PAYE Modernisation Submission to Revenue

Introduction

SAP UK and Ireland Ltd. is a payroll software provider operating in many countries including Ireland. We are an active member of the Payroll Software Developers Association in Ireland and fully agree with the recent submission made on behalf of the group. However, we would also like to provide this additional submission based on our knowledge of the UK RTI solution and the business processes used by our payroll customers.

Interfaces / Middleware

Employers currently perform their submissions for P35, P45, P46 etc, by uploading an XML file to the ROS website. Therefore, as a payroll software provider we simply provide an XML version of the relevant reports that a customer saves to a local file and then uploads to ROS. There is currently no requirement for us to provide interfaces or support the use of middleware to make these submissions. With this in mind, we would require clear instructions for the following areas:

1. Will new interfaces be required?
2. What type of encryption will be used to keep data secure?
3. Will you be expecting one or two way communication i.e. will you be solely expecting data to come to you from the employer or will you also be expecting to pass data out to the employers e.g. P2C certs?
4. If there is to be a two-way communication, how and when will the employer take the data from ROS? Will employers be expected to regularly check ROS for available data or will you issue them with an alert to say that data is available for them to download?
5. What mechanisms will you put in place to notify an employer of a successful submission to ROS e.g. a successful submission message via email, secure message or on screen?
6. Will you provide functionality for an employer to interrogate the data you hold based on their submissions? If so, will this be at ERN level or employee level?

Submissions

It is unclear at this stage exactly what submissions will be required in terms of data, frequency, types and number of reports etc. We would need clear descriptions, specifications and validation rules for the new reports,

1. Will there be requirement for an alignment submission at the very beginning (data cleansing exercise)?
2. How many new reports will there be?
3. How often will the employer need to submit the reports?
   a. By pay period e.g. weekly, fortnightly, four weekly and monthly
   b. Monthly
   c. Quarterly
4. What deadlines will be used for submitting the reports e.g. within X number of days after pay date etc.
5. Will multiple submissions be allowed for a single ERN?
   a. Allows for split files over different pay frequencies
   b. Allows for smaller files to be submitted to save time etc.
   c. If multiple/split files are allowed, will there be a marker to flag on the last file submitted for each ERN?

6. What data other than pay and deductions will be required?
7. Will PPSN be the unique identifier used to map the data to the correct file at Revenue?
8. How and when will values that are currently reported as a grand total on the P35 and not at employee level such as PRSA etc. be reported?
   a. By pay period
   b. Monthly
   c. Quarterly
   d. Annually

Corrections and Amendments

Same Tax Year: We will not want employers to submit revised files for past periods in the same tax year i.e. once a period is closed and the submission has been made to ROS, it should not be altered. Any late changes should be reported in the next available period. Therefore, the solution will either need to take year to date values (cumulative) or allow negative this period values.

Earlier Tax Year: It is sometimes necessary for employers to change values for an earlier tax year. Revenue will need to issue a clear instruction on how this should be done. A separate report with the new year to date values or a separate report with just the differences etc. What will the maximum timeline be for submitting revised values for an earlier tax year e.g. 14th February of the following tax year.

Balancing and Reconciling

Payroll departments will need to reconcile the values submitted to ROS and the values paid over. Our customers would currently do this by means of a gross to net and statutory deduction report. Whatever Revenue decide to do in terms of collecting data i.e. this period values and year to date values, just this period values or just year to values, we need to make sure that our customers can still reconcile their payroll values submitted to ROS and paid to Revenue.

Testing

As this is potentially a major change to payroll software, it is essential that a robust test facility, including full and up to date validation rules, is made available to us. We will need to test complete files so the current 2mb size limit should be removed from any new test facilities provided by ROS. Customers also need to be able to test, both the software and the integrity/accuracy of their payroll data. With this in mind, they would need a test facility similar to the "Test in Live" facility offered in the UK. This allows an employer to submit a real file but as a test which involves it passing through full validation but not actually updating the back end systems.

Pilot Customers

As outlined in the PSDA submission, it is essential that all software providers have the opportunity to have one or more pilot customers. We would like to be involved in discussions with Revenue to agree on which customer(s) will be selected to pilot our software solution.

Revenue Support

A generic Revenue helpline will not be sufficient for effective pilot testing. Therefore, Revenue should provide named contact(s) for the duration of the pilot testing to assist with any questions/issues. This could be one named contact per software provider or group of software providers. Once pilot testing is complete and the solution is rolled out to other customers, ideally each employer should be given a named contact (Account Manager) for a period of 6 to 12 months in case they get issues that are not software related.

Notify ROS of starters immediately

As part of a payroll process, this is not feasible. Some payroll departments do not know about new employees for some time after they start employment. Payroll can learn of a late new starter anytime from just a few days to years later in some rare scenarios. Some options for notifying ROS that an individual has started might be similar to those used for the P45(3) / P46 process now, for example once a week, immediately before the payroll is run each pay period. An even better option might be to take the start date from the employee's first PAYE report.

PPSN

Duplicate: There are issues with the current ROS validation as an employer cannot submit duplicate records for the same PPSN. There are many legitimate cases for more than one return for a single PPSN and therefore, for accurate PAYE reporting, this ROS restriction should be removed from the new process.

Missing PPSN: In the current year-end process, individuals with a 'missing' PPSN are reported on a different form i.e. P35LT. How will they be processed in the new reports? Will they be separated from the main group of individuals on the report? If so what will be used to identify them and update the correct record in Revenue e.g. a temporary PPSN, a works number etc.

PRSI

Revenue will need to provide much more information about PRSI reporting in the new PAYE reports. What PRSI data will be required and how will it be validated? There are already many anomalies with the PRSI validation in the P35 reports submitted to ROS and it is important that these are removed in the new process.

Late notifications

Payroll often receive and process late notifications for data that would impact on any report sent to ROS. For example, new starts, leavers, change of ERN, change of PRSI class etc. Would these late notifications simply be reported on the next available PAYE report submission to ROS?