Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

November 2016

IMPORTANT END OF YEAR NOTICE TO EMPLOYERS & PENSION PROVIDERS

This employer notice covers the following topics:

2016 Employer Tax Credit Certificates (P2Cs)

Revenue will cease issuing 2016 P2Cs with effect from 5 December 2016. An exception to this will be for employees/pensioners commencing employment or pension, where the commencement is notified to Revenue in the period from 6 December to 31 December, Revenue will continue to issue P2Cs through ROS to employers/pension providers until end-December 2016.

2017 P2Cs

In December 2016, Revenue will issue 2017 P2Cs to employers/pension providers for all employees/ pensioners, advising the rates and thresholds applicable from 1 January 2017.

Revenue is requesting that employers/pension providers, where possible, hold back running 2017 payrolls until they receive the 2017 P2Cs.

In the situation where an employer/pension provider has not received 2017 P2Cs in time to run January/February 2017 payroll(s), employers/pension providers should continue to use the 2016 P2Cs for tax deductions and follow the instruction in 4.33 of the USC Frequently Asked Questions (FAQ) document for USC deductions.

Employers should take care when uploading the 2017 P2C data not to upload it to 2016 payroll in error. Note: the ROS mail notification about the 2017 P2Cs will explicitly reference that they are 2017 P2Cs.

Universal Social Charge (USC)
As announced in Budget 2017, the rates and thresholds of the USC are changing with effect from 1 January 2017.

Our USC FAQ document has been updated to take account of these changes. Employers/pension providers are urged to familiarise themselves with the contents of this document which is updated on an ongoing basis.

USC Exemption on P2Cs
Where Revenue estimate (generally based on previous year's earnings) that the employee's/pensioner's total annual earnings (from all USC-able sources) will not exceed the USC Exemption threshold of €13,000, the USC exemption will be stated on the P2C. **However, where an employer knows that an employee's/pensioner's pay for USC purposes will in fact exceed the €13,000 threshold**, we ask that the employer/pension provider advise the employee/pensioner to contact Revenue to have a revised Tax Credit Certificate (P2C) issued. This can be done online through myAccount (by selecting PAYE Services) or by contact with his/her Revenue office. This will avoid a situation where the employee/pensioner has an under-deduction of USC at the end of the year.

Form P46 – Revenue auto-processing
Revenue is changing the way Forms P46 are processed when they are uploaded by employers or agents.

With effect from the end of November 2016, Forms P46 containing valid PPS numbers will be auto-processed by Revenue and 'week 1 basis' P2Cs will issue automatically. Where no PPS number or an invalid PPS number is input, the P46 will be rejected with an on-screen message listing the error(s). Where employers/pension providers are unable to upload a P46, they should advise the new employee/pensioner to register their new job (or private pension) online using the *Jobs and Pensions* service.

Jobs and Pensions Service – online registration of a new job or pension
As advised in our September Employer Notice, *Jobs and Pensions* was launched in September 2016.

This service allows employees register their new job (or private pension) with Revenue online. A tax credit certificate will then issue to both the employer (P2C) and employee ensuring that the employer can deduct the correct amount of tax for that job (or pension).

As an employer you should encourage new employees to register their new job in advance of the planned start date.

Further information on the *Jobs and Pensions* service is available on www.revenue.ie. There is also a short video on YouTube to explain the service to new employees or pensioners.

Changes to Form P45 for 2017
The Form P45 (ROS and paper versions) has been updated for 2017 to accommodate two new fields, 'USC Exemption' and 'PRSI Exemption', along with a change to the pay frequency field.

The updated paper P45 will be available to non-ROS employers from early December 2016 and can be ordered from:

> Revenue's Forms & Leaflets Service @ 1890 30 67 06 or 353 1 70 23 050 for calls from outside the Republic of Ireland. Email: custform@revenue.ie.

Payments in 'Week 53'
'Week 53' occurs when there is an extra pay day in the year; which happens when a pay day falls on 31 December or on 30/31 December in a leap year. Additional pay days can apply to employees/ pensioners who are paid on a weekly, fortnightly or 4-weekly basis. It does not affect monthly-paid employees and pensioners.

Many weekly-paid employees/pensioners are paid on Fridays throughout the year. As 30 December falls on a Friday in 2016, some weekly-paid employees/pensioners will have a 53rd pay day this year.

Where 'week 53' payments occur in 2016,

- for **Tax Deductions** - follow the instruction found in chapter 15 of the Employer's Guide to PAYE, and

- for **USC Deductions** - follow the instruction found in 4.26 of our USC FAQ document.

Completing P35L and P60 where 'week 53' occurs
A 'week 53' marker on the P35L and P60 is to be applied at the **individual** employee or pensioner level. It is acknowledged that some employers may operate a range of different payrolls with different pay frequencies. Accordingly, employers and pension providers should only mark the employees/pensioners who actually receive a 'week 53' adjustment in payroll as 'week '53' cases on their 2016 P35L and P60s.

Changes to P35 and P60 forms for 2017
The 2017 Forms P35L, P35LT and P60 will be revised to include a new 'USC Exemption' field.

P35L 2017 additional information to be specified regarding 'taxable pay' figure
As advised in eBrief 93/2016, additional information will be required to be specified in the Form P35L for 2017 and subsequent years. Two new data fields will be required to return information, at employee level, about share based remuneration and taxable benefits included in 'Taxable Pay'. **These items are already included in the total 'Taxable Pay' figure returned on the P35L; and from 2017 the respective amounts will need to be specified separately.**

- Company Share-based Remuneration

  The value of any share-based remuneration - consisting of shares in the employer company or a company that controls the employer company – which is included in 'Taxable Pay' is to be shown separately at employee level,

- Taxable Benefits

  The value of any non-cash benefits, for example private use of a company car, free or subsidised accommodation, preferential loans, shares in companies not owned or controlled by the employer is to be shown separately at employee level.

Employers should ensure that their payroll software is updated in order to accommodate this change.

Paternity Benefit
The income tax due on Paternity Benefit is being collected by reducing an employee's tax credits and cut-off points on P2Cs. Therefore, employers/pension providers are not to include these payments in payroll and should not show figures for these payments on Forms P45, P60 or P35L.

P35 Filing: feedback regarding issues that may need to be regularised before year-end

(i) Correct PPSN

Employers are reminded to ensure that the correct PPSN is used for their employees/pensioners. All employers/pension providers should have a P2C with the correct PPSN for all their employees or pensioners; and that PPSN should be subsequently used in completing the P35L detail. Issues have arisen when, for example, an employee/pensioner changes from a 'W' number and has a new PPSN issued by the Department of Social Protection (DSP) and Revenue issue a new P2C under the new number. The employee's/pensioner's new PPSN should be recorded on the P35L. Where an employer continues to use a cancelled or incorrect PPSN on the P35L, this will cause delay in updating the individual employee's pay and PRSI information to the DSP.

(ii) Local Property Tax (LPT)

Employers/pension providers are reminded to ensure that LPT is correctly deducted where instructed to do so by Revenue, and is subsequently included on the P35L. Updated P2Cs containing instructions about LPT deductions are issued by Revenue during the year, generally based on a customer's instructions to Revenue. Accordingly, it is important that the latest P2C instruction relating to LPT deductions is used.

The **Employer Customer Service Unit** provides information and support to employers. Contact details as follows:

Telephone: 1890 25 45 65 (+ 353 1 7023014 if ringing from outside the Republic of Ireland)
MyEnquiries: Select 'Employers PAYE' in the 'My Enquiry Relates To' box and 'Employer PAYE – General Query' in the 'And More Specifically' box.