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UC

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PAYE Modernisation
Revenue Commissioners
Bishops Sq
Redmond's Hill
Dublin 2

Re: PAYE Modernisation

Dear Sir

We refer to the consultation paper issued on 11th October in relation to the proposed modernisation of the PAYE system. What is proposed would appear to broadly follow RTI introduced in the UK in 2013. It contains many of the features currently in operation under the RCT system in Ireland.

There is no doubt it will allow significant streamlining of the PAYE proposals from Revenue's perspective. What is proposed by Revenue will result in little or no additional administrative work for a large employer all of whom would already use payroll software. However, the UK experience has been that the new system has been a significant burden on small businesses. The vast majority of small businesses do not have payroll software and rely on a book-keeper or their tax advisor to handle their PAYE/PRSI affairs.

The vast majority of our small business client remit their PAYE/PRSI liabilities by way of Revenue's direct debit scheme with a P35 return being completed at the end of year. The system is ideally suited to small businesses which typically would have less than five employees. In the West of Ireland, many such businesses are seasonal with extra staff being hired during the Summer months.

Effectively, what is proposed will require a detailed level of information which is currently supplied to Revenue on an annual basis to be submitted on a weekly/monthly basis. This is a significant administrative burden which will fall heaviest on the small employer.

There is the further complication that employers who are based in rural areas with poor broadband will not be in a position to submit the required returns online. As you are aware, such tax payers currently have the right to appeal against mandatory e-filing and, from our experience, Revenue have been more than fair in accepting the technical limitations on such employers. Will this be the case under PAYE modernisation?

We would respectfully suggest that employers with less than say 10 employees and those who do not have access to broadband be exempted from realtime reporting and continue to submit returns on an **annual** basis as is the current practice. Such exemptions, we believe, would affect only a small number of PAYE employees on an aggregate basis and would avoid a significant administrative burden on small employers and those employers located in areas of poor broadband coverage. Should you require additional information or clarification, please do not hesitate to contact us.

Yours faithfully


J.W. WILLIAMS & CO.