PAYE Modernisation
Insurance Association
External Design Workshop
12th & 13th April
PAYE Modernisation: context
Why modernise PAYE?

Changing nature of:

- Employments
- Payroll
- Information and communications technology
- Expectations
SMART PAYE

S - Seamless integration into payroll
M - Minimize employer cost to comply
A - Abolition of P30s, P45s, P46s, P60, End of Year Returns
R - Right tax paid on current due dates
T - Time savings
SMART PAYE

Simplified online services
Maximise use of entitlements
Automatic end of year review
Real time accurate data
Transparency
SMART PAYE

Statutory in-year employer return
Making compliance easier
Accurate up to date income details
Reduced customer contacts
Timely targeted interventions
Consultation Report

• Consultation process Oct–Dec 2016
• 77 responses from various representative bodies and individuals
• Published on Revenue website
• eBrief issued
• All respondents will be mailed the report
• All responses received published on Revenue website
Executive Summary – Key Themes

The following key themes were common across responses:

• Possible increase in administrative burden for certain employers;
• Timeline for implementation;
• Information and communications technology (ICT)-related issues;
• The operation of payroll in practice;
• Timing of employer submissions to Revenue;
• Methods of dealing with corrections to payroll;
• Alternatives to Revenue’s proposal;
• Department of Social Protection payments and Pay Related Social Insurance (PRSI);
• Other charges/contributions and non-PAYE income;
• The importance of change management and communications;
• International comparisons.
Executive Summary – Revenue’s Response

• Revenue’s initial response to the issues raised is outlined in the consultation report.

• In general however, Revenue is undertaking a co-design approach to PAYE Modernisation.

• It has engaged with key stakeholders since the start of the consultation process and will continue to do so to ensure that the design is optimised with their input, resulting in a streamlined process and ultimately a reduction in administrative burden.
Executive Summary – Key Challenges

• The proposed move of PAYE reporting from the current yearly basis to a real time basis is a fundamental change, in both philosophy and practical application, for Revenue and employers and brings significant challenges for both parties.
Employer Statistics

• 208,000 employers

• 110,000 employers with ≤ 5 employees
  – 98% filed through ROS
  – 45% use a software package to file
  – Additional 8% using ROS Offline
Employee Statistics

• 2.5m active employments in 2015 (includes pensions)

• 200,000 employees >1 live employment

• Multiple employments with same employer
## Forms Statistics

<table>
<thead>
<tr>
<th>Forms</th>
<th>Number received 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>P45</td>
<td>705,936</td>
</tr>
<tr>
<td>P46</td>
<td>305,241</td>
</tr>
<tr>
<td>P30</td>
<td>1.3m</td>
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<tr>
<td>P35</td>
<td>221,620</td>
</tr>
<tr>
<td>Total</td>
<td>2.6m</td>
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</tbody>
</table>

- 5m forms generated to fulfil employer PREM reporting obligations (including 2.5m P60s)
## Jobs and Pensions service

<table>
<thead>
<tr>
<th>Jobs and Pensions</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of jobs and pensions added since September</td>
<td>54,424</td>
</tr>
<tr>
<td>New customers (Form 12A)</td>
<td>29,516</td>
</tr>
<tr>
<td>Existing customers</td>
<td>24,908</td>
</tr>
</tbody>
</table>
High Level Design and Process Flows
Seamless integration of reporting into the payroll process
Abolition of P30s, P45s, P46s, P60, End of Year Returns

- **P30**
  - Total tax due calculated from aggregate of all reports in the month / quarter.
  - Employer payment made in line with current payment dates.
  - Debt management for underpayments in year.
  - Non filer interventions for non reporting in year.
  - In year interventions based on risk analysis of reporting.
Abolition of P30s, P45s, P46s, P60, End of Year Returns

- P45 and P46s
  - Replaced by payroll submissions by employer with commencement and cessation dates or by the employee managing their employment record via the Jobs and Pensions service.
Abolition of P30s, P45s, P46s, P60, End of Year Returns

- P60s
  - During the year employee can view up to date pay and deductions on PAYE Services
  - Once final report for year processed employee can see final pay and deductions for that employment on PAYE Services
Abolition of P30s, P45s, P46s, P60, End of Year Returns

- End of Year Returns
  - Final payroll run for the year marked by employer.
  - Total tax due calculated based on final report plus previous month / quarter.
  - Debt management for underpayments.
  - Non filer interventions for non reporting of final report.
High level plan
2017

- Consultation Review and Report
- Revenue Design Workshops
- Stakeholder Design Workshops

- ROS 2020 P1
- Data Alignment P1
- Submission and Rates

- Jobs and Pensions P2
- Returns and Payments
- Core PAYE
- Data Alignment P2

- Submission Architecture and Storage
- Proof of Concept
- Evaluation and Decision

- Core Compliance Architecture
- Proof of Concept
- Evaluation and Decision

- Core PAYE Architecture
- Proof of Concept
- Evaluation and Decision

- Procurement

- Current TCA
- Current PAYE Regulations
- Current USC Regulations

- Draft new TCA, PAYE regulations and USC regulations
Workshops
Purpose of workshops

- Gain insight into customers’ business processes
- Gain greater knowledge of current pain points
- Identify and resolve any potential design issues from the outset
- Provide transparency to the design process for all
- Gain buy-in
- Optimise design, implementation and success of the programme by learning from your expertise
## Workshop schedule & topics

<table>
<thead>
<tr>
<th>Time</th>
<th>2.40</th>
<th>3.05</th>
<th>3.45</th>
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</thead>
<tbody>
<tr>
<td><strong>Group 1</strong></td>
<td>Employer submission (Brid Reddan)</td>
<td>Corrections (Sinead Sweeney)</td>
<td>Commencement/Cease Dates (Michelle Carroll)</td>
</tr>
<tr>
<td><strong>Group 2</strong></td>
<td>Commencement/Cease Dates (Michelle Carroll)</td>
<td>Employer submission (Brid Reddan)</td>
<td>Corrections (Sinead Sweeney)</td>
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<tr>
<td><strong>Group 3</strong></td>
<td>Corrections (Sinead Sweeney)</td>
<td>Commencement/Cease Dates Michelle Carroll)</td>
<td>Employer submission (Brid Reddan)</td>
</tr>
</tbody>
</table>
Next Steps
Next Steps

• Circulate summary of discussions

• Further feedback: payemodernisation@revenue.ie

• Please complete feedback form

• Any questions?