On, before or shortly after

Technical

01 April 2015

HMRC have extended the time by which PAYE full payment submissions (FPS) should be filed. Now FPSs received within three days after payment date will not be penalised.

On 17 February, HMRC announced that no late filing penalties will be incurred if a FPS is filed within three days after the payment date. There is no change to the filing deadlines, so payments to employees should, normally, be reported ‘on or before’ this (unless one of the exceptions to this rule applies), but HMRC will not issue a penalty notice if the FPS is received after the payment date but within three days of it.

The CIOT has previously argued that the legislation should be changed to permit FPSs to be sent ‘on, before or shortly after’ the payment date. We believe that such a move would reduce burdens on employers and agents while maintaining the ‘real time’ reporting of PAYE information required for universal credit claim purposes. HMRC’s temporary concession is therefore welcome, but a long-term solution is still required.

The extended filing deadline applies to all employers so large employers who became liable for late filing penalties from October 2014 should appeal against any penalty notice received for the last two quarters of 2014/15 if the FPS was submitted three days late or less. Employers with fewer than 50 employees became liable for late payment penalties from 6 March 2015 (that is month 12) and should not receive a penalty notice if an FPS was filed three days late or less.

In addition, HMRC have further delayed the issue of automatic late payment penalties, which were due to start in April 2015. HMRC will, instead, continue to ‘risk-assess’ employers’ payments and, in some cases, manually issue a penalty notice.

Further, HMRC have said that it is writing to about 15,000 PAYE schemes that it believes have ceased to advise that they will be closed. If such a letter is received

and the scheme is still active HMRC should be notified immediately.

Last, do remember that the deadline for the ‘final’ submission for 2014/15 is 19 April 2015. Check that either the last FPS filed for the year had ‘Yes’ entered in the field for ‘Final submission for year’, or that a final report has been sent in an EPS.