

# Real Time Information

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## **Introduction**

PAYE is the system that has been used by HM Revenue & Customs (HMRC) since 1944 to collect Income Tax. Over time PAYE has been expanded to incorporate the reporting and collection of National Insurance Contributions and repayment of student loans from employees.

## **Real Time Information**

Real Time Information (RTI) is the name given to the new PAYE reporting processes. It was introduced between April 2012 and the autumn of 2013 by HMRC and changed how and when employers and occupational pension payers reported PAYE data.

Following the introduction of RTI, employers are now obliged to report in real time on or before each time they pay an employee instead of annually in arrears. RTI is also the name of the HMRC database that holds the PAYE data.

RTI is sometimes referred to as 'online payroll reporting'

## **Real Time Earnings**

Real Time Earnings (RTE) is the name of the DWP database that holds the PAYE data relating to Universal Credit claimants.

RTE also holds any self-reported earnings from a Universal Credit claimant.

## **How Real Time Information is used**

RTI relating to a Universal Credit claimant is sent from HMRC to DWP when DWP has registered (set an interest) with HMRC that the individual is a Universal Credit claimant.

Within Universal Credit, the process to trigger an interest is initiated automatically when a claimant's identity is verified. HMRC send relevant RTI data four times a day, 365 days a year and it is stored in RTE. Those earnings are then subsequently used in the calculation of the Universal Credit award at the end of a claimant's assessment period (AP).

## **Employers on Real Time Information**

All employers who operate PAYE are obliged to report PAYE data via RTI.

HMRC completed the phased introduction of RTI in the autumn of 2013.

## **Real Time Information and the Lower Earnings Limit**

Employers have to operate PAYE if at least one of their employees:

- are paid at or above the Lower Earnings Limit (LEL)
- have expenses and benefits
- have another job
- have a pension

If only one member of staff has the above conditions, the employer must report all members of staff PAYE data via RTI, including for those who are paid below the LEL.

## **E-exempt employers**

E-exempt employers are not obliged to report their PAYE data electronically but they must report quarterly in arrears by making a paper submission to HMRC. The data is then entered into the system by HMRC.

There are very few e-exempt employers with very few employees. They are identifiable because of a marker that is reported alongside the data.

RTI from an e-exempt employer is not automatically used in the calculation of earnings for Universal Credit.

## **Earnings information download**

When a claimant's identity is verified, RTE will register the Universal Credit interest with HMRC. This process usually takes less than 24 hours to complete.

As soon as an interest is registered with HMRC, earnings information will be received into RTE, visible and ready for use in the calculation of Universal Credit entitlement at the end of the AP.

## **Disputed earnings**

All disputed earnings are referred to the DWP RTI Support Team.

There are different types of dispute that a claimant may raise, these are:

- claimant states this job does not belong to them
- amounts of earnings reported are not correct
- date that they were paid is not correct

## **Incorrect earnings in the incorrect assessment period**

The policy for Universal Credit with regard to earnings information is very clear – earnings information is used when it is received by DWP, not when the earnings were paid to the claimant and regardless of the AP the earnings relate to.

Employers have an obligation to report earnings on or before the payday. However, a small proportion of employers report their PAYE data via RTI after payday, which can affect the calculation of earnings (depending on if the earnings are reported within the same AP or not).

For the majority of people their earnings will be reported in the same AP. Employers might report too late for the RTI to be taken into account in the same AP. If this happens the earnings will be taken into account in the AP that the employer reports the RTI into. This will often be the following AP.

### **RTI earnings reported twice in one assessment period**

Some claimants may receive two lots of earnings reports in one AP. This is usually because they are paid in non-calendar month cycles such as four weekly or on a fixed date every month. If this happens, Universal Credit will be calculated including all earnings in that AP. The claimant won't have the earnings taken into account the next AP as they already have been included.

If claimants are paid on a fixed date every month the employer will usually advance any pay where the due date falls on a weekend or bank holiday (known as non-banking days). If this happens the employer should still report the usual payday to RTI. For example, the pay is normally due on the 25th day of each month but in a particular month this falls on a Sunday. The claimant is actually paid on the 23rd and the employer should still report the date paid as the 25th.

In cases where the employer does not do this, the claimant might have two lots of earnings taken into account in one AP. This is not grounds for raising a dispute as DWP have followed the correct procedures, however, the claimant can raise this with their employer.

### **When RTI earnings are expected but not received**

If a claimant states that they are employed by an employer who operates PAYE then a claimant's earnings are expected to come through via the RTI feed.

In some cases we may not receive any RTI feed for a claimant in an assessment period. This can be due to a legitimate reason. An example is when a claimant has just commenced employment and the RTI feed is not due to come in until the following assessment period. If no earnings are received in the assessment period then the Universal Credit payment is calculated on the basis of nil earnings.

If a feed is expected but isn't received in two consecutive assessment periods, it is assumed that this cannot be because of any legitimate or expected delay. The

system therefore automatically suspends the award at the end of assessment period two and prompts the case manager to contact the claimant.

The claimant must self-report their earnings within 32 days from the date the claim was suspended. If they do not self-report their earnings their claim is terminated as the claimant had failed to provide the necessary information that was requested.

### **Exceptions for when RTI will not be taken**

Universal Credit regulations provide that Real Time Information is taken into account in the assessment period in which it is received by DWP.

However, a claimant can dispute earnings information reported by their employer if any of the following apply:

- IT failure
- RTI feed is blocked
- information has been inputted incorrectly

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