



**Submission to the Office of the Revenue Commissioners on PAYE modernisation
12/12/2016**

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of Irish businesses and represent their views. Chambers Ireland welcomes the work of the Office of the Revenue Commissioners and this consultation on the modernisation of PAYE. We are pleased to have the opportunity to inform this consultation process and look forward to further engagement with the Commission in the future.

Chambers Ireland takes the view that the proposed modernisation of the PAYE system as outlined will essentially amount to an increased administrative burden on businesses and will do little to benefit either employers or employees.

Many of the measures described in the consultation paper are already functions carried out by accounting firms or payroll operators on behalf of businesses and therefore offer no additional tangible benefit to businesses. On the other hand, for companies that carry out their own payroll functions, the modernisation package stands to significantly increase the administrative burden related to Revenue returns and payrolls. The proposals effectively meaning companies will have to complete Revenue returns with each payroll.

The immediacy of the reporting effectively means that companies that pay their employees weekly must now complete weekly returns rather than annual. When compared to the tax requirements of a self-employed person, reporting annually, it is significantly more burdensome to require that reports are completed for each PAYE employee as payroll is processed. Small businesses, which make up the overwhelming majority of employers in the country, will find it very difficult to comply with providing returns to revenue as payroll is run in the absence of sophisticated software or outsourcing to a payroll provider and incurring the extra costs associated with either of these services.

The benefits for employees are unclear. While the proposal suggests that "Revenue will carry out periodic reconciliations throughout the year of employees tax deductions, based on actual pay and tax details, to ensure that employees optimise the full benefit of their tax credits", as it stands employees can claim for reliefs over the course of the year using their online account.

The package of changes is described as a modernisation of the PAYE system, however it is unclear whether there will be any genuine simplification or streamlining of the system, while there will certainly be additional administration and costs for employers.