PAYE MODERNISATION – CONSULTATION RESPONSE

Thesaurus Software is a leading provider of Irish payroll software. We also provide UK payroll software.

The Payroll Software Developers Association (PSDA) has prepared (or is in the process of preparing) a detailed submission and we are in agreement with the contents of that submission.

We would like to limit our own submission to an overall recommendation based on our knowledge of the Irish system, my own experience as a practising accountant and our experience of the UK RTI roll out. If you wish to discuss any of the aspects of this recommendation in more detail, I would be delighted to meet with you to go through them.

Our recommendation of how it would best work

A monthly "P35" is filed electronically, say by the 15th of each following month, covering all pay frequencies processed in the previous month.

The submission of this monthly return would be facilitated by a secure API, effectively allowing a "one click" process on the part of the employer. The payroll software would store the user credentials, once these have been initially set up by the employer (or bureau).

The retrieval of P2C details would also be an API call, which can be automated within the payroll, prior to each pay run.

Illness benefit would, ideally, be incorporated into the P2C information.

P45(1) and P45(3) files would also be capable of "one click" electronic submission, with retrieval of the P45 by employees via their *myAccount* page.

What to avoid

"On or before" has always been problematic in the UK. There should be no requirement for "on or before" in the Irish system nor is it required in many other jurisdictions. Requiring submissions "on or before" will cause problems not necessarily technology related but will mainly relate to the ability of payroll support departments, small businesses and payroll bureaus to cope with such a huge change. Plus this change will happen alongside the busy 2018 P35 season.

It should also be noted that "on or before" assumes universal broadband availability and "constantly on" Revenue systems. HMRC had numerous periods of downtime in the first year of RTI. HMRC also found it necessary to exempt many bureaus from the "on or before" requirement in the initial year, plus penalties were off the table!

If it is Revenue's preference to arrive at "on or before", we submit that the initial two years are based on the monthly system proposed above.

Conclusion

Whatever system is adopted, it is important that it represents a step forward for all parties. API functionality and ease of use should improve the experience for employers and bureaus. Employees will have greater control and transparency and should rarely under or over pay their taxes under the new system.

We are already committed to not charging our customers for the additional development involved. In addition, we are considering making a free version of our software available for micro employers (those with one or two employees).

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22nd November 2016