

Payroll Direct Credit BACS PAYROLL PAYMENTS



BACS Payroll Payments

BACS is used to terminate all UK electronic payroll payments. Individual UK clearing banks' own salary payment products all rely on the BACS network to credit payments.

Payroll payments made directly via BACS offer a number of advantages to payroll providers over alternative payments systems:

Payroll Provider Benefits

- **PAYE RTI 'hash code'**

BACS is the only payment channel that supports HMRC's 'hash code' proving RTI reporting has been run

- **Professional service**

BACS security and reliability makes it the standard payment service for major payroll bureaux.

- **Time savings**

BACS is a single standard with the same CreDec submission process regardless of which UK clearing Banks are used by payroll clients to fund salaries.

- **Reduced paperwork**

Multiple paper based bank payment authorisation forms are no longer required for each payment period – ongoing payments are authorised electronically.

- **Automated payments**

Client written authorisation for each payroll debit from their account is no longer required: payments are authorised and paid electronically by default unless directed otherwise.

- **Total security**

Automation and the electronic security measures of BACS give greater protection against the error and fraud risks of paper based systems.

- **Expanded payroll capacity**

Capacity constraints imposed by paper intensive bank payment systems are reduced allowing payroll teams to manage higher client volumes.

- **Manage RTI compliance costs**

By gaining visibility of client payroll payments, actual client payments can be reconciled with the FPS amounts notified to HMRC on a client's behalf automatically.

Payroll Direct Credit ("PDC") brings BACS payment services to practice payroll for all firms, large and small.

Payroll is a core offering of accountancy firms providing an essential service to clients bringing in other more valuable work.

Assisting with timely payments to employees is a key part of payroll services. Processing via the banks' own brand payment schemes is time consuming and direct access to BACS is typically only cost effective for substantial payroll operations.

CreDec's Payroll Direct Credit, allows smaller payroll providers to compete with the largest dedicated professional payroll bureaux and, crucially, provides key safeguards against **PAYE RTI** penalties and escalating costs.

How it works?

Each payroll client's pay period is run as normal with practice payroll software generating its standard BACS payment file detailing the payment instructions for each client's employees. This direct BACS payment file containing HMRC's RTI "*hash cross reference*" is generated by payroll software as part of RTI reporting and then uploaded securely via the CreDec website and processed by CreDec to BACS, in accordance with your instructions.

Standing payments instructions for all BACS payroll clients are held by CreDec governing the payments funded from their bank account.

CreDec systems support all RTI compliant commercial payroll software including notification and payment of Employer PAYE to HMRC via BACS where required.

Set Up

CreDec PDC does not require any IT hardware or change to practice payroll's existing payroll process, its payroll software or licence. It integrates seamlessly with existing processes: CreDec creates a secure log-in to its members area to upload BACS files at www.credec.com.

CreDec assists practice payroll with the client's application to its own Bank for a BACS 'Service User Number' or 'SUN' for credit payments. The SUN mandates the client's agent to make payments on their behalf and authorises the customer's bank to accept payment instructions. CreDec is invisible to practice payroll clients.

Additional Information

CreDec is mandated by practice payroll to submit each payroll client's payment instructions on its behalf to BACS by assignment of the client's SUN.

- **BACS Security Protections** are in full force at CreDec as an authorised user of the BACS network providing unrivalled security measures.
- **The BACS Service User Number** stays with the client business indefinitely, even if they change banks (just like mobile number portability) and can be used to make other automated credit payments via BACS as required.

Supporting Accountancy Professionals ...

CreDec understands the importance of practice payroll to accountancy firms providing payroll services to business and private clients who employ staff.

Payroll Direct Credit delivers a significant enhancement to small professional payroll operations that do not have the scale to become accredited BACS bureaux, allowing them to offer payment services that compete directly with the largest dedicated outsourced payroll providers, lowering the barrier to winning and retaining major employers.

- Safeguard against automated client RTI filing penalties and escalating costs reporting RTI
- Acquire full direct BACS payment capabilities beyond payroll
- Compete with dedicated professional payroll operators
- Powerful incentive for client retention and new business bids

With BACS capabilities, accounting professionals can now provide best practice payroll accounting services to business clients across all service lines: delivering a 'one-stop shop' for all the client's business support functions.

CreDec's Payroll Direct Credit BACS payment service is one of the many ways in which CreDec supports accounting professionals with new revenue streams and business development solutions.

FOR MORE INFORMATION:

In the first instance, please email **Emma Bateman**, at emma.bateman@credec.co.uk or call **0845 130 8667**

CUSTOMER EXPERIENCE: Griffiths Preston CA

"In common with most Chartered Accountants we offer a payroll service to our clients. Our payroll clients are a broad mix, with many small office and home office businesses together with a handful of large nursery education providers.

Not all our clients want or need BACS payment solutions but a sizeable number do, and did, and we weren't aware of this demand. CreDec's [Payroll Direct Credit] BACS solution allows us to compete with the largest payroll providers in a very competitive market. We didn't actually have to change anything.

It also provides us and clients with a vital insurance against issues with HMRC's implementation of RTI."

- **Clive Preston, Partner, Griffiths Preston CA, Berkhamsted, Herts**

Other Credit Management Services from CreDec

Electronic Invoicing

Electronic bill presentation for large invoice volumes production. CreDec supports the necessary integration with the client's accounting software to automate production and distribution of client invoices electronically via email

Sales Ledger Management

Remotely integrated with the client's accounting software, CreDec's systems automate the production and distribution of customer account statements by email, ensuring timely payment by customers of accounts receivable

Bulk Payment Processing

For high volume payments, such as complex stock inventory from a large supplier base, CreDec's automation of credit payments via BACS Direct Credit

Direct Debit Collection

Where appropriate CreDec provides facilities management direct debit services to clients, ensuring the automated collection of accounts receivable by Direct Debit

Credit Policy

CreDec Professional Services work alongside accountancy professionals to assist their clients with the adoption and implementation of more comprehensive credit management processes and policy