Preparing your Basic PAYE Tools for real time and 2012-13 year end

This guide is for employers who are using HM Revenue & Customs' (HMRC's) Basic PAYE Tools and who need to complete their Employer Annual Return (P35 and P14s) for 2012-13, and then need to prepare for operating PAYE in real time.

You are required to report payroll information in real time (or RTI) from 6 April 2013.

This guide explains:

- how to complete the 2012-13 Employer Annual Return and
- when to download the 2013-14 version of Basic PAYE Tools so that you can run your payroll for the new tax year

If you are considering using HMRC's Basic PAYE Tools for the first time, please read HMRC's guide to 'Setting up and using the Basic PAYE Tools P11 Calculator' – there's a link at the end of this guide.

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Important update - February/March 2013

HMRC will publish an update for employers who currently use Basic PAYE Tools on **18 February 2013** and again on **2 April 2013, when the RTI version of Basic PAYE Tools will be available. You will need this new version to run your payroll in 2013-14.**

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Step by step - preparing your Basic PAYE Tools

If you already use HMRC's Basic PAYE Tools, you must continue to use the latest version until you start reporting your PAYE information in real time. The RTI-ready version of Basic PAYE Tools for 2013-14 will be available to download from **2 April 2013**.

Before then, there are **five** essential steps you must complete in the following order:

1. Check you are using the latest version of Basic PAYE Tools.
2. Download the latest version if you don't have 'Automatic Updates' enabled – you must connect to the internet after 18 February 2013 to receive the download.
3. Complete and file your Employer Annual Return for 2012-13.
4. Check that you are still eligible to continue using HMRC's Basic PAYE Tools. This is a basic product which is designed for employers with nine or fewer employees.
5. Return after 2 April and before you pay your first employee in 2013-14 to read the 'Switching guide' and to download the 2013-14 version of Basic PAYE Tools for RTI.

1) Check your version of Basic PAYE Tools

Before you can complete your Employer Annual Return for 2012-13 you must check you are using the latest version of HMRC's Basic PAYE Tools. The latest version is called 4.1.2.20393.

To check the version you are using open the Tools and select 'Options' from the top of the screen. On the 'Options' screen, select the 'Application Setting' tab and note the version number displayed against 'Basic PAYE Tools Core'. This should be 20393.

Or if you want to make sure that you automatically download the latest update, you need to select the 'Update' button against 'Basic PAYE Tools Core' when you are connected to the internet.

2) Download updates

Updating automatically - on 18 February 2013 an update will be available which willensure your Basic PAYE Tools are ready to complete and send your Employer Annual Return for 2012-13. If you have automatic updates switched on, the latest version of Basic PAYE Tools will be installed the next time you connect to the internet and you don't need to do anything else to get the update.

Updating manually - If you have automatic updates switched off, from **18 February 2013,** you can manually update by opening Tools and selecting 'Options' then 'Automatic Update Settings' then 'Check for Updates now'.

Or you can download the update direct from HMRC's 'Download Basic PAYE Tools' page from **18 February 2013.**

You must make sure you receive this update – you need it to be able to complete your return for 2012-13. But this update will **not** allow you to start your payroll for 2013-14 - there are further steps for you to follow before you pay your first set of wages or salary after 6 April 2013.

Download Basic PAYE Tools

3) Complete your Employer Annual Return after paying final wages in 2012-2013

Your Employer Annual Return is due by 19 May 2013, but HMRC advise you send it as soon as you can because it will allow you to move on to steps 4 and 5. This is the last Employer Annual Return most employers will need to complete as they no longer need to send them once you start reporting PAYE in real time from 6 April 2013.

You will have already received, or you will shortly receive, a letter from HMRC 'The way you report PAYE is changing. Are you ready?' Make sure you are ready now.

Once you've paid your final wages or salary to your employees in the tax year that ends on 5 April 2013, you are ready to send your return to HMRC. You can file your Employer Annual Return online direct from the Basic PAYE Tools if you've used the P11 Calculator to keep your employees payroll records throughout the tax year.

If you need more help because this is the first time you've ever completed an Employer Annual Return, please read HMRC's guide to 'Filing your Employer Annual Return (P35 and P14s) for 2012-13'.

Filing your Employer Annual Return (P35 and P14s) for 2012-13

4) Check that you are still eligible to continue using HMRC's Basic PAYE Tools

The RTI-ready version of HMRC's Basic PAYE Tools is a basic product which is designed for employers with nine or fewer employees.

Read more about who can use the Basic PAYE Tools

Or have a look at the other Software packages and other payroll options available to you - there's a link below.

5) Download 2013-14 version before paying employees after 6 April 2013

On **2 April 2013** the 2013-14 version of Basic PAYE Tools will be available for you to download. But it's very important that you have completed and submitted your Employer Annual Return before you download this version. You will need to return to this page on or shortly after 2 April 2013, and **before** you pay any employees in the 2013-14 tax year, to download the new version. The RTI version of Basic PAYE Tools for 2013-14 is designed for employers with nine or fewer employees.

HMRC recommends that employers with more than nine employees should use appropriate commercial payroll products or services. Please have a look at the Software packages and other payroll options available to you.

Software packages and other payroll options

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What else do I need to do to be ready for real time information (RTI)

As well as completing the steps above, you need to make sure that you send HMRC accurate and

up-to-date information about your business and all your employees (name, date of birth, gender, address and valid National Insurance number).

You can do this at anytime, the sooner you start the easier it will be.

Preparing to operate PAYE in real time