Background
Stakeholder Design Workshops

As part of the PAYE Modernisation Project Revenue is engaging with external stakeholders to contribute to the design process. The main aims of this engagement are to:

• Gain insight into customers’ business processes
• Gain greater knowledge of pain points of the current system
• Identify and resolve any potential design issues from the outset ensuring practicality and reduction in administrative burden
• Provide transparency to the design process for all
• Gain buy-in from key stakeholders
• Overall, optimise design, implementation and success of the programme by using stakeholder expertise
Chartered Accountants of Ireland

A workshop was held with the CAI on the 29th March 2017.

The topics covered were:

• Shadow Payroll
• Notional Pay
• DSP Illness Benefit
Shadow Payroll
Shadow Payroll

• The factors that effect Shadow Payroll:
  – Calculations
  – Retrospective calculations
  – End of year adjustments

• Delay in both the employee applying for the PPSN and DSP processing the request.

• Top executives won’t go through Jobs & Pensions to register their employment, so they are paid without a PPSN.

• Agents previously registered the employment via Form 12A. In registering through Jobs & Pensions, the Basis of Assessment defaults to *single* even if the employee is married.
Shadow Payroll

- It was outlined that American payslips can be troublesome due to the 401k (pension) and ‘hypo’ tax which complicates calculating Irish pay.
- It was stated that Real Time will be a challenge and it will be hard to comply with pay submission deadline.
- Having to get figures from external sources is troublesome (dealing with overseas managers and gives rise to timing issues).
- At end of year, it’s difficult to reconcile the shadow payroll with the parent payroll due to currency issues and different things included by foreign companies.
Shadow Payroll

• Foreign tax credit – if this marker is on record and delays are experienced, what will the penalties be?
• Relocation amounts can be paid by a 3rd party provider – these are reconciled after end of year.
• Calculating number of days worked here and abroad is difficult, as they differ from month to month.
• Where an employee works more than anticipated, due to project overruns or informal visits, this can lead to a change in their circumstances.
SARP

- Some operate real time credit and some claim at the end of the year.
- Filing the SARP 1 within the 30 day time limit can be difficult. Clarification needed as to when the 30 day rule actually starts.
- Once in place, it seems to runs without too man issues.
- There is a reconciliation at the end of year to make sure the SARP payment is correct.
- It can be a slow, complicated process to get the correct medical insurance figure.
Notional Pay
Notional Pay – medical insurance

• There can be many adjustments made to the figure during the year (new employees/change in policies/addition of extra people).
• Some P35s don’t include BIK medical insurance. A statement may be submitted by the employer instead.
• Employees are not aware that they can claim BIK medical insurance relief – employers can let them know, but agents cannot.
• The relief is capped and if a spouse/children are added during the year, it is capped again the following year.
Notional Pay - Cars

• BIK car figures are reviewed quarterly.
• Can be changed mid-year now, which complicates having to adjust the BIK.
• Most employers track mileage every month, but there are still adjustments at end of year.
• Issue outlined regarding the classification or a car/jeep/van. Some employers attempt to categorise some cars as a van to avoid BIK (can be an issue when Revenue Audit is carried out).
Notional Pay - Shares

• These are given after the normal payroll run – there is a special one just for shares.
• There is a delay getting the share data if taxable in Ireland.
• It can be difficult to obtain data on foreign shares, when the employee comes to work in Ireland.
• For one group, vesting date is the only issue.
DSP Illness Benefit
DSP Illness Benefit

- Agents don’t have access to the ROS notification letters.
- There is a mismatch between DSP notifications and the confirmed final amount (amount on final letter often doesn’t match the weekly payments).
- It was stated that taxing Illness Benefit can cause negative pay, due to re-allocation of credits and SRCOP to spouse.
- Query raised as to whether new system will cater for negative pay? To be considered
Other issues
Other Issues

• My Enquiries found to be too slow and sometimes no response at all.
• ‘P45 cancellation’ should be an option in My Enquiries.
• Exclusion Orders found to be too manual.
• No payment of wages, but PRSI payments may be made – How will new system deal with this? To be considered
• Asked if there will be penalties for a late submission because of shadow payroll? To be considered
• Suggestion that we operate similar to UK RTI where they allow 6 or 7 late filing notifications without penalty (one of these being notional payments). To be considered
Next Steps

• Summary of discussions to be circulated
• Further feedback via payemodernisation@revenue.ie.
• Design workshops scheduled with other stakeholders including members of the Irish Payroll Association and pension providers.
• Ongoing engagement between Revenue and DSP working through impacts and opportunities of PAYE Modernisation, including taxation of benefits and PRSI reporting and collection.