

# UK Payroll Compliance Checklist for SMEs

## CR Payroll Services Ltd

Use this checklist to ensure your business remains fully compliant with HMRC, workplace pension regulations, and UK employment legislation.

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### 1. Employee Records & Documentation


Maintain accurate employee details, including:

- Full legal name
- National Insurance number
- Home address
- Start date
- Job title and employment status (employee or worker)

Ensure written contracts comply with the **Employment Rights Act 1996**

Keep records of:

- Hours worked (including overtime)
- Holiday entitlement and leave taken
- Pay rates and changes

 *Records must be accurate, up to date, and available for inspection if required.*

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### 2. PAYE and National Insurance (NI)

Register as an employer with HMRC **before the first payday**


Set up PAYE correctly

Apply the correct tax codes for each employee

Deduct Income Tax and National Insurance accurately

Submit **Real Time Information (RTI)** on or before payday

Pay PAYE, NI, and other deductions to HMRC by the required deadlines

 *Late or incorrect submissions can result in penalties and interest charges.*

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### 3. Minimum Wage & Employee Entitlements

Pay employees at least the **National Minimum Wage (NMW)** or **National Living Wage (NLW)**

Record hours worked to demonstrate compliance

Review and update pay rates **every April**

Ensure correct pay for apprentices, under-18s, and age-banded rates

 *Failure to comply with NMW rules can result in fines and public naming.*

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#### 4. Workplace Pensions (Auto-Enrolment)

- Assess each employee's eligibility for auto-enrolment
  - Enrol eligible employees into a qualifying pension scheme
  - Make correct employer contributions
  - Provide statutory communications to employees
  - Reassess staff regularly (including postponement and re-enrolment every 3 years)
  - Keep detailed pension records
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#### 5. Statutory Payments

- Correctly administer:
    - Statutory Sick Pay (SSP)
    - Statutory Maternity Pay (SMP)
    - Statutory Paternity Pay (SPP)
    - Shared Parental Pay (ShPP)
  - Check employee eligibility and entitlement
  - Keep records of statutory payments and absences
  - Reclaim statutory payments where applicable
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#### 6. Payroll Calculations & Reporting

- Use **HMRC-recognised payroll software**
  - Accurately calculate:
    - Gross pay
    - Deductions (tax, NI, pensions, student loans)
    - Net pay
  - Reconcile payroll figures monthly
  - Investigate and correct discrepancies promptly
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#### 7. GDPR & Payroll Data Security

- Store payroll data securely using encryption and access controls
- Limit access to payroll information to authorised personnel only
- Ensure GDPR-compliant handling of personal data
- Retain payroll records securely for **at least 6 years**

 *Payroll data breaches can result in fines and reputational damage.*

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## 8. HMRC Reporting & Deadlines

- Submit **Full Payment Submissions (FPS)** on or before each payday
  - Submit **Employer Payment Summaries (EPS)** where required
  - Pay HMRC liabilities on time, including:
    - PAYE
    - NI
    - Student loan deductions
  - Keep copies of HMRC correspondence and notices
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## 9. Year-End Payroll Compliance

- Complete final payroll for the tax year
  - Issue **P60s to employees by 31 May**
  - Submit **P11D forms by 6 July** (if applicable)
  - Complete annual payroll reconciliation
  - Prepare for the new tax year
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## 10. Employee Communication

- Provide payslips on or before payday
  - Clearly explain deductions, tax code changes, and benefits
  - Communicate pension contributions and enrolment status
  - Make payroll policies accessible to employees
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## 11. Best Practice & Ongoing Compliance

- Keep payroll software updated
  - Stay informed of changes to:
    - Tax rates
    - National Minimum Wage
    - Pension rules
    - Employment legislation
  - Train staff involved in payroll
  - Review payroll processes regularly
  - Consider outsourcing payroll to reduce errors, save time, and avoid HMRC penalties
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## Need Support with Payroll Compliance?

**CR Payroll Services Ltd** provides reliable, compliant payroll services tailored to UK SMEs—giving you accuracy, peace of mind, and time back to focus on your business.

 **Contact us today on 07756 318583**

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