

Electric Data Interchange

What is EDI?

EDI is a standard secure method of electronically transferring information between organisations. It is already used across many areas of business to move information around and is being introduced now by the Inland Revenue to transfer details of tax between itself and employers.

Why is it being introduced at Inland Revenue now?

It has been done in response to recommendations made in a report commissioned by the Government in 2001 called 'The Carter Review of Payroll Services', which examined ways of increasing the transfer of information electronically and so reducing the burden for employers of processing large volumes of Inland Revenue paper.

What is the scope of EDI for filing tax with Inland Revenue?

The Carter Report laid out a number of recommendations that were later translated into the Inland Revenue Payroll Process Improvement Programme (PPI). One of the recommendations in the PPI was that, for certain categories of employer, there may be mandatory electronic filing of end of year returns to the Inland Revenue, by EDI or internet, by the 2004-05 tax year.

The statutory forms that will be required for electronic filing are the P14 and P35.

What are the implications for employers?

Employers must have EDI facilities in place to send and receive the data in line with the timescales given within the April 2002 budget. This would involve setting up the correct IT infrastructure and communications network for linking to the Inland Revenue.

What is ADP doing about EDI on behalf of its clients?

ADP recognises the cost savings it would bring clients by setting up EDI facilities that link to its payroll services. It has made significant investment in its payroll products and IT hardware, software and communications which will enable it to enhance its payroll services to cater for EDI so that clients are not faced with the technological challenges it would otherwise bring.

Through this investment, ADP's clients will meet the Inland Revenue statutory elements of EDI without additional cost. Services provided will satisfy the stringent requirements of the Inland Revenue Electronic Exchange Certification Scheme (EB4).

In addition, ADP recognises the benefits EDI's wider use would bring clients if extended to cover other Inland Revenue forms and is co-ordinating on-going development of its solutions in order to offer more options.

Our ultimate goal, alongside the Government and Inland Revenue, is to reduce the burden on employers of processing Inland Revenue paper forms and so, in essence, take a step closer to the ultimate objective of a paperless office.

Over the coming months, there will be much information in the press and within the payroll community about EDI and preparation for it – but ADP clients have been reassured that they will be ready for EDI.