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 after 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) or
- have expenses and benefits or
- have another job or
- have a pension

If only one member of staff has any of 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 at least quarterly in arrears by making a paper submission to HMRC although they can report more regularly if they choose. The data is then entered into the system by HMRC.

There are very few e-exempt employers with very few employees. They are identifiable via 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

Fluctuating earnings

For the purpose of the earnings calculation, there will be no averaging or attribution of fluctuating earnings. Universal Credit regulations state that the calculation of a person's earned income in respect of an AP is (unless otherwise provided) to be based on the actual amounts received in that period.

The service will automatically calculate the correct regime at the end of each AP once earnings are taken into account.

Should the claimants earnings increase to a level that they receive a nil Universal Credit award, the claim will be closed immediately. Should their earnings then drop, they can re-apply using details already held on system if within 6 months.

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 RTI data is received in DWP. This will often be the following AP.

RTI earnings reported more than once in one assessment period

If a claimant is paid calendar monthly by their employer on the same date each month they will get one wage payment within a Universal Credit AP.
If, however a claimant is paid four weekly, two weekly or weekly, this will cause their Universal Credit payments to be more variable

Examples (single claimants)	
Earnings paid every 4 weeks	There will normally be one wage per Universal Credit AP, however there will be two wage payments per AP on average once a year as 13 four weekly payments will fall into 12 monthly APs.
Earnings paid every 2 weeks	There will normally be two wage payments within a Universal Credit AP, however, on average twice a year there will be three payments per Universal Credit AP
Weekly payment cycle	There will normally be four wage payments within a Universal Credit AP, however, on average four times per year there will be five payments per Universal Credit AP

Other types of pay pattern may have an impact on Universal Credit payments, such as being paid on a fixed day every month, say the last Friday, depending on where the end of the Universal Credit AP falls.

If employers pay early because the normal payday is a bank holiday or a weekend this should not affect UC payments as long as the payday on the Real Time Information (RTI) remains the usual date, as stated in HMRC guidance.

For example, if 31st March is Good Friday. DWP will pay its staff on Thursday 30th but the pay date on the RTI should be 31st. HMRC will then release that RTI to Universal Credit on 31st not 30th.

If the pay day is brought forward for any other reason – e.g. Christmas advance, leaving the job – the payday should be the date of payment.

Depending on the amount the claimant gets paid this may affect their Universal Credit payment and entitlement. The claimant's UC award may be lower than expected, or UC may be extinguished altogether, triggering the claim to close. The claimant will have to reclaim the following month. This should be a quick process as DWP will have all their details.

Claimants will need to be prepared for months when they get more wage payments in one assessment period and budget for a potential change in their monthly Universal Credit payments.

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.

Double zero

Double zero occurs when no RTI is received for 2 consecutive APs. For example where a claimant started employment and an employment feed was expected from RTI but has not been received.

The double zero process allows employed claimants to be awarded a full Universal Credit payment for one AP where no earnings information has been received. If earnings information is not received in the next AP, Universal Credit payments will be suspended until earnings are reported.

The claimant will be asked to self-report their earnings so that the suspension can be lifted.

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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