll should be set so that the Employee Code Numbers run from 161 to 220 using the option available in the Setup Menu.

Both payrolls would be processed in the normal way producing two Period Summary reports. These can be aggregated using the PAYEDUE.xls file (which may be amended as necessary).

Again the 'downside' to this procedure is that the data from the Draft P35s produced by each payroll will have to be combined at year end.

The procedure for the stand-alone Windows version is identical except that you have .bwb files instead of .xls.

8. How may I use the HMRC 'PAYE Online' system for the end-of-year P14/P35 returns?

HM Revenue & Customs (**HMRC**) now requires all employers to file their End of Year Return electronically. This may be done online via the Internet by entering the data from the draft P14s/P35 prepared by the PC Challenge payroll software.

HMRC provides a free service, **PAYE Online Software**, to allow you to prepare, save and submit the End of Year Returns online; other PAYE forms, P45 (1), P45 (3), P46, WNU, P46(car), can also be prepared and sent online. It is best suited to employers with less than 50 employees. Employees' details will be retained for use in future years. **A good feature of PAYE Online is that employees' details will be retained in an employer database for use in future years**; the employees' data may be entered at any time during the PAYE year and it is then available, for example, for the transmission of P45 data.

You can use the HMRC **PAYE Online** facility for your End of Year Return if you are:

- an agent acting on behalf of employers (you must use separate Log in information for each client)
- an employer who has registered your business with HMRC
- an employer who will submit at least one form P14 with your form P35.

You cannot use PAYE Online for your End of Year Return if you are an employer who:

- has not yet registered your business with HMRC
- operates any of the following schemes: Taxed Award, Electoral, Profit Sharing, or Contractor-Only
- needs more than 30 entries for workers on form P38A
- has not had any employees during the year

Your P14/P35 forms should first be prepared and saved on the HMRC Web Site to be submitted via the Government Gateway. For this purpose you will need to register with the **Government Gateway** to obtain a **User ID** and **Password**.

To get started, please visit the HMRC Web sites:

Welcome. Do you have a User ID and Password? <https://online.hmrc.gov.uk/login?GAREASONCODE=-1&GARESOURCEID=Common&GAURI=https://online.hmrc.gov.uk/home&Reason=-1&APPID=Common&URI=https://online.hmrc.gov.uk/home>

PAYE Online FAQs [Http://www.hmrc.gov.uk/EBU/isforpaye.htm](http://www.hmrc.gov.uk/EBU/isforpaye.htm)

Online Services (Guide) <http://www.hmrc.gov.uk/online/index.htm#5>

PC Challenge does not plan to issue an additional utility program or procedure to e-file a 'batch' of P14s automatically from the payroll software. This is due to the problem of handling errors, data validation, providing support and, most importantly, the *security issues*. We do not think we can better that offered by HMRC.

Information you can send and receive over the Internet

You can send in-year:

- P45(1) - employee leaving work
- P45(3) - employee starting work
- P46 - employee starting work (with no P45)
- P46(Car) - car provided for the private use of an employee or director
- PENNOT - pension notification
- WNU - works number update.

And you can send at the end of year:

- P9(D) - return of expense payments and income from which tax cannot be deducted
- P11D - return of expenses payments and benefits
- P11D(b) - return of Class 1A National Insurance contributions
- P12 - employer's annual deduction card (simplified deduction scheme)
- P14 - end of year summary
- P35 - employer's annual return
- P37 - employer's annual return (simplified deduction scheme)
- P38A - employer's supplementary return.

HMRC can send you:

- P6 - notice to employer of employee tax code (or amended code) and previous pay and tax
- P9 periodic - amended code (new tax year)
- SL1 - notification to start student loan deduction
- SL2 - notification to stop student loan deduction

9. Excel Version: how may I print P60 HMRC Forms for employees?

Printing of the P14/P60 Draft forms and HMRC P60 forms must be performed from the **P14.XLS** utility file.

Having processed and examined the Draft P14 Forms, you may still print the P60s on the HMRC **P60(Single sheet)(2012-13)** for the respective year. This may be faster than printing from the HMRC website as one is only printing in the form 'boxes'. **From 2010-11, HMRC require all employers to file their Employer Annual Return 'online', (P14s and P35).**

You may use the **P14 Generator|Print|P60 HMRC Forms** menu option from which you may choose **One** or **All** of the P60s to print.

Depending on the printer you are using to print the P60 HMRC Forms, it may be necessary to alter vertical alignment of the printed form by adjusting the Top Margin. This is done by selecting **File|Page Setup** having opened the template file, **P14TEMP.XLS**. If you do make an alteration to the Top Margin, you should then save the file and close it before testing the effect of your amendment on the printed P60 Form.

The default Top Margin is now 1.60 cm; you should try adjusting the Top Margin by no more than 0.10 cm. at a time before testing the result. (Test printer: **HP OfficeJet 5610**)

Text Alignment Problem

If the alignment of the text and numbers becomes progressively worse as you go down the print page, you should check that you have the **Courier New** font installed.

The P14TEMP.xls file has a default Row Height of 13.5 points; this works well when using Excel 97-2003 and 2007; however, for Excel 2010 when running in XLS 'compatibility mode', the Row Height must be reduced to 12 points in order to obtain the correct page breaks.

10. PCC Payroll with Windows XP: How do I 'setup' the printer?

Setting a Default Printer

SUMMARY: If you have access to multiple printers, such as on a network, force Windows XP to make one printer the default.

When you print pay-slips or a report from *Windows XP* with **PCC Payroll**, *Windows XP* normally picks the **'default printer'** with which to print. If you have access to several printers, especially if you are on a network, then you may want to change this default printer setting and use a printer of your choice. The menu option **File|Printer Setup** may not be active when *PCC Payroll* runs on **some XP** computers.

Click the **Start Menu** and select **Control Panel**; choose **Printers and Faxes**. When the **Printers and Faxes** window appears, right-click on your desired printer and choose **'Set as Default Printer'**.

11.0 How do I set up Payroll Giving on my payroll?

Payroll Giving is a simple, tax effective way for an employee to give to charity. The agreed deductions are taken from employees' Gross Pay before tax. However, sums so deducted are still subject to National Insurance.

The deductions for each Period may be entered in the **Benefits** column of the Employees' Data Table. The name of the column may then be changed to, say, **Charity**. Please note that any amount entered in the **Benefits** column will be included in the Gross Pay for National Insurance purposes but it is not included in the **PAY** for the Period and is therefore not subject to Income Tax.

The amount to be entered in the **Basic** column would then be calculated as the employee's total Gross Pay for the Period *less* the **Charity Deduction**. You should check that the amount displayed in the Gross Pay column is the correct total Gross Pay for the employee for the relevant Period.

You may also change the **Benefits** heading on the pay-slip to **Charity** by amending the text on the **Master Pay-slip**. Please refer to your Reference Manual for help with this procedure:

Stand-alone Windows version - Page 25
Excel Version - Page 21

12.0 How do I set up Excel in Office 2007 to run PCC Excel Payroll?

PCC Excel Payroll will run successfully with the **Office 2007** version of **Excel** providing the following **Setup** procedures are carried out *before launching the payroll software*. The most important requirement is that the default file type for saving files is set to **Excel 97-2003**. This is because the new 2007 file type (**.xlsx**) will not save VB macros in a file. Also some of the Range Names used in the PAYCAL file (e.g. SMP1) are no longer allowed in this new file type due to conflicts with column labels in the *extended* column range.

First launch the **Excel 2007** program (with blank Workbook) to perform:

1. Macro Security

Click **MOB** (the Microsoft Office Button, TOP LEFT corner of screen)

Click **Excel Options**

Click **Trust Center**

Click **Trust Center Settings**

Click **Trusted Locations**

Click **Add New Location**

Type the location of your Payroll folder, e.g. **C:\PAY1112X**

Click **OK, OK** to finish.

If you have multiple payrolls, you may wish to avoid entering the folder name for each Payroll and turn off the macro security from the **Trust Center Settings** by selecting '**Enable all macros (not recommended)**'.

2. File Save Option

Click **MOB**

Click **Excel Options**

Click **Save**

Select file save option: **Excel 97-2003**

Click **OK, OK** to finish.

Now launch *PCC Excel Payroll* to continue with:

3. To create a Menu Commands Button with *Payroll* in the Quick Access Toolbar

Click **Add-ins Button**

Right Click **Payroll** in **Menu Commands Group** at far left of 'ribbon'

Click **Add Group to Quick Access Toolbar**

4. To minimize the Ribbon (to give 97-2003 screen)

Click **Add-ins Button**

Click **Menu Commands** with Right Hand Mouse Button

Click **Minimize the Ribbon**

The new **Menu Commands** button on the **Quick Access Toolbar** will now have two menu options: **Payroll** and **Excel Payroll Help**.

13.0 How do I set up Excel in Office 2010 to run PCC Excel Payroll?

PCC Excel Payroll will run successfully with the *Office 2010* version of **Excel** providing the following **Setup** procedures are carried out *before launching the payroll software*. The most important requirement is that the default file type for saving files is set to **Excel 97-2003**. This is because the new file type (**.xlsx**) will not save VB macros in a file. Also some of the Range Names used in the PAYCAL file (e.g. SMP1) are no longer allowed in this new file type due to conflicts with column labels in the *extended* column range.

First launch the **Excel 2010** program (with blank Workbook) to perform:

1. Macro Security

Click **File Menu** (at top **LEFT** corner of screen)

Click **Options**

Click **Trust Center**

Click **Trust Center Settings**

Click **Trusted Locations**

Click **Add New Location**

Type the location of your Payroll folder, e.g. **C:\PAY1112X**

Click **OK, OK, OK** to finish.

If you have multiple payrolls, you may wish to avoid entering the folder name for each Payroll and turn off the macro security from **Trust Center Settings** by selecting **Macro Settings** and then **Enable all macros (not recommended.....)**.

2. File Save Option

Click **File Menu**

Click **Options**

Click **Save**

Select 'save files in this format': **Excel 97-2003**

Click **OK, OK** to finish.

Now launch *PCC Excel Payroll* to continue with:

3. To create a Menu Commands Button with *Payroll* in the Quick Access Toolbar

Click **Add-ins Button**

Right Click in **Menu Commands Group** at far right of 'ribbon'

Click **Add Group to Quick Access Toolbar**

4. To minimize the Ribbon (to give 97-2003 screen)

Click **Add-ins Button** with Right Hand Mouse Button

Click **Minimize the Ribbon**

The new **Menu Commands** button on the **Quick Access Toolbar** will now have two menu options: **Payroll** and **Excel Payroll Help**.

14.0 How do I enter P45 PAY and TAX for an employee who starts in Month1?

This problem arises where an employee leaves an employer during Month1 and works the latter part of Month 1 for your business.

1. **Process Month 1 and Month 2** on a Week 1/Month 1 Basis (**P**) with Code from P45 (or Code 647L if none available at this time).

2. **Open EE file** to amend as follows:

Copy Cells:

C9 to B9

E9 to D9

G9 to F9

I9 to H9

Delete Cells:

B8 to I8

3. **Enter P45 PAY and TAX** in cells **G8** and **I8**.

4. **Update G9 and I9 CUM TOTALS.**

5. **Amend HMRC Tax Code** entries as necessary setting Tax Basis in **Cell R5** to **C**, *Cumulative*.

6. **Save file and close.**

7. **Process Month 3.**

15.0 What does 'X' after a tax code mean? Week1/Month1 Tax basis?

There are several different documents that show an employee's tax code. It may be shown on the copy of the P45 that the previous employer provided. You may receive a P2 coding notice from your tax office that informs you of a change of tax code. An employee's tax code is normally printed on the pay-slip and

also on the P60 End of Year Certificate that the employer gives to every employee after the end of the last tax year (5 April).

On any or all of these documents you may see an 'x' printed after the tax code, e.g. **543Lx**. This means the tax calculation is to be made on a Week1/Month 1 basis rather than on a cumulative basis. *PCC Payroll* and *PCC Excel Payroll* action this by entering a 'P' in **Cell R5** of the Employee's Data File.

HMRC require that an 'x' be used to indicate that the Final Tax Code is on a **Week1/Month1** basis. The Tax Code in use, **Cell O4** on the Employee's Data File, should be entered followed by an 'x', e.g. **543Lx**. The text of **Cell O4** will be printed on the employee's pay-slip during the year and will be used at the year end for producing the **P14**, where it is displayed as the Final Tax Code.

16.0 When can an employer recover all of the SMP and other Statutory Payments paid to employees?

The rate at which employers can recover payments of SMP, SPP and SAP is currently 92%. This means that 92% of the statutory payments made during a tax month (6th of one month to the 5th of the next) can be deducted from all of the payments due each month or quarter to the HMRC Accounts Office.

However, special provisions apply to small businesses. Under the Small Employers' Relief (SER) scheme, small employers can recover 100% of SMP, OSPP, ASPP and SAP paid out to an employee, plus a further 4½% in compensation for the employers' NICs paid on the statutory payments. To qualify for the SER scheme, the business must have a liability for employee and employer Class 1 NICs of not more than £45,000 in the 'qualifying year'. If the first payment of SMP, OSPP, ASPP or SAP to a particular employee qualifies under the SER scheme, all of the subsequent payments to that employee do, even if the payments overlap two tax years.

The 'qualifying year' is the last complete tax year before the first day, the Sunday, of

- the qualifying week in the case of a birth, or
- the matching week in the case of adoption.

For qualifying weeks and matching weeks starting during the 2011-12 tax year, **the qualifying tax year is 2010-11**.

Employers that have been operating for less than twelve months in the qualifying year can take the total employee and employer NICs in the qualifying year, divide by the number of months as an employer and multiply by 12. A new employer without a qualifying year can do the same using the NICs to date in the current year. If the result in each case is not more than £45,000, the SER scheme can be used.

In the situation where arrears of SMP, OSPP, ASPP or SAP have been paid to an employee due to a recalculation of average earnings as the result of

- in the case of SMP, a pay rise that takes effect at any time between the start of the relevant period used to determine average earnings and the end of the employee's maternity leave, or
- in the case of OSPP, ASPP and SAP, a backdated pay rise that takes effect at any time during the relevant period,

the appropriate percentage of the arrears may be claimed after they have been paid. The recovery percentage is the rate in force at the effective date of the pay rise.

Recovery is achieved by reducing the amount of NICs due for payment to the HMRC Accounts Office by the amount to be recovered. If the amount being recovered is greater than

- the total of the NICs due, the amount of tax shown on the payslip should then be reduced
- the total of the NICs and tax due, a NIL return should be sent to the Accounts Office and the remainder recovered the following month.

No explanation has to be given for the reduction - the recovery is accounted for on the year-end P35 Annual Return.

Reprinted from www.paypershop.com with thanks.

17.0 How do I get Excel Payroll Help to display correctly with Windows Vista?

WinHlp32.exe is required to display 32-bit Help files that have the ".hlp" file name extension. To view .hlp files on Windows **Vista** or **Windows 7**, you need to install the appropriate application from the Microsoft Site.

Vista

<http://www.microsoft.com/downloads/details.aspx?FamilyId=6EBCFAD9-D3F5-4365-8070-334CD175D4BB&displaylang=en>

Windows 7

<http://www.microsoft.com/downloads/en/details.aspx?FamilyID=258aa5ec-e3d9-4228-8844-008e02b32a2c&displaylang=en>

18.0 How do I email my pay-slips from PCC Excel Payroll?

The steps which follow assume the recipient (client) has a copy of Microsoft Excel:

1. Select **Payroll|Pay-slips|View Pay-slips** for the current Pay Period - when it has been processed.
2. Select **Tools/Protection|Unprotect Workbook** - this allows an Excel file to be extracted.
3. Select **Payroll|Excel Mode**
4. At the bottom of the sheet should appear various tabs which includes **Summary & Payslips**. Right click your mouse on the **Payslips** Tab at the bottom and then select **Move or Copy**. Click the **Create a copy** checkbox. (if you do not do this the Worksheet will be deleted!!)
5. Click the **To book** option and choose (**new book**) and click **OK** . Actions from 4 may be repeated for the **Summary** Worksheet, should you wish to email it with the pay-slips.
6. You are now in the extracted Excel file with a temporary file name such as **Book1**, or Book2 - see top left of screen.
7. Select **File|Save As** and change the file name to read whatever you wish e.g. **MTH1SLIPS** (.xls is added by Excel).
8. Select **File|Page Setup** to set the Scaling Option to **79%** and check that the default **Margins** have not been changed: **Top 1.2 cm, Bottom 0.6 cm, Left 2.4 cm, Right 0.6 cm**.
9. Re-Save the **MTH1SLIPS** file and close it.
10. Exit from the payroll without saving the PAYCAL.xls file. (it was unprotected in (2)).

11. Attach the **MTH1SLIPS** file to an email to the recipient (or client) who should be able to print out the file, after opening it in Excel, by using the command **File|Print**.

19.0 How do I install an update of the PAYCAL file?

From time to time it may be necessary to replace the PAYCAL computation file (**.xls** or **.bwb**) with an updated version. *This was the case for 2009-10 when Version 18.00 was to be replaced by Version 18.02 for those employers using the Directors Annual Earnings Period for Directors NICs.*

When downloading the whole program or just the PAYCAL file from the **Stop Press** page of our Web Site, you will be offered a 'destination' folder for the download, e.g. **PAY1112X** or **PAY1112W**. This must be changed, if necessary, to the name of the *actual folder* (directory) where your payroll has been installed. This applies also if you are installing the update from a CD that *PC Challenge* has provided.

Please note this procedure will not overwrite or delete any of your Employee Data Files with their data of payroll periods processed to date.

The following tasks must then be completed once the updated PAYCAL file is installed:

1. Change the Payroll Type as necessary (Monthly/Weekly), **Select Payroll|Set up|Payroll Type**;
2. Select the **Period Data** screen to enter your Company or Employer Name; also the next **Period Number** that you will be processing; also the appropriate **Date** of the next period;

Select **Input Employees' Data** to go to the Employees' Data Table. Initially this will be blank so that you must enter the employees' names against their appropriate Employee Code Number. Then enter the required Gross Pay elements for the next Pay Period that you intend to process. You may save time by 'copying and pasting' the column of employees names from any previously saved PAYCAL file having a name of your choice. (*PCC Payroll* has an option on the **Set Up Menu, Import EDT Data**, to perform this task.)

3. You are now ready to process your next Pay Period.

20.0 How do I use Childcare Vouchers with my payroll?

Recruiting and retaining the quality of staff that your business or organisation needs to work effectively is an expensive business.

Offering valued employees help with their childcare costs means staff stay with the employer and are more likely to return to work after maternity and paternity leave. The **Childcare Voucher Scheme** does not cost the employer anything to set up and it may even save the company up to £227 per employee per annum in NI payments.

At present, employees can claim up to £243 per month or £55 per week as a voucher. From 6th April 2011 this will drop to £28 and £22 for higher and additional rate tax payers.

The employer then would normally reduce their gross salary by the value of the voucher using a deduction before Tax and NI is applied. This means that a 20% tax payer can save up to £903.96 per year.

Users of *PCC Payroll* and *PCC Excel Payroll* may enter the voucher value in the **ADJUST1** or **ADJUST2** column of the Employees Data Table. **This must be a negative amount**; it will be deducted from the Basic Pay to reduce the Gross Pay and hence not be subject to Tax or National Insurance.

21.0 How do I treat April 6 2012 which is Good Friday

In December 2006, HMRC issued supplementary guidance, recognising that there could be 'inconsistent' PAYE deductions. The revised guidance for the operation of PAYE and Class 1 NICs when the regular date for payment is a non-banking day, i.e. Good Friday, states:

Where a regular pay day falls on a non-banking day (Saturday, Sunday or Bank Holiday) and because of this the payment is made on the last working day before the regular payday, the payment may be treated for PAYE and Class 1 NIC purposes as having been made on the regular payment day