

# CAI Workshop

29<sup>th</sup> March 2017

# 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 29<sup>th</sup> 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 3<sup>rd</sup> 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**

# 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 of 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](mailto: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.