# ***PART 2 KA – PAYROLL SERVICES (NO OFF-PAYROLL WORKING)***

***Deemed employment under IR35 and off-payroll working rules:***

***This schedule assumes that no IR35/off-payroll working rules are required. If they are, refer to Schedule Part 2 KB Payroll Services (Includes off-payroll working)***

* ***The wording below assumes that the practitioner will submit Real Time Information (RTI) data to HMRC.***
* ***Suggested paragraphs for engagements where employer-provided benefits-in-kind (BiK) and/or expenses are payrolled are in square brackets to be included as required. When you first use BiK, expand the text in full (ie, benefits-in-kind)***
* ***Practitioners who payroll BiK and/or expenses as part of payroll work and prepare/review/submit forms P11D(b) in respect of such BiK expenses need to use paragraphs both below and in the BiK returns schedule of services Part 2 L.***

***Auto enrolment:***

***The text below assumes that, as part of the payroll engagement, the practitioner will not assist the client with pensions, including auto-enrolment obligations, beyond calculating contributions for employees who the client notifies the practitioner are in pension schemes and processing any refunds payable for employees who opt out. If other auto-enrolment services are provided, the scope of the services and the respective responsibilities of the practitioner, client and third parties such as pension scheme providers should be documented by way of amendment to this schedule or by an additional schedule, as appropriate.***

***If other auto-enrolment services are provided, consideration should also be given to whether Part 1 Paragraph 2 of the engagement letter, which covers liability for services provided, needs to be amended or supplemented. Similarly, Part 3 Paragraph 4 of the engagement letter, which covers the possible limitation of liability, may need to be considered.***

## SCHEDULE OF SERVICES

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

1. RESPONSIBILITIES AND SCOPE FOR PAYROLL SERVICES
   1. **Recurring compliance work**
      1. We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:
2. calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
3. calculating the employees’ national insurance contributions (NIC) deductions;
4. calculating the employer’s NIC liabilities;
5. calculating statutory payments, for example, statutory sick pay and/or statutory maternity pay;
6. calculating reclaims of statutory payments, for example, maternity payments
7. 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;
8. processing any employee and employer pension contribution refunds through the payroll [on the basis of the information that you provide to us] **Delete if you will be acting as agent with delegated access to the pension scheme;**
9. calculating other statutory and non-statutory deductions [including employment allowance, apprenticeship levy]; and
10. submitting information online to HMRC under Real Time Information (RTI) for PAYE.
    1. **Ancillary payroll services** 
       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:
11. payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
12. [the data included within each] Full Payment Submission (FPS) for taxable pay [and payrolled benefits-in-kind ] [and expenses] for each employee;
13. a payslip for each employee;
14. a form P45 for each leaver;
15. a report showing your PAYE and NIC liability, student loan repayments [, apprenticeship levy] and due date for payment; and
16. 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. We will submit FPS online to HMRC [after the data to be included therein has been approved/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 monies change hands if you have 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.
      2. 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.)
      3. 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.
      4. At the end of the tax year we will:
17. prepare the final FPS (or EPS) and submit this to HMRC [after the data to be included therein has been approved/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 EPS), 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;
18. 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;
19. [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;] ***Include only if payrolling BiK and your payroll software will not show this information on final payslips for the tax year.***
20. [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;] ***Include if BiK are payrolled and amend if client wants the Class 1A figures every month. Modify if practitioner will complete and submit P11D(b) – see Part 2 L.***
21. [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;] ***Include to pick up expenses accounted for in the payroll for tax but subject to Class 1A NIC and amend if client wants the Class 1A figures every month. Modify if practitioner will complete and submit P11D(b) – see Part 2 L.***
22. [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.] ***Include to pick up expenses accounted for in the payroll for Class 1 NIC but included on P11D for tax, eg, non-business element of home telephone bills in the name of employee. Modify if practitioner will complete and submit P11D(b) – see Part 2 L***.
    * 1. 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.
      2. We will submit national insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.
      3. Any enquiries from individual employees regarding their pay or other payroll details will be referred back to [you] [our contact named in 1.4.4 below].
    1. **Excluded, ad hoc and advisory work**
       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:
23. 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;
24. [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;]
25. 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);
26. dealing with any compliance check or enquiry by HMRC into the payroll data submitted and corresponding with HMRC as necessary;
27. preparing and submitting any amended returns or data for previous tax years;
28. assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors;
29. conducting PAYE, and benefits and expenses health checks;
30. [helping you to allocate apprenticeship levy allowance across your different PAYE schemes/group companies/connected charities;] and
31. advising on ad hoc transactions, for example, termination payments to employees.
    * 1. If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.
    1. **Changes in the law, in practice or in public policy**
       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.
       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.
    2. **Your responsibilities**
       1. Even though you are engaging us to help you meet your payroll obligations, you are legally responsible for:
32. ensuring that the data in your payroll submissions is correct and complete;
33. complying with auto-enrolment obligations;
34. making any submissions by the due date
35. ensuring your workers are paid at least the national minimum wage, monitoring the annual leave entitlement of your employees and dealing with all aspects, legal or otherwise of being an employer;
36. completing checks on a new employee’s eligibility to live and work in the UK in accordance with current legislation; and
37. paying tax and NIC on time.

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

* + 1. Employers cannot delegate these legal responsibilities to others. [You agree to check that submissions we have prepared for you are correct and complete before approving them.] ***Delete if returns are being submitted on the basis of information provided rather than following client’s approval***.
    2. You will be responsible for ensuring that your employees are aware that the payroll function has been outsourced to a third party, that personal data will be shared for this purpose and complying with notification of their rights under Data Protection law.
    3. You will be responsible for making payment to employees, payment of amounts due to HM Revenue & Customs or other third parties of amounts deducted from employees (for example, pensions, employee wages arrestment deductions, etc).
    4. You are no less responsible for estimated amounts included in returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of actual amounts in the returns.
    5. [We will communicate with ………………………………………. insert name in relation to [your] [the] [company’s] [partnership’s] payroll services, having agreed with you that [s]he will represent [you] [the] [company] [partnership] [trust]. ***Delete if this is the same person as included in Part 1 section 3.1***.]
    6. To enable us to carry out our work, you agree:

1. that all information required to be delivered online is submitted on the basis of full disclosure;
2. 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;
3. 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);
4. to advise us in writing of changes of payroll pay dates;
5. to notify us at least ………………………***insert number*** working days [or such other period as agreed with 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 to termination and when paid, and the component 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.

1. to notify us within [x] working days [or such other period as agreed with 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;
2. [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);]
3. 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;
4. to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your payroll; [and]
5. [to approve:

* in-year and final FPS by at least ………………………***insert number*** 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 ………………………***insert number*** days before the 19th of the month following the tax month;
* revised year to date FPS for an earlier year within ………………………***insert number*** days of notifying you of the data therein.
  + 1. ***[If client operates within construction industry]*** You agree to provide us with details of construction industry scheme (CIS) deductions suffered that you wish to offset against your PAYE payments to HM Revenue & Customs (company subcontractors only). This information must be received for each “tax month” (tax months run from the 6th of the calendar month to the 5th of the following calendar month) and by the 19th of the month in which the tax month ends. In addition, if you are a contractor within the construction industry, you agree to provide us with details of the CIS deductions you have withheld in each tax month, if you wish us to advise you of the total amount due to HM Revenue & Customs (CIS and PAYE taxes combined).
    2. 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.] ***Insert if client is to approve returns prior to submission, omit if submissions are being made on the basis of information provided by client***.
    3. 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. We may charge an additional fee [of ……………………… ***insert fee***] for work carried out in a shorter time period.
    4. 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. This will be subject to a separate fee [of ……………………… ***insert fee***].
    5. [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.]\* [We enclose an HMRC form 64-8 for you to sign and return to us for submission to HMRC.]\* ***\*Delete as appropriate*** This authorises HMRC to communicate with us as your agent, although they consider that you should still take ‘reasonable care’ over your tax affairs. ***Include form 64-8 and draw to the client’s attention.***
    6. 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 once you have appointed us as your agent, 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).