



# Limitations of the AE Toolkit for HMRC Basic PAYE Tools users



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1.8 million small and micro sized employers are due to reach their auto enrolment staging date within the next two years and a large proportion of these employers are HMRC Basic PAYE Tools users. The Pensions Regulator has recently announced an auto enrolment toolkit to assist these employers with auto enrolment.



Although software is not necessary for auto enrolment, assessing the workforce and calculating contributions manually will lead to an additional workload and a higher risk of errors and non-compliance.

The auto enrolment toolkit will be in the format of a downloadable excel spreadsheet, where the employer will input employee information, including name, date of birth, qualifying earnings for the pay reference period and if the employee has previously opted in or out. The tool will then indicate who needs to be automatically enrolled into a pension scheme and provide employer and employee contribution values.

As the toolkit is provided by the Pensions Regulator, many Basic PAYE Tools users may assume that it will be the most appropriate solution to use for auto enrolment. However, there are many limitations to the software which reduce the scope of the tool. The Pensions Regulator still recommends an integrated payroll and auto enrolment solution for employers, as it will reduce the workload and administrative burden on the business significantly, whilst improving compliance.



## Limitations of the Tool

- **Multiple pay frequencies** – It will not support multiple pay frequencies. If you have multiple pay frequencies you will need to set up additional versions of the tool.
- **Variable contribution levels** – It will not support variable contribution levels. Again, you will need to set up multiple versions of the tool to cater for variable contribution levels.
- **Pay reference period** – The tool will use a tax-based pay reference period only.
- **Pension scheme** – The tool will assume that the legal minimum deduction and contribution entitlements are being used.
- **Pensionable earnings** – The tool will calculate contributions based on banded qualifying earnings only. If a user uses an alternative contribution arrangement, the tool will not be suitable for them.
- **Postponement** – The tool will not have postponement functionality.
- **Number of employees** – The tool will only support up to 15 workers. Employers with more than 15 workers will have to create multiple versions of the tool.
- **Entitled Workers** – The tool will only calculate contributions for entitled workers who request to join a pension scheme should they be placed in an auto enrolment scheme on the same basis as other employees.
- **Re-enrolment** – It will not have the ability to support the re-enrolment process.

There are a couple of workarounds that you can do to get around some of the limitations, for example, you can create two versions of the tool for different pay frequencies. However, this is just adding to the already cumbersome and time consuming AE task each pay period. Fortunately, HMRC Basic PAYE Tools users are not limited to using this tool. There are a number of free or low cost [integrated payroll solutions](#) available that can reduce the auto enrolment burden on the business.



Modern, innovative solutions exist that will streamline auto enrolment, allowing employers to focus time and resources on their business. [BrightPay](#) is an example of a payroll software solution that will automate an employer's auto enrolment responsibilities.

BrightPay is free for micro employers with **up to three employees**, including auto enrolment functionality and support.

## How can BrightPay help?

BrightPay have embraced auto enrolment and are providing a number of free auto enrolment [webinars](#) and [guides](#) to bureaux across the UK.

[Book a demo](#) with our sales team today to find out how BrightPay handles auto enrolment and how it can increase the efficiency of your bureau. You can also try out the software with a [60 day free trial](#).

[Book a Demo](#)

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## About BrightPay

[BrightPay](#) is created by a company with over twenty years of industry experience in the UK and Ireland. We have grown to a team of twenty two talented individuals.

As a team, our collective goal is to intelligently create, successfully deliver and professionally support the best payroll and HR software and services for SMEs in the UK and Ireland.

Our products are currently used by over 80,000 employers across the UK and Ireland. As a customer-focused company, we strive to look after each and every one of them.

BrightPay are highly commended for their level of customer support, their simple pricing structures and their user-friendly software.

[Read customer testimonials here.](#)

99.4%  
customer  
satisfaction  
rate

98.8%  
recommend  
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98.5%  
satisfied with  
customer  
support

## Get in touch today to see how BrightPay can help you prepare for auto enrolment.

Call: [0845 3004 304](tel:08453004304)

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