

Dear Revenue

I have read the public consultation paper and I am in disbelief as to how Revenue can present this as a benefit to employer's when it is clearly the opposite.

It is clearly a benefit to Revenue, and I have no problem with that, but it is not a benefit to employers. The vast majority of employers (by number) employ a small number of employees. Business administration / tax compliance work is very high at the moment. This proposal will probably double the administration of all small business employers.

By small business employers I am talking about those SME's that employ between 1 and 10 employees either full time or part-time and are generally run by one individual in a sole trader or small limited company situation.

Currently, a small business employer will generally agree a net wage with an employee based on the standard tax credits and cut-off. As accountants we would monitor the P2C's coming in to make sure the tax credits or cut-off of employees don't change. P2C's changes maybe happen 3 or 4 times a year.

Employers know they can pay employees weekly or monthly, usually by standing order to minimise workload, and only have to engage with their accountants / book-keepers when P30's need to be filed, usually monthly.

Now these employers are going to have to engage with their accountant's / book-keepers on a weekly basis. The additional cost for small business is going to be very significant. I estimate that small business employers will have to pay an additional €450 per employee in order to comply with these proposals.

Sole practitioner accountants / book-keepers will not be able to prepare payroll from 1st January 2019 onwards. Sole practitioner accountants / book-keepers tend to take holidays and if they are not available 2 or 3 weeks a year wages can't be paid. This would be an unacceptable situation as I'm sure you would agree.

Currently under the RCT system (similar to the one being proposed here) a principal contractor will either pay a sub-contractor prior to or immediately after an accountants holidays to ensure compliance with RCT. That situation couldn't happen with PAYE.

I have also spoken with accountants in Northern Ireland where HMRC have introduced a similar system a number of years ago and they say that your proposal results in a 24/7 situation. Everything must be dropped in order to put the wages through so they can be paid. Also how do employers who employ staff who only work on a Saturday night (pubs / nightclubs) deal with wages. Do they sit down at 2a.m. at the computer and start calculations?

Because of this, payroll will become specialist, and therefore, much more expensive for the employer, probably a lot more than I estimate above.

The net effect of this is higher cost and higher administration for employers. Therefore, unfortunately we will see small employers returning to the 'black market' for employees. As accountants we have spent years convincing employers of the need to register employees and regulate hours. Most, if not all, employers now recognise that it doesn't make sense to have employees 'off the books'. With these proposals I fear that that will all change and employers, especially those that only have 2 or 3 employees will return to the days of the 80's and 90's. For small employers this step would be a backward step.

While I have no doubt that this discussion will change very little, I would propose that an exemption / allowance be made for small employers to return and pay monthly as opposed to weekly where employees are paid weekly. Reducing the additional administration that is caused by your proposal by 75% / 80% for small employers would ensure that the changes would have a chance of succeeding. Because as it stands small employers and accountants would find this proposal virtually impossible to comply with in full.

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