

sage

**PAYROLL YEAR
END GUIDE
2017/2018**



Welcome to your guide to payroll year end

2017/2018

This guide takes you through the payroll year end process in three easy to follow parts:



Prepare for year end.



Run the year end.



Starting the new tax year.

Key dates over year end

5 April	The last day of the 2017/2018 tax year.
6 April	New tax year starts.
19 April	Deadline for final submissions of the 2017/2018 tax year.
20 April	From this date, you can submit an earlier year update (EYU) to HMRC to notify them of corrections to the 2017/2018 tax year.
31 May	Employees still employed with you on 5 April 2018 must have their P60s by this date.

Get more information this year end

To make this payroll year end easier than ever, you can find step-by-step guides and videos on our website: http://help.sageone.com/en_uk/payroll/payroll-year-end

To process from 6 April 2018 before you run year end

With Sage, you can process in the new tax year before you run your year end. However, before you can do this, you must:

- Complete your final pay run of the 2017/2018 tax year.
- Submit your full payment submission (FPS) for the last pay run.
Note: This isn't your final submission for the tax year. You make the final submission when you process your year end.
- Record your P32 payment to HMRC, and if necessary submit an employer payment summary (EPS) from month 12.
- Update your employee tax codes for 2018/2019.

Part 1 - Prepare for your year end

Before you can start processing your year end tasks, you must complete the following tasks:

1.1 Check your Government Gateway account

Before you submit any information to HMRC you must register for a Government Gateway account and enrol for the PAYE for Employers service. If you already have an account, you should check it's still active. If you're not registered, or if your status is inactive, HMRC will reject your submissions.

To register for an account

1. Visit www.gateway.gov.uk.
2. Click the relevant register option, then click **Register**.
3. Enter your name, email address and password, then click **Submit**.
4. Make a note of your **user ID**. You can print this if required.

Keep your password and user ID safe. You need to enter these each time you log into the Government Gateway and when you submit online.

5. Select the **I have made a note of my User ID** check box, then click Continue.
6. Select **PAYE for Employers** then click Continue.
7. To complete your registration, simply follow the on-screen instructions.

Once you've registered, HMRC will send you an activation code. This can take up to seven days and you must activate it within 28 days. If you don't, you'll need to register again. Once you've activated your account, you can submit online.

If you need further help with registration and activation, please contact the HMRC online services helpdesk on 0300 200 3600.

To register for an account

1. Visit www.gateway.gov.uk, then click **Enter the Government Gateway**.
2. Enter your user ID and password, then click **Log in**.
3. Click **Manage Services** and make sure you're registered for the PAYE for Employers service.
4. Check your tax office number and reference are correct and your status is active.

1.2 Check if you have an extra pay run

If you pay your employees weekly, two weekly or four weekly on Thursday 5 April 2018, you'll have an **extra pay run** at the end of the 2017/2018 tax year.

There's nothing you need to do differently. You just need to complete your 5 April payroll in the usual way before you process your year end.



TIP!

Monthly paid employees never have a week 53.

1.3 Process your leavers

Before you process your final pay run, you need to enter the last working day for any employees who have left your employment on or before 5 April 2018.

For more information about processing leavers, please [visit our website](#).

1.4 Process your final pay run and any holiday pay

Before you can run your year end, you should **complete your final pay runs** of the 2017/2018 tax year. If any of your employees are on holiday and this happens to span year end, you should process their **holiday pay** up to 5 April. Then process a new payment in week 1 of the new tax year to reflect the remaining holiday payments.

You must submit your **full payment submission (FPS)** for the last pay run. This isn't your final submission for the tax year. You make the final submission when you process your year end.



TIP!

If you process more than one pay cycle, for example, weekly and monthly, make sure that you update the last pay run of the tax year for each pay cycle.

You must also record your P32 payment to HMRC, and if necessary submit an **employer payment summary (EPS)** from month 12.

If you have any outstanding or **failed RTI submissions** for the 2017/2018 tax year, these show in the HMRC section on the Summary tab.

Part 2 - Run the year end

You can process your year end in Sage in just three simple steps.

2.1 Review your employees' P11 values

Before you submit your end of year return to HMRC, you must review your employees' pay to make sure their values are correct. You can do this using the P11 reports.



TIP!

You don't submit P11 reports to HMRC. However, you must keep them for at least three years in case of an HMRC inspection.

To produce your employee P11 reports

1. Go to **Year End**.
2. In the **Tax year to report** on drop-down list, click **2017/2018**.
3. Click **Review Employee Pay (P11)**, then **click View P11 for all employees**.

You should now check the information is correct, and that there are no missing periods that you can't account for. If you find mistakes, you must **correct them** before you continue any further.

Once you're happy that the P11s are correct, proceed to the next step.

4. Click **Return to Year End**, then select the **Employee Pay has been reviewed** check box.

2.2 Submit the final employer payment summary (EPS)

You must submit your final EPS submission to HMRC by **19 April 2018**. This submission includes your end of year declarations to HMRC and if applicable, the date that your business ceased trading.

1. Go to **Year End**.
2. In the **Tax year to report** on drop-down list, click **2017/2018**.
3. Click **Submit EPS**.
4. If your company ceased trading this year, select the check box and enter the cessation date.

If you try to submit the final EPS before the cessation date, the submission fails. You should re-submit the final EPS after the cessation date.

5. Click **Next**.
6. Check the following year to date values are correct.

Amount of CIS Deductions suffered	If your company is a limited company and you entered CIS deductions suffered on your monthly or quarterly EPS submissions, the total appears here. The value reduces your overall tax liability.
Total Recovery & Compensation for Statutory Payments	If you paid statutory payments to your employees, the amount you claimed plus any compensation appears here, including: <ul style="list-style-type: none"> * Statutory Maternity Pay. * Statutory Adoption Pay. * Ordinary Statutory Paternity Pay. * Additional Statutory Paternity Pay.

7. Click **Next**.
8. Check your company details and Government Gateway credentials. are correct. Edit if required.

The most common reason for a submission failing is because of incorrect credentials. If the use saved check box is selected, clear this and check your details are correct.

9. Click **Submit**.

The Year End tab shows if the final EPS submission is successful or if it fails. If it's successful, you can now produce the P60s. If it fails, you must correct the error then follow these steps again.

**NOTE**

You can't submit forms P11D and P11D(b) from Payroll, but you can submit them from Sage 50 P11D. If you don't have Sage 50 P11D, for more information, please visit www.sage.co.uk/shop

2.3 Produce your employee P60s

You must provide a P60 to every employee who is working for you on 5 April 2018. With Sage, you don't need any P60 stationery. You can simply create a PDF which you can then print or send to your employees by email.

1. Go to **Year End**.
2. In the **Tax year to report** on drop-down list, click **2017/2018**.
3. Click **Print P60 Certificates**.

Depending on your Internet browser the P60s open in a new window or tab and you can choose to print or save them from your Internet browser file menu

Part 3 - Starting the new tax year

The new tax year starts on 6 April 2018. Before you start processing in this tax year, there are a few things you must do.



NOTE

If you're starting the new tax year before running your year end, remember you must submit your final EPS submission of the 2017/2018 tax year to HMRC by 19 April 2018.

3.1 Update your employees' tax codes

From 6 April 2018, all employees with:

- L suffix tax codes increase by 35. For example, 1150L becomes 1185L.
- M suffix tax codes increase by 39. For example, 1265M becomes 1304M.
- N suffix tax codes increase by 31. For example, 1035N becomes 1066N.

Also, anyone with a week 1/Month 1 tax code changes to a cumulative tax code. HMRC may advise you of changes to tax codes for individual employees using form P9.

Sage automatically calculates the tax code uplift for employees on L, M and N tax codes and prompts you to update their codes when you process your first pay run in the new tax year.

If HMRC have sent you a P9 notice for individual employees, you must change the tax code in the relevant employee's record.

To update an individual employee tax code

1. Go to **Employees**, then click the relevant employee to open their record.
2. Click **Edit**.
3. Under Current **Tax Details**, change the Tax Code as required.
4. Select or clear the **Week1/Month1** check box.
5. Click **Save**.

To update all employees on L, M and N tax code suffixes

1. Process your first pay run in the new tax year.
The Prepare Employee Tax Codes for Tax Year 2017/2018 window appears.
2. Check each employee in the list to make sure their new tax code is correct.
3. Click **Save**.

You've successfully changed your employees' tax codes and can start processing in the new year.

3.3 Employment allowance and small employers' relief

If you're eligible for the **employment allowance** or **small employers' relief**, you can claim them when you record your payment to HMRC and submit an EPS in the new tax year.



NOTE

If you're unsure about whether or not you're eligible, you should speak to HMRC.

3.4 Earlier year update (EYU)

You have until 19 April 2018 to submit your last FPS of the 2017/2018 tax year to HMRC. After this date you must instead submit an earlier year update (EYU).

You can also submit an EYU from 20 April 2018 to inform HMRC of any corrections you make to the 2017/2018 tax year, after you've submitted the last FPS. For example, if you enter a leave date for an employee in the 2017/2018 tax year after you've submitted the last FPS, you need to submit an EYU. For more information about EYU submissions, please [visit our website](#).

3.5 Legislation changes for 2018/2019

Sage complies with all legislation changes introduced for the 2018/2019 tax year. You don't need do anything to stay up to date, all the relevant software changes are made automatically.

For further information about the legislation changes in 2018/2019, please [visit our website](#).



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