Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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

EMPLOYER

Seamless integration into payroll

Minimize employer cost to comply

Abolition of P30s, P45s, P46s, P60, End of Year Returns

Right tax paid on current due dates

Time savings

SMART PAYE

EMPLOYEE

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

Forms	Number received 2015
P45	705,936
P46	305,241
P30	1.3m
P35	221,620
Total	2.6m

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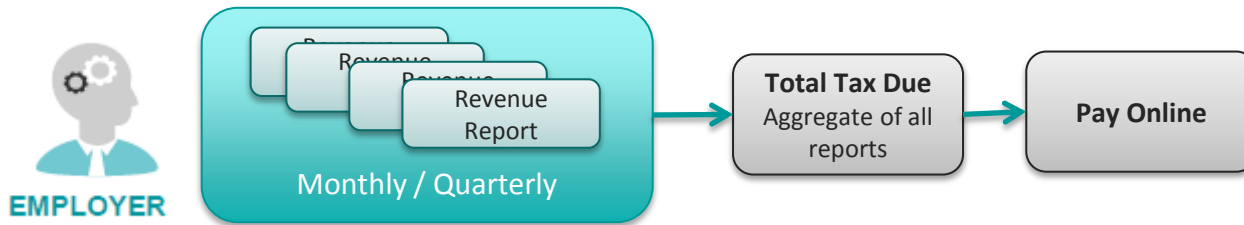
Jobs and Pensions service

Jobs and Pensions	Number
No. of jobs and pensions added since September	54,424
New customers (Form 12A)	29,516
Existing customers	24,908

High Level Design and Process Flows

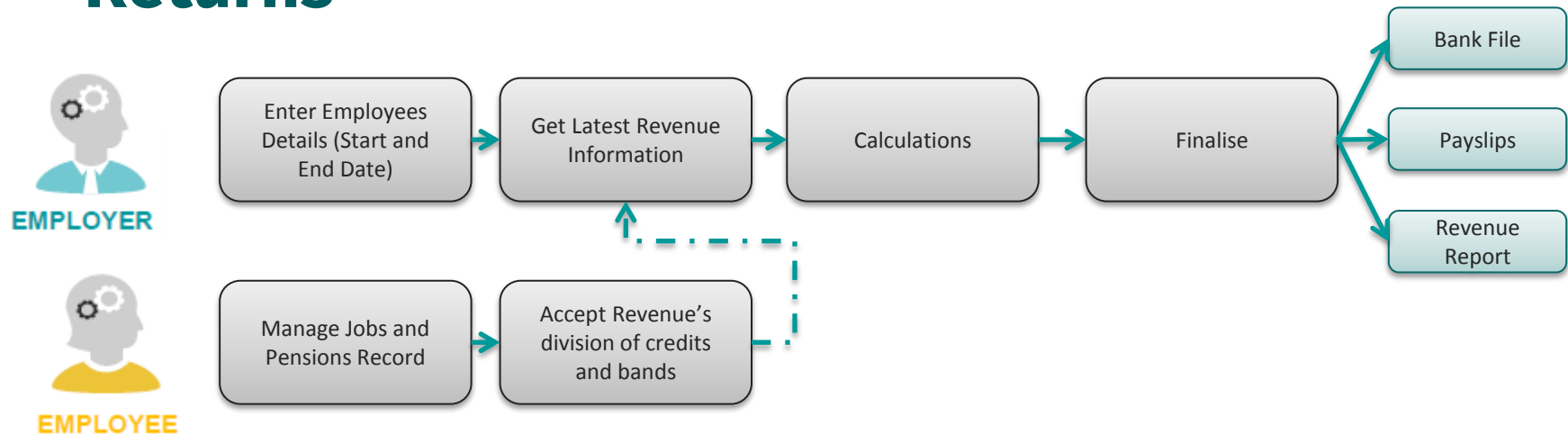# Seamless integration of reporting into the payroll process
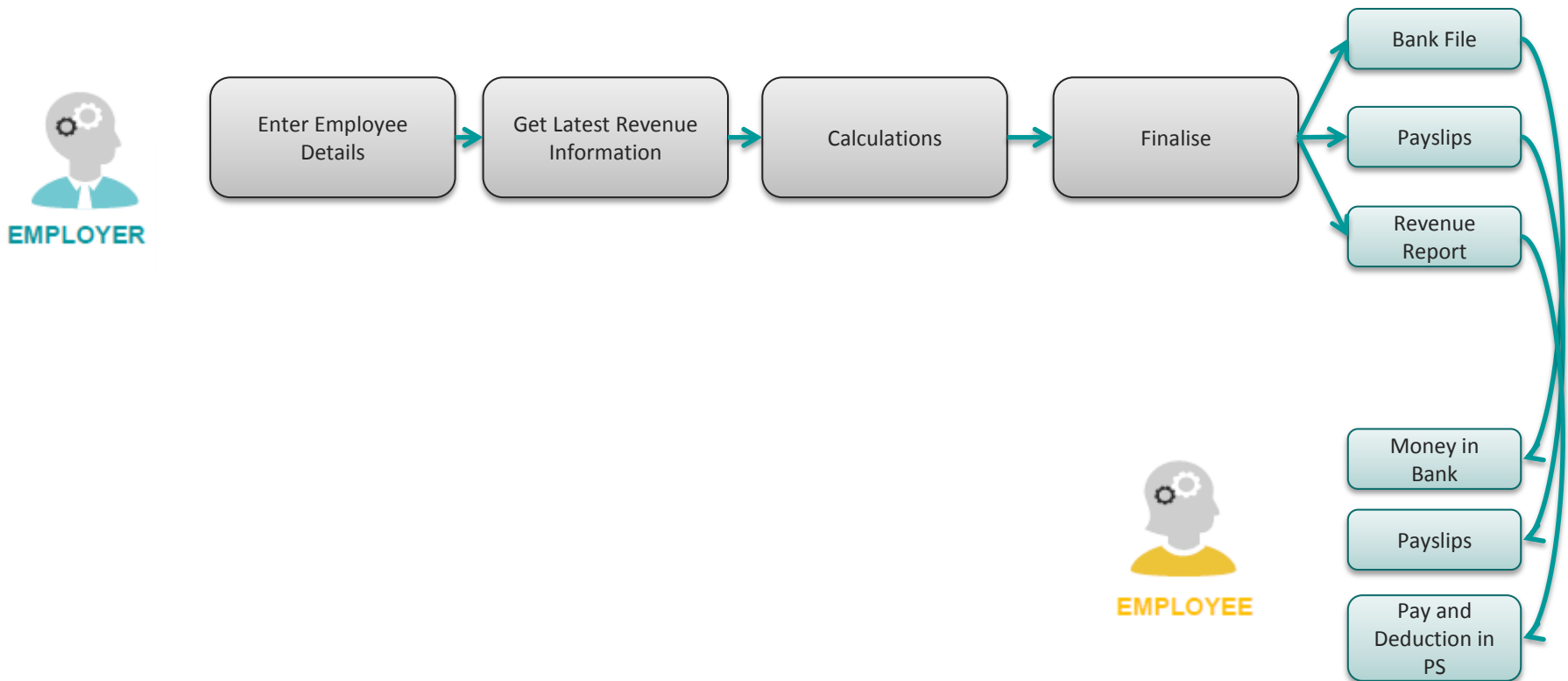
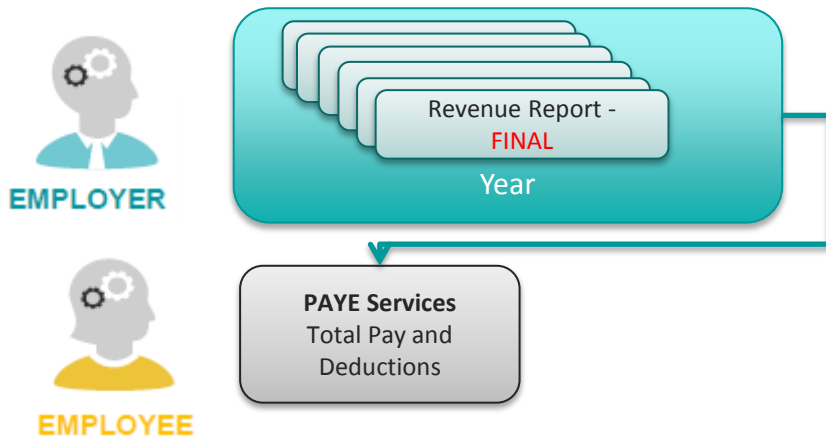# Abolition of P30s, P45s, P46s, P60, End of Year Returns

- 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

EMPLOYER

Enter Employees Details (Start and End Date)	→	Get Latest Revenue Information	→	Calculations	→	Finalise	→	Bank File

Finalise → Payslips

Finalise → Revenue Report

EMPLOYEE

Manage Jobs and Pensions Record	→	Accept Revenue's division of credits and bands

- 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

EMPLOYER

Revenue Report - **FINAL** Year

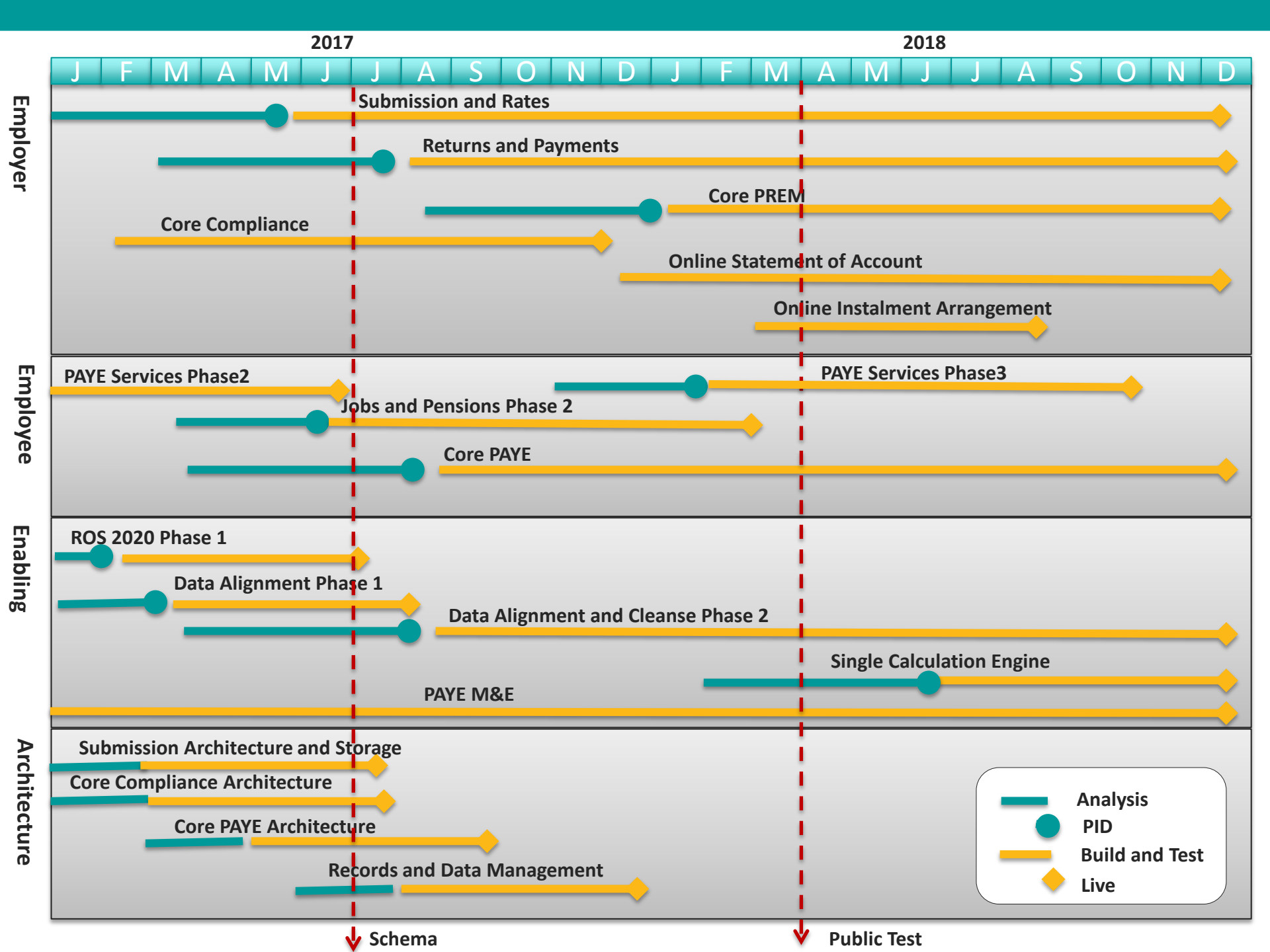EMPLOYEE

PAYE Services Total Pay and Deductions

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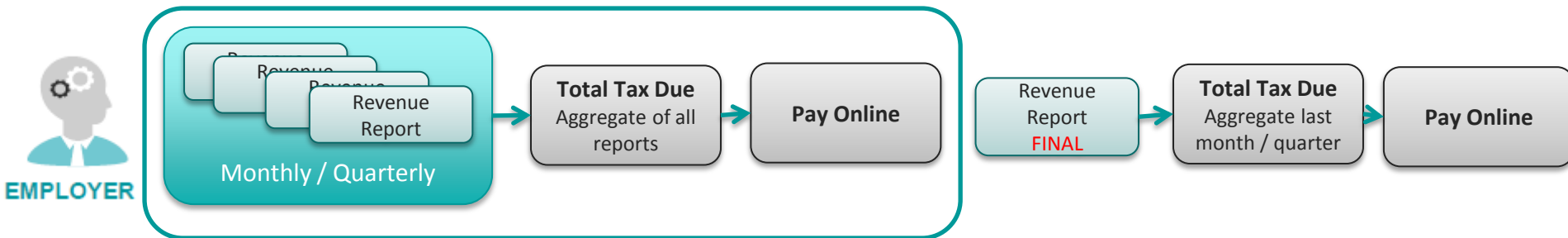
- End of Year Returns
  - Final payroll run for the year marked by employer.
  - Total tax due calculated based on final report plus previous month / quarter.
  - Debt management for underpayments.
  - Non filer interventions for non reporting of final report.

High level plan

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

Time	2.40	3.05	3.45
Group 1	Employer submission (Brid Reddan)	Corrections (Sinead Sweeney	Commencement/Cease Dates (Michelle Carroll
Group 2	Commencement/Cease Dates (Michelle Carroll)	Employer submission (Brid Reddan)	Corrections (Sinead Sweeney)
Group 3	Corrections (Sinead Sweeney)	Commencement/Cease Dates Michelle Carroll)	Employer submission (Brid Reddan)

Next Steps

Next Steps

- Circulate summary of discussions

- Further feedback: payemodernisation@revenue.ie

- Please complete feedback form

- Any questions?