

FAO: PAYE Modernisation, Revenue Commissioners, Bishop's Square, Redmond's Hill,
Dublin 2

In response to your request for comments on your proposed PAYE modernisation programme, I would offer the following thoughts on it.

1. Paragraph 2 - Objectives and Overview of Modernisation

I would agree with the sentiment of paying the right amount of tax at the right time. Is this also to apply to PRSI and USC payments where currently higher rates can apply until an annual reconciliation is made? One area for inclusion in deduction gathering which currently is outside Revenue's remit is that of the misnamed "Pension Related Deduction" which might be better handled within the normal tax gathering mechanism.

2. Paragraph 2.1 - Implications for employees

I very much welcome the periodic reconciliation facility which should provide greater accuracy in employee deductions throughout the year.

3. Paragraph - Employer Benefits/Impacts

It is imperative that all employers (no matter how small) utilise a current up to date Revenue approved payroll package. these are now very modest in price, there is no real benefit for employers in using outdated paper based systems which have no safety net to minimise or eliminate errors. The absence of such packages in payroll preparation is the area for greatest mistake, particularly by untrained or poorly trained payroll staff, to the detriment of employees. Employers must also only use staff or payroll providers with the necessary up to date skills and knowledge to run payroll applications. Some form of benchmarking or assessment is required to enable this facility to work well.

It is likely that quarterly or other periodic reconciliations would lead to the detection of errors more quickly leading to corrective measures being required to be implemented faster by employers.

4. Paragraph 6 - Other Benefits/Impacts

Having a system of periodic reconciliations will enable liabilities for tax to be more closely aligned with payments. Eliminating the need for annual P60s will result in a superior collection system for all parties concerned as it will avoid the annual bottleneck to adjust the previous year's tax liability.

My status is that of pensioner/employee.

Yours faithfully,

Alan Richardson