

I want to process my payroll in advance as I am going on holiday. What happens if I submit two FPSs and therefore two EPSs for two separate months/weeks in the same tax month i.e. after 6th but before 19th?

It is important to note that EPSs must have YTD figures included. The following example will highlight what happens when the information is submitted to HMRC. The example assumes each month the liability is £6,000 and the deductions to be recovered are £1,000 each tax month.

Employer pays employees on 20th April (month 1). The software (or employer manually) submits the FPS and the EPS for month 1 on 20th April.

- The amount shown is £6,000 liability on the FPS;
- The amount shown is £1,000 YTD deduction from liability on the EPS ;
- Total amount due to be paid to HMRC for month 1 is £5,000; this is paid.
- As the EPS has been submitted after 19 May this will show on HMRC systems as month 2.

The payroll manager is going on holiday and a decision is taken to run the May payroll (month 2) in advance. The payroll manager processes this payroll on 23rd April and submits the FPS for month2 and the EPS for month 2.

- The amount on the FPS shows as £12,000 YTD liability;
- The amount on the EPS shows as £2,000 YTD deductions;
- The total amount to be paid to HMRC for month 2 is £5,000; this payment will not be made by the employer until 22 May.

The L&P viewer and therefore HMRC systems will show the following:

- Month 1 FPS £6,000;
- Month 1 EPS £2,000 i.e. both EPSs submitted for month 1 and 2;
- The payment now expected by HMRC will be £4,000 (6,000 less 2,000);
- Overpayment by employer of £1,000 for month 2
- Month 2 will show liability as £12,000;
- EPS YTD will show £2,000
- Total due for month 2 YTD = £10,000

The employer will pay £5,000 by 22 May and therefore after this date the L&P viewer will show as above and will be correct.

Employers should note that if they submit EPSs within the same tax month period one will overwrite the other. However as long as year to date figures are shown, the FPSs are accurate and the right payments made, the view the employer sees, and HMRC records will right themselves the following period. **Where an employer submits EPSs in advance the deduction will always apply to the tax period in which the EPS is sent.**

Employers should note:

- HMRC won't automatically process overpayments in year or contact the employer each month where there is an overpayment.
- HMRC will contact the employer at the end of the year where there is an overpayment.

As HMRC will not contact the employer in respect of overpayments there should be no real consequence to the employer, but the employer will need to accept that because of the tax month dates, and the way in which the L&P viewer has been designed there may always be some discrepancies until it rights itself the following tax month.

A number of members have asked about including a tax month on the EPS. However, even if this were the case, HMRC systems have not been set up to recognise this field and therefore the scenario above would continue, as instead it has been designed to accept YTD figures that override the previous submission. This was done to aid employers with adjustments and supplementary runs.

A further example will follow next week which, I hope, will aid those employers who regularly submit their EPS and FPS before the beginning of the tax month i.e. those with paydays at the beginning of the tax month and who run their payroll before 6th of the tax month.