Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

PAYE Modernisation

PSDA meeting
07 December 2017

Agenda

1	PSDA Scenario Walkthrough
2	Upload / Download via ROS
3	RPN for new employees
4	Testing Update

Payroll Scenarios

Scenario 1:

Employee leaves an employer and returns the following year (not the current tax year)

Previous Employment ID is no longer known

Solution

A new Employment ID can be used as the Employee is recommencing in a new tax year

Scenario 2:

An employee has **more** than one **contract of work** with the **same employer** and "**leaves**" one of those contracts but does not "leave" the employer

Solution

- The leave date (cessation date) should be included in the payslip record for the last payment of the contract of work that is concluding
- No impacts for remaining contract of work

RPN

- The RPN Number will be a number starting at 1 and incremented sequentially after any update during the tax year
- The Date Instruction begins and the Date Instruction Ends refers to the RPN start and end dates and not the Exclusion Order start and end dates

Scenario 3:

An employee is working abroad but has elected to pay PRSI in Ireland

- Shadow payroll – non taxable and non USCable
- A notional pay value used to indicate PRSIable pay - an offset amount used to produce a zero net payment.

- Shadow payroll indicator set to 'True'
- All PRSI related fields populated (pay for 'ee PRSI, insurable weeks, PRSI class, employee PRSI paid)
- Other financial fields set to '0'.

Scenario 4:

An employee payslip with multiple PRSI classes

- 'ee receives normal pay (Class A1) and redundancy payment (Class M) in the same pay run
- 'ee made redundant on 31 December – redundancy payment and holiday pay processed in following January.

- Revenue will accept multiple PRSI classes against a single payment on the same payslip
- Equally, these payments can be included on separate payslips
- Holiday and redundancy pay and relevant deductions to be reported to Revenue via payroll submission when paid i.e. January – include cessation date of 31 December on submission.

Scenario 5:

A leaver is overpaid in their last payroll run with an Employer

- No opportunity for Employer to recover the money through payroll as the person has left the business
- Ex-employee agrees to write a check for the new overpayment of €100.
- Payroll clerk works out the necessary reversals required and needs to adjust the statutory figures for the employee
- Currently year to date figures are updated

Solution

An additional payroll submission is made to Revenue which includes a payslip record with :

- A pay date that is set as the date the overpayment was returned by the Employee;

- USC, Tax, PRSI and basic Pay figures that are set as negative values which reflect the necessary reversals required to those fields (Negative LPT should be included if applicable).

Scenario 6:

Remitting figures for a PRSI exempt employee

- – 'ee PRSI exempt from March but still pays tax and USC
- – Receives salary of €1000, pays €189 tax and €40 PRSI following exemption.

- • Minus €40 included in the 'PRSI paid' field in the payroll run following identification of the error
- • Similarly, minus figures included in other relevant PRSI related fields i.e. insurable weeks.

Scenario 7:

PRSI Category Correction
  – 'Ee incorrectly paying PRSI at class A instead of class J (over 66)
  – Payroll user re-categorises insurable weeks through payroll system and adjusts the contributions against both classes, refunding under A and contributing under J.

- PRSI class should be corrected in the next payroll submission – if incorrectly reported under Class A for 3 weeks include minus 3 insurable weeks at Class A in payslip and positive 3 insurable weeks at Class J
- Amend financial fields accordingly to reflect PRSI refunded to 'ee.

Scenario 8:

A payroll is processed and its submission is made to Revenue which includes an underpayment for a senior staff member.

- The underpayment is identified
- An immediate credit transfer is completed to correct the error.
- Payroll issues a manual payslip to the employee.

- Currently within the payroll system, a user amends the balances against each of the pay elements and statutory deductions to reflect the outcome on the manual payslips.

Solution

An additional payroll submission is made to Revenue which includes a payslip record with:

- A pay date that is set as the date of the credit transfer that is completed to correct the underpayment

- Payslip figures which contain only the increased amount to each of the impacted fields

Scenario 9:

Supplementary Runs

- Weekly paid 'ee paid €400 in period 36, PRSI is paid at class AL
- Bonus is due and paid in middle of month – bonus run processed to pay bonus payment of €200 – 'ee's period 36 earnings should now be paid at class A1.

- The submission in respect of the bonus run should include adjustment for PRSI class i.e. positive 1 week class A1, negative 1 week class AL
- PRSI deducted should be reported in the submission in respect of the bonus run.

Scenario 10:

Payroll receives notification from HR that 10 employees who were paid in period 52 were in fact mid-period leavers

- The impacted 10 employees have been overpaid;
- All 10 employees have been contacted and refunded the overpayment amount;
- The return that related to period 52 has already been accepted by the Employer or deemed by Revenue.

Solution

An additional payroll submission is made to Revenue which includes a payslip records for each of the impacted employees:

- The pay dates for each of the payslip records is the date the overpayment was returned to the employer;
- USC, Tax, PRSI and Basic Pay figures that are set as negative values which reflect the necessary reversals required to those fields (Negative LPT should be included if applicable);
- The return period which includes the date that the overpayments were sent back to the employer will reflect their financial impact. The original return period will not be impacted;
- The employee will be able to view the payslip which contains the negative figures via PAYE services.

Scenario 11:

An employer has loaded the incorrect basic pay for all employees. The entire payroll is incorrect. The Revenue submission has been made but all employee details are incorrect, including statutory deductions.

Solution

An additional payroll submission is made to Revenue with the original payroll run reference:

- New payslip items are included for each Employee contained in the previous payroll submission for this payroll run reference;
- Each new payslip item has a new line item identifier but has the old line item identifier in the 'PreviousLineItemID' field;

Scenario 12:

Payroll were informed that an Employee, Joe Bloggs, has left the company. A Revenue submission is made containing the leave date. The following pay period, Payroll are informed that in fact the leaver did not leave so needs to be reinstated on payroll, paid this month's salary and any items that were withheld due to the previous month's leaver action.

Solution

An additional payroll submission is made to Revenue with the original payroll run reference:

- The original payslip item is included for this Employee but with a new line item identifier and the original line item identifier in the 'PreviousLineItemID' field. The payslip item is otherwise the same as the originally submitted payslip item however it no longer contains a date of cessation;

Separately on the current months payroll:

- A payslip item for the impacted Employee is included which contains this month's salary and any items that were withheld due to the previous month's leaver action.

Scenario 13:

Shadow Payroll Submission
- – Two new ex-pats joined and shadow payroll used to track statutory deductions.

- Legislation states that the payroll submission is due on or before payment of emoluments in respect of all emoluments subject to PAYE
- Information available on the pay date should be reported to Revenue
- Shadow payroll marker should be set to true
- Revenue is aware that corrections are to be expected in respect of shadow payroll.

Scenario 14:

Correction for Previous Pay Period
- 'Ee was overpaid €2,000 in the previous pay period – all statutory deductions incorrect
- Overpayment is to be deducted in the following pay period to rectify.

- Simply report what was actually paid and deducted in each payroll submission
- E.g. if 'ee paid €3,000 every week but actually paid €5,000 (i.e. overpaid by €2,000) – report the €5,000 actually paid and the amount of tax actually deducted. If €2,000 overpayment is recouped in the next payroll run, just report the amount actually paid e.g. €1,000 in this case.

Scenario 15:

Correction for Previous Period

– 'Ee leaves on 13 December – included on submission to Revenue

– In January, discovered that leave date was 31 December not 13 December - extra payment due as a result.

- Incorrect cessation date should be amended in January when discovered by replacing incorrect payslip with a payslip with no cessation date

- The additional payment is then included on a payroll submission in January (January payment date) using the same Employment ID – because the cessation date was removed, we can provide the correct RPN

- The actual cessation date should be included in the January submission for the extra payment.

Scenario 16:

Leaver Notification for 'Ee not Paid in Current Period
- Payroll receives late notification of leaver. Left on 30 Sept.
- Processing Oct. payroll now – no payment due to leaver.

- Employer can submit a nil payroll submission in October with '0' in the financial fields and including the cessation date.

Scenario 17:

Leaver Notification for 'Ees not Paid in Current Period

- – Company pays 'ees casually – payroll informed that a number of 'ees not paid in many months have left
- – One of whom left in the previous year.

- Employer can submit a nil payroll submission when payroll department is informed that they have left
- The different tax year is not an issue here.

Scenario 18:

Negative Submission - Late Leaver

- – Payroll receives late notification of a leaver – all pay and deductions need to be reduced in the following payroll run resulting in a negative payslip
- – Same scenario but the user processes an offset amount to bring the net pay to zero.

- If and when the overpayment is recouped from the employee, this should be reported to Revenue when it is recouped – negative values should be report for all relevant financial fields.

Scenario 19

Multiple Pay Dates in the Same Period

– 50 'ees paid by the company, 10 of which have varying pay dates

- The submission is due on or before the payment date
- The relevant payment date should be included for each employee
- Revenue has no issue accepting multiple pay dates in one submission
- Similarly, if separate payroll runs are used for different payment dates, multiple submissions for the same employer within the same period will also be accepted.

Scenario 20:

Supplementary Run
- – Sept. payroll run processed – informed that a bonus run must be processed to pay commission for the same tax period but with different payment date
- – Then a second bonus run is required as two execs were excluded from the first bonus run.

- The submission in respect of the bonus run is due on or before the payment date - if the 'normal' payroll and the bonus payroll are run on different dates, they are due for submission to Revenue on different dates
- It is not relevant in terms of the submission that they are to be in respect of the same period
- The bonus run can only be for the same period if it is paid in the same period

Pension Provider Scenarios

Start Date
- – Start date used is date plan commenced but could be several years ago with first payment only processing
- – 'Ee could make a withdrawal when they want so 'er does not know their start date.
- Start date is used to determine what, if any, credits/rate band are available for the new employment
- Re. pensions - start date does not refer to when the plan is set up because the payment may not arise for years
- Important date from a Revenue perspective is the payment date in this situation
- When first payment is being made, new RPN should be requested – this will register the employment and assign any available credits/rate band to that employment/pension

Casual Employees

Casual employees and intervals between payments – are there any time limits for remittance to Revenue

- – A payroll submission is required on or before payment
- – If there is no payment made, there is no requirement to make a submission in respect of that employee

Mid Year Supplier changes

How would a new payroll supplier build-in testing of interfacing to Revenue as part of the in-project system, UAT and parallel run testing?

The PIT environment will continue to be supported after the go-live of PAYE Modernisation. It is envisaged that Software providers would use PIT to conduct their build-in testing and UAT testing.

Parallel run testing - ?

Are there any reporting/Revenue implications where they receive a submission for week 45 from one supplier and a submission for week 45 from a new supplier?

No – other than ensuring the 'Software Used' field is populated correctly

Part Year PRSI Exemption

Are there any considerations here regarding the Revenue submission?

- Need more detail on concerns
- If employee is exempt from paying PRSI in Ireland, set this field to true
- PRSI-related fields will be '0'
- PRSI exemption reason needs to be completed (we need to include an additional category for this field – 'other')

Multiple Pension Tracing Numbers

How should an employee with multiple pension tracing numbers be returned on the Revenue submission?

- Following feedback from payroll operators, we have catered for multiple pension tracing numbers in one submission
- Simply include the relevant pension tracing numbers in the relevant submissions

Commencements via J&P v Submission

If an Employee notifies Revenue of a commencement through Jobs & Pensions before an Employer:

- An RPN will be created for that Employment;
- An Employment will be created in Revenue systems however the Employment ID will be left blank;
- The Employment ID will be populated after received the first Payroll submission from the Employer for this Employment
- After PAYE Modernisation, multiple Employments with the same Employer will not be allowed to be commenced through Jobs & Pensions

Employer Reconciliation of Totals

How can an Employer reconcile the monthly breakdown of taxes against their Payroll figures?

Employers will be able to :

- Query by Return period (i.e. January 2019) and will receive in response the list of Payroll run reference that were used to determine the breakdown of taxes for that return period;

- Query by Payroll run reference and will receive
    - breakdown of taxes for that payroll run
    - List of active payslips for that payroll run and their financial fields

System Restore and Data Re-Sync

If an Employer loses all data for the year and then sets up and re-runs payroll from scratch from November.

How do they handle resubmitting data to ROS? will there be conflicts with data already present?

Potential data conflicts :

- *Reusing previously used*
  - *'PayrollRunReferences'*
    - *Can be avoided by using the Returns Reconciliation service*
  - *'SubmissionID's*
    - *Can be avoided by using the CheckPayrollRun service*
  - *'LineItemIDs'*
    - *Can be avoided by using the CheckPayrollRun service*

How do they handle changes in RPNs?   *To Discuss*

Holiday Pay Requiring Manual Intervention

- Employer gives employee one week's pay and two week's holiday pay near start of year i.e. pays employee for three pay periods – pay and holiday pay included in payroll submission
- Employee takes exception to this - states they will not owe employer money. Employee returns holiday pay (cash) to employer. Manual amendment must be made and documented.

- The employer is required to report the pay and tax details of the employee on or before the payment date via the payroll submission – when the holiday pay is given back, this should be reported to Revenue via the payroll submission.

"Old" data used for submission

An Employer runs an 'old' copy of payroll data by mistake and upload.

- The Revenue Payroll service will recognise duplicate submissions if the submission contains the previously used '**SubmissionID**' and '**Tax Year**';

- On identification of a duplicate submission, the Payroll service will respond with a validation error;

- The Revenue New RPN service will recognise duplicate submissions if the submission contains the previously used '**RequestID**';

- On identification of a duplicate submission, the RPN service will respond with a validation error;

Entire Payroll Submission is Wrong

An employer has loaded the incorrect basic pay for all employees. The entire payroll is incorrect. The Revenue submission has been made but all employee details are incorrect, including statutory deductions.

Solution

An additional payroll submission is made to Revenue with the original payroll run reference:

- New payslip items are included for each Employee contained in the previous payroll submission for this payroll run reference;
- Each new payslip item has a new line item identifier but has the old line item identifier in the 'PreviousLineItemID' field;

Annuity Scenarios

ARF customer dies in 2018, company notified of death in 2019 and process full surrender to customer's spouse

- If a payment is made after death, it should be taxed under PAYE on the date of payment as if the employee was still alive on that date.

- For info (not relevant for payroll) - the payment will be deemed for income tax assessing purposes as having been made immediately prior to death i.e. in the P21 balancing statement

Annuity Scenarios

- ‘Ee starts employment with a company in March 2019 – employer requests RPN, RPN contains 'At Start' amounts that trigger a tax refund

- In May 2019, company retrieve an updated RPN which contains no 'At Start' amounts i.e. the company generated a tax refund based on "other companies" tax paid figures.   The company will have negative "This Employment" tax cumulated figures in the company payroll.

- In what case would you expect no 'At Start' amounts on the RPN? If on a cumulative basis, there would be no "at start" amounts if this is the individual's first employment of the year or they have another live source of PAYE income who is already taxing their total income received to date.

- Any updated RPN will include year to date pay and tax (if not being taxed elsewhere)

- As is the case currently, if you identify that 'ee will suffer hardship by using the RPN, then the updated RPN should not be implemented and a Week 1 basis should be applied

Annuity Scenarios

What is in the to date figures for an employee in their second employer of the year when they get multiple revised RPNs?

- Each time a revised RPN is issued, any previous employment income will be included in this RPN where the RPN is on a cumulative basis.

Annuity Scenarios

- Customer has an annuity but dies in Dec 2018 – company are notified of the death in Feb 2019 resulting in 2 months overpayment
- Company a net payment back from the customer's estate which could take months to recoup.

- The payroll submission to Revenue should reflect what is paid/recouped when it is paid/recouped
- In this example, the payments made in Dec and Jan should be submitted to Revenue
- If and when the overpayment is recoupled from the customer's estate, the amount recouped should be submitted to Revenue via the payroll submission when it is recouped.

Upload / Download via ROS

Screen Flows
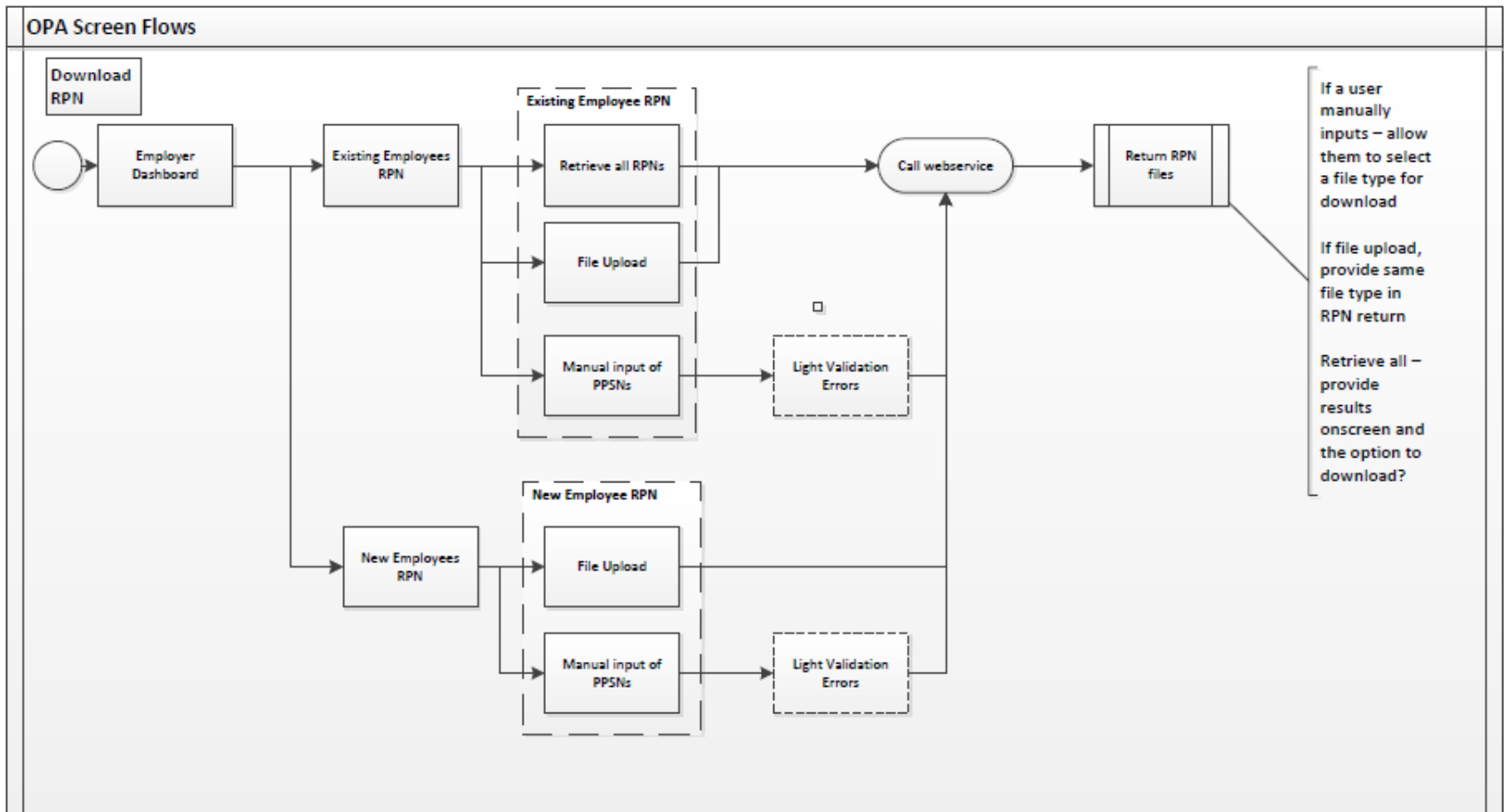
Screen Flows
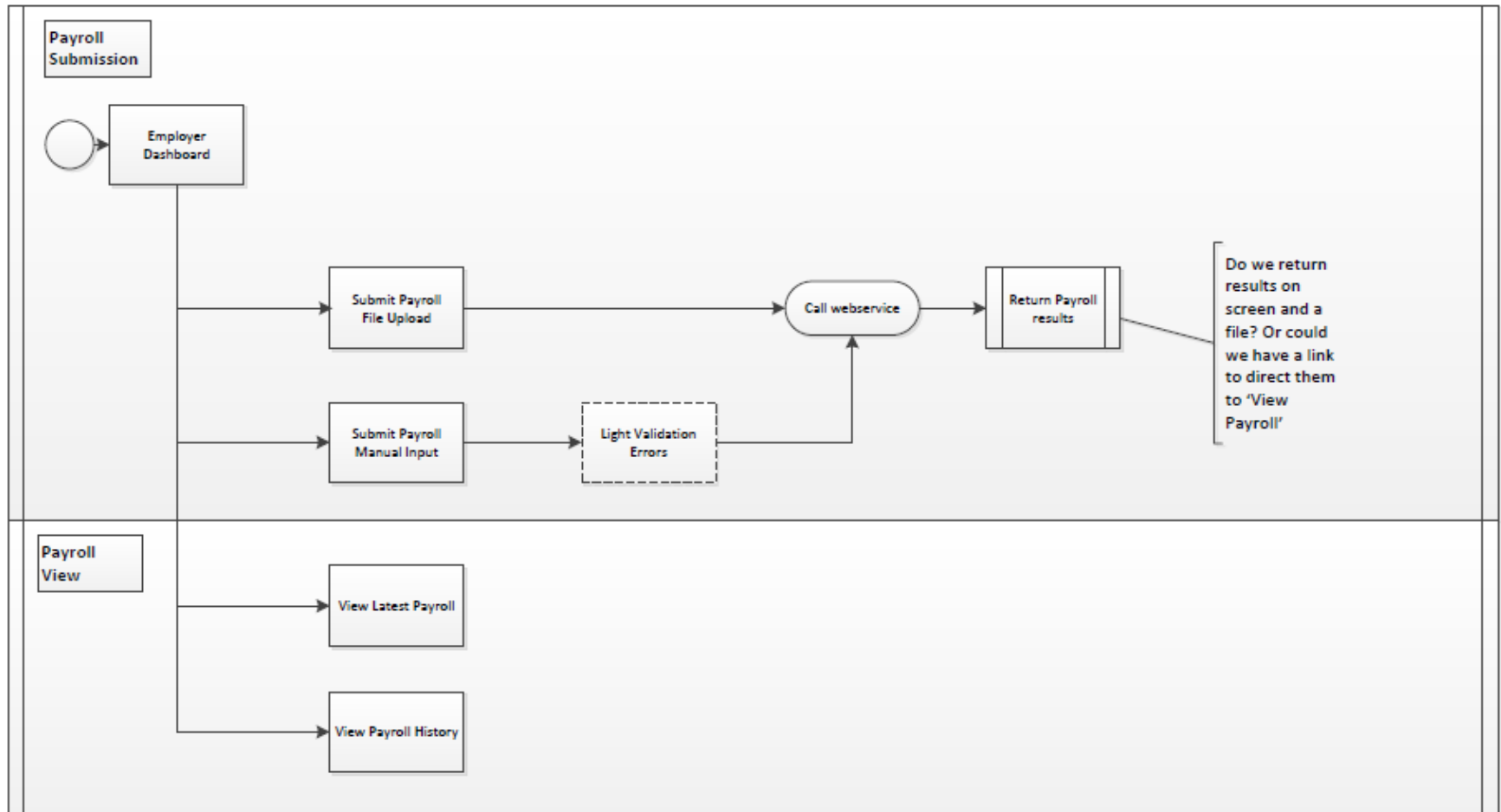
RPN Request for New Employees

RPN for New Employees & Start Date

- Following internal workshops, the inclusion of the employee's start date on the RPN request is required to minimise the number of week 1 RPNs for new employments.

- If not provided, Revenue will set up the employment on foot of the RPN request and default the start date to the date of the request.

- The actual start will only be provided when the payroll details are submitted and the default date will be overwritten with the actual date. This could result in original Week 1 RPN being amended to a cumulative RPN.

RPN for New Employees & Start Date

Example: employer running monthly payroll has an employee who started just after the most recent payroll run in the previous month. The payroll is run in the last week of the month. The employee ceased their previous employment the week before starting the new employment.

The following month, a new employee RPN is requested with the start date defaulting to the last week of that month (versus the actual start date in the previous month).

As the gap between the cessation date of the most recent ceased employment and the date of the RPN request is greater than 28 days, a week 1 RPN will issue.

Once the payroll details are submitted to Revenue along with the actual start date, a cumulative RPN will issue when the employer next requests a RPN as the actual gap in employments is less than 28 days.

- Had the actual start date been provided when setting up the new employment, the RPN would have issued on a cumulative basis.

- If the start date is being provided when the employee has been paid for the first time, it seems that there is no reason to request this data when the employment record is being created prior to the payroll being run to ensure that the RPN issued is correct, rather than correcting the output after the first payroll run.

Testing Update

Test Requirements

Environments to be available for both REST and SOAP
- *The single PIT environment will support both REST and SOAP.*

Valid Digital signatures to be shared
- *Test Digital signatures will be associated with specific test data (test employments, employees etc.) Once allocated to a company/PIT tester these can be shared by the company/PIT tester at their own discretion.*

Valid Authorisation credentials shared
- *Authorisation credentials will be required to access and reset allocated test data. It is at the company's/PIT tester's discretion whether they want to share these.*

A number of test environments for each company who request them for the same tax registration number
- *There will be a single PIT environment. However each company can apply for a number of sets of test data, each with a unique dummy tax registration number*

Test Requirements

The ability to duplicate a test environment
- *There will be a single PIT environment. Multiple test environments should not be necessary. Multiple sets of test data can be provided to achieve the same effect.*

A 2nd test environment with a different tax registration number to facilitate testing life cycle of employee moving to a different employer and then being rehired by the original employer.
- *This can be facilitated through using additional test data rather than the need for a second environment.*

A number of testers within said company to share each environment if needed
- *No issue with testers within company sharing test data. This is at the company's discretion*

The company to be able to refresh an environment without revenue interaction
- *An online facility will be provided to enable companies to reset the test data provided by Revenue back to the original state.*

Test Requirements

Environment to facilitate
- Test data (from March 2018 → infinity)
    - An agreed set of dummy(but correctly formatted) PPS numbers

    A unique set of correctly formatted dummy PPS numbers will be provided to each company requesting test data. This test data will be linked to specific test scenarios.

    - Specific PPSN/EmployeeIDs for specific tests to be agreed, the environment(s) to have data setup to test against agreed scripts

    Specific PPSN/employeeID test data will be provided to test against specific test scenarios

    - A life cycle of employee from starting through leaving, moving to a second employer, leaving and being re-hired by the original employer

    Should be achievable through use of specific test data to cover scenario.

- Real data in real time (from June/July → December 2018)
    - Either a company to Pilot test for a small group of agreed employees with revenue OR Parallel testing for a full client's payroll(s).

    Within the PIT environment we should be able to take an employer number and set of PPSNs and use these to generate dummy test data.
    - These 'real data' tests to be available to customers on request

    These could be requested through Online Help Desk
    - The purpose of this real data test is to mirror the real world in real time, for example, data being sent on the P2C to be available on an RPN

- All test scripts to be available through web services and through offline

    Initially testing via SOAP and REST will be made available. Upload testing will follow later