

End of Tax Year Compliance Checklists



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What is payroll compliance?

Payroll compliance is all about adhering to payroll legislation so your payroll is done correctly.

While that may sound simple, keeping up with all the rules and legislation you need to follow can get a little complicated.

Here in the UK, there are several bodies of law that govern payroll and employee compensation, from the Employee Rights Act of 1996 to the National Insurance Contributions Act of 2015. In addition, legislation from HMRC and guidance from employment tribunals can also affect what is and isn't right when it comes to doing your payroll.

The most serious consequence of not staying on the right side of payroll law are the fines and penalties you can incur. If you don't respect the legislation, HMRC can charge some pretty substantial fines (something no one at your organisation wants).

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Why is end of tax year compliance so important?

The end of the tax year, in particular, is a crucial time for your payroll compliance. That's because lots of legislation changes will take place at the start of the new tax year. While this makes keeping up with new legislation pretty straightforward, it can create lots of work for your team in the run-up to the 6th of April.



It's important to apply the right legislation at the right time.

Note that not all legislation changes on the 6th of April. Some legislation can start as early as the 1st of April.

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End of 2022 tax year checklist

2022/2023 tax year



In [preparing for the 2023/2024 tax year](#) and all the new legislation it brings, there are a few things you'll want to take care of first. Use the following checklist to close out 2022/2023 so everything is fresh and ready for a new tax year.



1. Submit Final FPS



Deadline:

Final payday of the 2022/2023 tax year

You should have already sent a Full Payment Submission (FPS) each pay period, on or before the day employees receive their wages in their bank. You'll need to ensure your final FPS is sent by the last payday of the 2022/2023 tax year.



PayFit automates all FPS and EPS submissions.



2. Send Final P46 (Car) Return



Deadline:

For the tax year quarter ending on the 5th of April, electronic submissions are due on this date via your Government Gateway account. Paper submissions are due 28 days later, on the 3rd of May 2023.

Payrolling company car benefits? Then you **must not** send a P46 (Car) form to HMRC as these values have already been included on your FPS each period.



3. Submit Final EPS

**Deadline:**

19th April 2023

If you have statutory parental pay recovery, apprenticeship levy to pay, or CIS deductions to report in March 2022, you'll need to submit this on an EPS. The EPS should be your final RTI submission for the tax year. Use the final submission indicator on your EPS to notify HMRC that no further submissions are expected for this tax year.



Just like FPS submissions PayFit can automate your EPS submission.



5. Submit PSA1 form

**Deadline:**

5th July 2023

If your company provides minor, irregular or impracticable benefits, you might prefer to report these on a PAYE Settlement Agreement (PSA). This is an alternative to payrolling benefits or reporting these on P11Ds.

You should apply for PSA using a PSA1 form. Note that any benefits provided to employees before your PSA is agreed by HMRC should be reported on P11Ds and a P11D(b).



4. Issue P60s to employees

**Deadline:**

31st May 2023

Employees still working for you on the 5th of April 2023 should receive a P60 detailing their earnings from your employment for 2022/2023. If they have provided a P45 before your March payroll is finalised and on a cumulative tax code, the P60 should also show their previous employment values.

Employees who leave your employment before the 5th of April 2023 should receive a P45 instead.



PayFit automates the issuing of both P60s and P45s



6. Submit Gender Pay Gap information

**Deadline:**

30th March or 4th April 2023

Employers with over 250 employees must submit gender pay gap information using the government service within a year following the snapshot date. For public authority employers, the snapshot date is the 31st of March, which means the deadline for the 2021/2022 tax year is the 30th of March 2023.

The snapshot date for private, voluntary, and some public authority employers is the 5th of April. That means they must report and publish their gender pay gap information by the 4th of April 2023.

**7. Submit P11Ds and P11D(b) to HMRC****Deadline:**
6th July 2023

If any benefits are provided to employees within the 2022/2023 tax year, and they're not included as payrolled benefits in kind, they must be submitted to HMRC on P11Ds.

Whether payrolling benefits or not, you also need to submit a P11D(b), which includes the benefit values across the company. The P11D(b) form also includes the value of Class 1A NIC due to HMRC at a later date.

**With PayFit, you can automatically submit P11Ds and your P11D(b) to HMRC.****8. Issue P11Ds to employees/ or statement of benefits if payrolling benefits****Deadline:**
6th July 2023

P11Ds are issued to all employees who received a benefit in the 2022-2023 tax year. If you payroll all benefits, employees should also have received a statement explaining the taxable amount of each benefit that was payrolled. If you're informally payrolling benefits, the P11D should still be issued for employees, but the benefits should be marked as "payrolled".

**PayFit can issue both P11Ds and payroll benefits****9. Pay Class 1A NIC to HMRC****Deadline:**
22nd July for electronic payments, or
19th July if paying by cheque

If you submitted a P11D(b) to HMRC, this shows the Class 1A NIC (at a rate of 14.53% for the 2022/2023 tax year) due to HMRC to be paid by this date.

**10. Pay PAYE and Class 1B NIC due on PSA to HMRC****Deadline:**
22nd October 2023

If you submitted a PSA to HMRC to cover minor, irregular, or impractical benefits, you must complete your PSA by the 22nd of October (or 19th, if paying by cheque). You will also need to make your PAYE and Class 1B NIC by this date.



That's everything for the end of tax year checked off. Now let's look at what needs to be done for the start of the next tax year.

4 | Start of 2023 tax year checklist

2023/2024 tax year

Once you've finished all tasks for the 2022/2023 tax year, you're ready to implement the following changes for 2023/2024.



1. Change national minimum/ living wage (NMW/NLW) rates



Deadline:

1st April 2023

The statutory parental rate increases each year on the first Sunday of April. These rates apply to statutory maternity, paternity, adoption, bereavement and shared parental pay. The new rate of £172.48 is paid from the first full statutory week on or after the 2nd of April 2023.

The statutory week relates to the day of the week that the employee starts their parental leave. For example, if an employee started maternity leave on a Monday, their first week at the higher rate will be the week beginning Monday 3rd of April.



PayFit instantly updates statutory rates every tax year



2. Change statutory parental pay rates



Deadline:

2nd April 2023

The new rates apply to any hours worked on or after the 1st of April. It's important to understand your pay reference period, that is, which hours are being paid for. For example, if you pay in April for hours worked in March, you won't need to use the new rates until May when you're paying for hours worked in April.



PayFit updates NMW rates each tax year



3. Register to payroll benefits (if applicable)



Deadline:

5th April 2023

If you plan to start payroll benefits in the 2023/2024 tax year, you must register for this before beginning the tax year. Once you've registered, it's ongoing, so you only need to notify HMRC if you stop payroll benefits.

Payrolling benefits allows employees to pay the tax on their benefits in real-time through payroll.





4. Change statutory sick pay rate



Deadline:

6th April 2023

The new statutory sick rate of £109.40 is applicable from the 6th of April 2023. Note that the rate should be divided by the number of days in the employee's working pattern. So an employee working five days a week will receive a daily rate of £21.88.



PayFit automatically updates SSP rates every tax year.



6. Change NIC rates (for employees)



Deadline:

6th April 2023

The NIC rates were increased in April 2022 to prepare for an added deduction called the Health & Social Care Levy from April 2023. As this levy was scrapped in November 2022, the NIC rates were reset to pre-April 2022 levels. The rates will continue at the pre-April 2022 level into the 2023/2024 tax year.



8. Change Class 1A rate (for termination payments)



Deadline:

6th April 2023

In November 2022, the Class 1A rate on termination payments over £30,000 changed to 13.8%, which continues into the 2023/2024 tax year.



5. Change national insurance thresholds



Deadline:

6th April 2023

The primary threshold was increased to match the tax free pay allowance of £12570pa in November 2022. This threshold will continue into the 2023/2024 tax year.

The remaining thresholds haven't changed since April 2022. However, the primary threshold for directors - used for cumulative method and non-cumulative method directors in the final period of the tax year - was a hybrid rate for the 2022/2023 tax year but now matches the thresholds used for employees at £12570 per annum.



PayFit ensures all legislation changes, like the above, are updated on our platform.



7. Change NIC rates (for directors)



Deadline:

6th April 2023

Due to the mid-year NIC rate changes in November 2022/2023, the NIC rates used for directors were a hybrid rate for the remainder of the tax year. In the 2023/2024 tax year, the rates revert to the standard rates and match the rates used for NI calculations for employees.



9. Change Class 1A rate (benefits and expenses)



Deadline:

6th April 2023

Due to the mid-year NIC rate change in November 2022, a hybrid rate of 14.53% was used for benefits and expenses in the 2022/2023 tax year. The 2023/2024 tax year sees the rate return to 13.8%.

☐ 10. Remove non-cumulative tax code indicator (Week 1/Month 1)



Deadline:
6th April 2023

Before starting the new tax year, any employees paid in the previous tax year should have the non-cumulative tax code indicator removed from their tax code.

This might be indicated as Week 1 (W1), Month 1 (M1) or an X. Each employee starts the new tax code on a cumulative tax code. The freepay allowance is still frozen until April 2028; therefore, there are no other changes to tax codes for the 2023/2024 tax year.

☐ 11. Change tax rates/thresholds



Deadline:
6th April 2023

Thresholds are changing for England and NI (rUK), Scotland and Wales. There is no change to Starter, Basic or Intermediate thresholds, but there are changes to Higher, Additional and Top tax rates. The tax rates have changed for Scotland only for earnings in the Higher and Top tax bands.

☐ 12. Change student loan thresholds



Deadline:
6th April 2023

The thresholds at which employees start to pay student loans for Plans 1 and 4 have increased. There is no change for the Plan 2 and Postgraduate loan thresholds and no change to the rates.

☐ 13. Check eligibility for employment allowance



Deadline:
End of April 2023

Some businesses or charities with employer's Class 1 NIC of less than £100,000 in the previous tax year may be eligible for employment allowance. For further clarification, please refer to this [HMRC guidance](#).

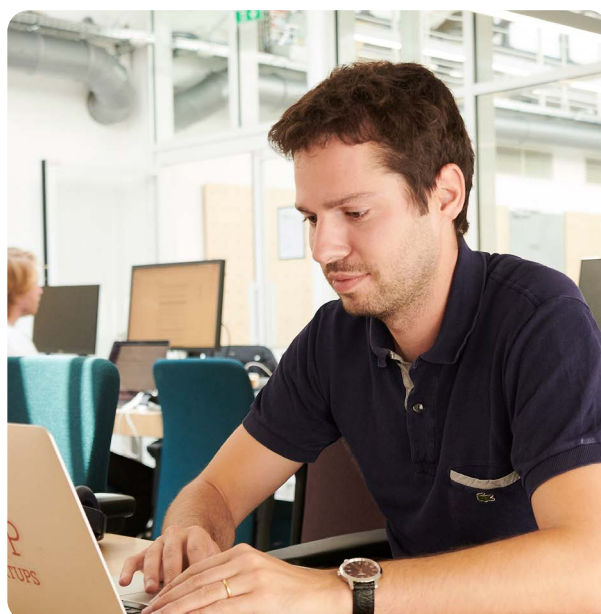
☐ 14. Check eligibility for small employer's relief

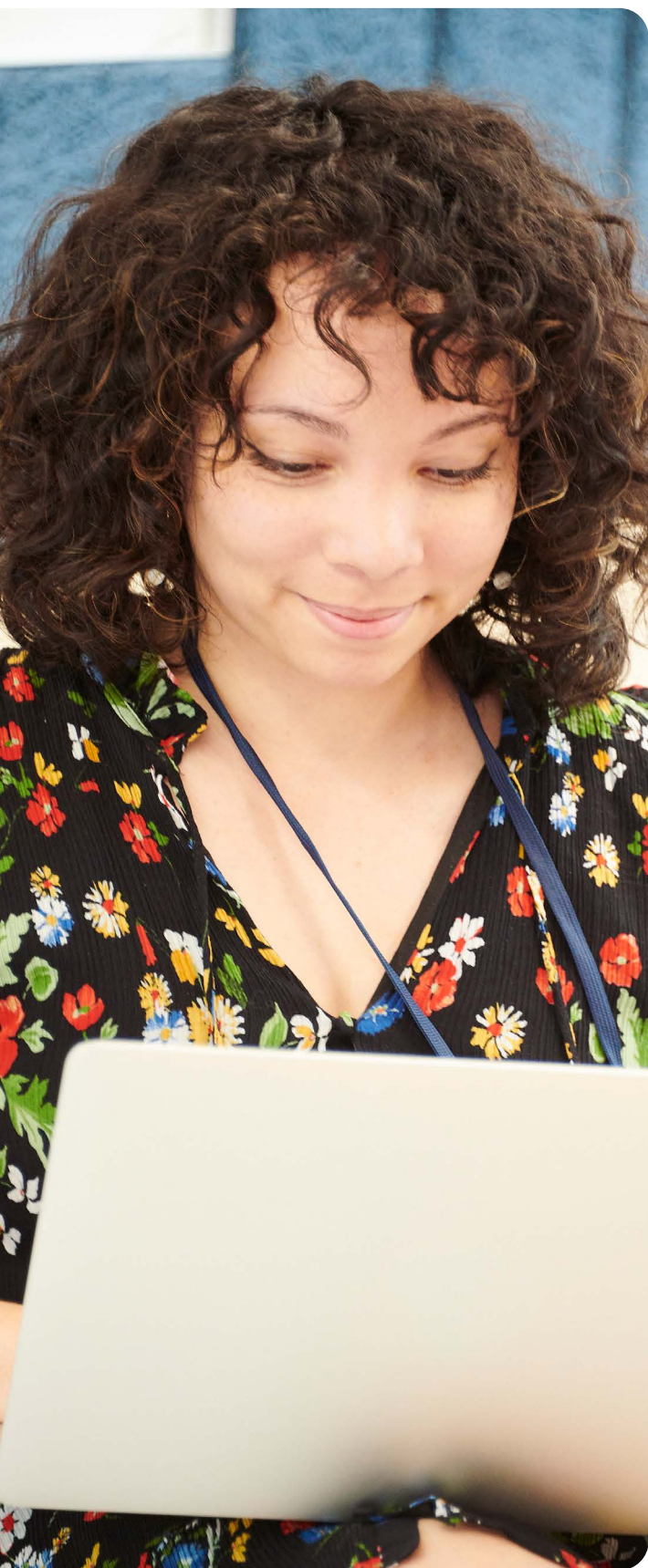


Deadline:
End of April 2023

Without small employer's relief, you can reclaim 92% of the statutory rate for an employee paid statutory parental pay. With small employer's relief, this increases to 100% with 3% small employer's relief.

Your company qualifies for small employer's relief where your Gross NIC (employer and employee NIC) for the tax year preceding the employee's qualifying week is less than £45,000.





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Additional tips for remaining compliant

Make sure your payroll system is up to date with legislation changes for the new tax year.

We recommend checking employee payslips across a wide range of workers, from a high-earner on a Scottish tax code to a recent graduate with a student loan. By doing this, you'll be able to spot any discrepancies against new rates.



Invest in software that's always up to date

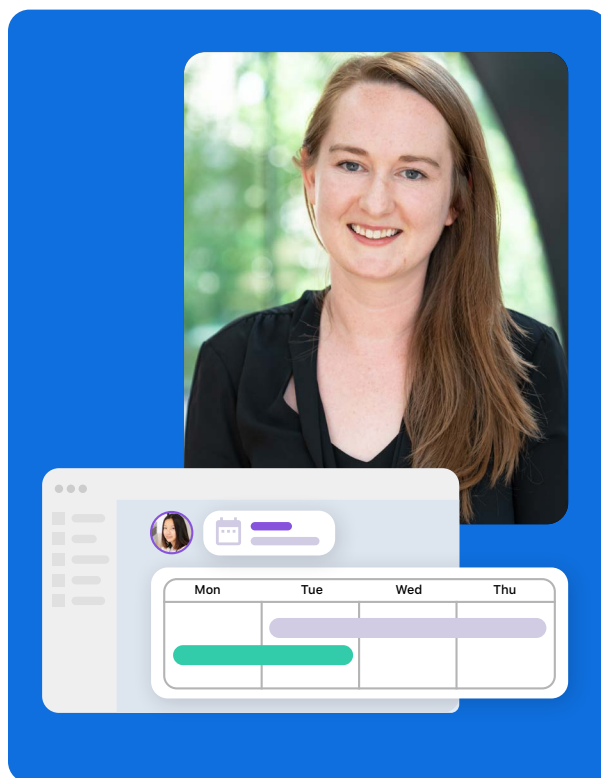
Software genuinely makes everything easier, more streamlined and more efficient. And at PayFit, we pride ourselves on offering a substantial piece of software that will not only make running payroll easy but ensures you're fully compliant, always.

PayFit is payroll software that's always up-to-date.

Our unique programming language ensures all new legislation is applied once you've run your final payroll for the current tax year.

There's no need to call your payroll provider or tinker about with changing rates. Rates update automatically, meaning you don't have to worry about maintaining payroll compliance.

On top of this, we guarantee GDPR compliance due to the increased security measures and password-protected systems we have in place.



We meet the standards you'd expect from us and we'd expect from ourselves. Ensuring we abide by our strict internal processes while subjecting ourselves to an annual external audit while maintaining our ISO 27001 certification, we can be confident that your data will be secure.

Plus, we're HMRC-approved, which means we can easily handle all your RTI submissions. Plug in your pension provider, and we can also help you automate your pension submissions.



Want to see what PayFit can do for your business?

Schedule a quick demo with one of our
friendly product specialists.

[Schedule a Demo](#)

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