



The risks of getting payroll wrong (and how we can help you get it right)



Introduction

Payroll can be complicated - it can be difficult to keep track of every single payroll accurately and efficiently, without missing anything. If something is wrong, there can be serious consequences for your business and your employees. Here are some of the most worrying risks of getting payroll wrong.

Common payroll errors

There is a wide range of ways that you might make an error in your payroll – this includes but is not limited to:

- ✔ Paying below minimum or living wage
- ✔ Paying holidays incorrectly
- ✔ Not enrolling pensions at the appropriate time into the pension scheme
- ✔ Late RTI filings
- ✔ Late payments to HMRC
- ✔ Starter/leaver calculations
- ✔ Statutory pay calculations
- ✔ Tax code implementation



Penalties for errors

The introduction of auto enrolment and Real Time Information (RTI) has changed the landscape of penalties being issued for payroll not being completed correctly or in a timely way. RTI means that payroll has to be submitted every pay period.

Payroll legislation is always changing, and the penalties for errors have become greater and more commonplace.



For instance, when it comes to auto enrolment, fines start with an initial penalty of £400, and can reach a maximum of £10,000 per day of non-compliance, depending on the size of your business.

There are also penalties for late filing of payroll information - for late filing of RTI, the penalty is £100 per late submission.

If these are not noticed and rectified, warning letters will be received, and the amount owed will quickly build, especially when you factor in interest.

If your payroll mistake means that you have paid employees below the National Minimum Wage or Living Wage, you will also suffer serious reputational damage to your business. HMRC annually names and shames businesses who have paid their employees below the NMW. If this is investigated, you may have to backpay the wages, which could be very costly.

That's why it's important to make sure that your payroll is being done by people with expert knowledge – so that you can rest assured that you won't be landed with any unexpected penalties.

HMRC investigations

HMRC have the right to open an enquiry into any PAYE scheme. This can cause a lot of stress for you and your employees. In addition, this will usually create more work for them, taking them away from their regular duties.

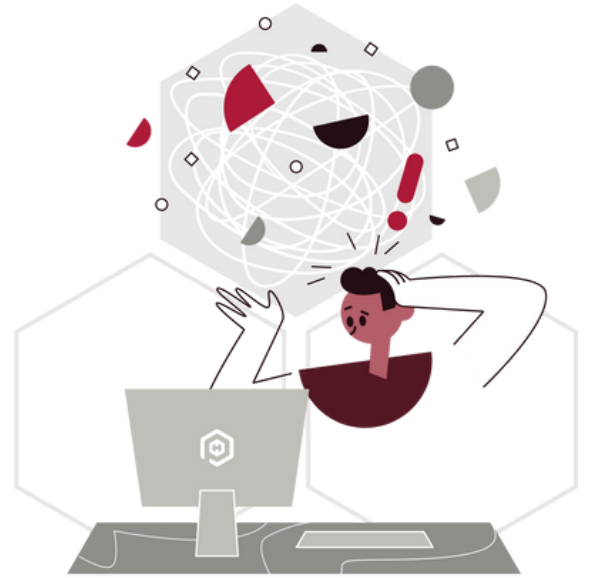


Unhappy employees

If your employees are paid late, or are paid a different amount to what they were expecting, this can cause major dissatisfaction in your workforce, particularly if the error isn't rectified quickly or transparently.

This can lead to staff leaving your employment, which can put extra stress on your remaining employees. This will also have the effect of increasing costs and overstressing your time as you try to hire replacements for staff who have left.

Meanwhile, your payroll team will be more stretched as they have to rectify any issues and improve their performance, made even more difficult by increased scrutiny from HMRC.



Not getting the most out of your business

If your payroll is completed incorrectly, this might mean that you have either overpaid or underpaid your taxes. Either way, you risk spending a lot of time fixing any mistakes and overcoming bureaucratic hurdles – time which you would otherwise be able to spend on increasing your profits and growing your business. Getting payroll wrong can curtail your success, particularly if the errors are consistent across multiple pay periods.

Equally, if you have overpaid your taxes, it will affect cashflow, and it will not always be easy to get HMRC to repay you – they may wait until the end of the financial year. You will have less money and fewer resources to spend in your day-to-day business activities, slowing down the progress of your business and potentially leaving you out of pocket.

How we can help you

The risk of incurring penalties for errors in payroll means that an expert eye is required for businesses to ensure they avoid hefty fines. For most, the cost of external payroll services is a reasonable counterbalance against the cost of fines for getting it wrong.

At Payroll Hub, we have a long-standing team of dedicated payroll specialists, who have over 100 years of combined payroll experience. We are committed to staying at the forefront of the payroll profession and keeping up to date with all the latest legislative developments. This means that we can reliably complete your payrolls to the highest standards and offer expert advice, no matter what your business is.

We will ensure that your payroll is correct and compliant every pay period, greatly reducing the risk of penalties. You can rest assured that your employees are getting paid correctly and on time.

**So, what are you waiting for?
Get in touch with us at
enquiries@payrollhub.co.uk
to find out more about how
Payroll Hub can help you get
your payroll right.**

