

All present and correct

HMRC corrected many errors in this year's annual returns, but employers will have to get their act together for 2005/06. Yvette Lamidey of Paris & Parks Consulting rounds up the common errors to be avoided

The supportive approach of HM Revenue and Customs to processing 2004/05 employer annual returns included correction of the many submission errors in what amounted to a partnership with employers. However, these corrections won't be undertaken by HMRC for 2005/06 and if a file fails the validation process it will be returned for correction and resubmission.

Software glitches

The common errors published by HMRC have proved that some of the solutions used by employers don't have full validation to match the Quality Standard. Some don't have the basic logical validation, allowing non-existent dates such as 31 September to be entered.

Although data-entry validation has been implemented, NINO updates or data held on payroll systems for years have not been put through this type of validation. New employees may have quite clean data, long-serving employees who haven't moved in recent years will not.

One solution is to run quick reports capturing any employee records that have such spurious data, or it may be that your provider can perform these as part of your year-end routine. It is advisable to see what is available.

If a P14 contains data that does not pass the validation process this year-end, the whole of your return will be rejected and you will have to correct the data and resubmit.

● **Employee names** – The first character must always be a letter in the forename and surname fields. Any form of punctuation is not acceptable. Other than the letters A to Z in upper and lower cases, the only characters allowed in the forename field at all are a hyphen or apostrophe - in the correct format. Second names go in the forename field.

In the surname field, after the first character of A to Z in both cases, the numbers 0 to 9, comma, full stop, forward slash, ampersand, hyphen, space, apostrophe and brackets can be used for the second and subsequent characters.

● **Addresses** – The first character of the address line must be either the letters A to Z or numbers 1 to 9. watch for illegal empty lines in the middle of the address and that the post code field is in the correct format – BR2 6XB.

● **NINOs** – If you do not hold a valid NINO - don't forget temporary NINOs are not acceptable -leave the field blank and submit the employee's gender and date of birth. This is something for which you can run a report. If

your system has to generate a temporary NINO - say for a new starter -, ensure these NINOs are stripped out at year-end.

There is a list of valid NINO prefixes detailed in an annex to the Quality Standard. Parts of the 2005/06 version are different to 2004/05, so do look at the right one! Other invalid prefixes are NI and PZ. Some NINOs with a PZ prefix have been sent in error to employers, who have updated them on the employee record, but these NINOs should be removed.

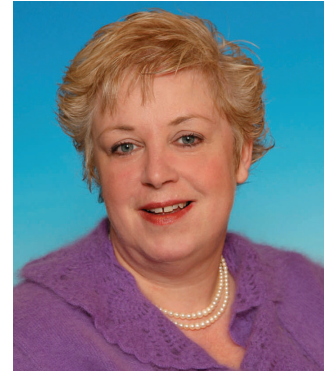
● **Tax codes** – Unless the tax code you are entering is long enough to fill the entire field, do not use leading zeros for completion. When using K codes, avoid leading zeros between the numbers and the 'K'. Remember tax codes should always be left justified in the field. If the employee is on a week 1/month 1 tax code, this should be recorded in the appropriate indicator field, not in the same field as the tax code. And when using OT and D0, ensure you are using a zero and not the letter 'o'.

Some employers still have invalid H codes on their systems which means the employee may not be paying the correct amount of tax. If any of your employees has an H tax code, contact your local HMRC office for the correct code. As a precaution, change the 'H' suffix to a 'T' to ensure the record isn't rejected on submission - do this for leavers too.

● **Pay, NIC and Statutory Payment Fields** – Negative values are not allowable in the statutory payment fields, pay or NIC fields. One common error is to transpose the pay and tax information when entering P45 or P6b information, so it's wise to check that you are entering the pay in the previous pay field and the tax in the previous tax field on the audit trail. These errors will not be identified until the P14 has been processed and the employee's record is being checked.

● **PAYE reference number** – A valid PAYE reference number is made up of the three-digit HMRC office number and the employer's unique PAYE reference number. It is important that the HMRC office number is not repeated in the PAYE reference number field or that you only show the PAYE reference number. For example a reference of 913/WZ51258 should not be shown as just WZ51258 or 913/013WZ51258.

As always, the devil is in the detail, but the hints and tips handed out by HMRC, software suppliers and advisers should help us move ever closer to an error-free year-end. 🌐



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KEY POINTS

- Longstanding stored data will not have been subject to today's validation
- Software suppliers often provide reports facilities that can pin down errors
- Watch those characters in name and address fields
- Familiarise yourself with the correct NINO prefixes
- Don't fill out your tax codes with leading 0s
- H codes cannot be used

