

Dear Sir/ Madam,

This response is from Millwright Engineering Ltd., as an employer.

Andrew Wallace, Director. 10/12/2016.

The PAYE system was introduced in 1960 at a time when a job for life was the norm and payroll was a manual

process. [FOR OURSELVES AND MANY OTHER EMPLOYERS PAYROLL IS STILL A MANUAL PROCESS]

Over 50 years later, the nature and complexity of employment and personal relationships have significantly changed – people move jobs regularly; separation and divorce are more common; agency work and multiple concurrent employments are more prevalent.

Additionally, modern information and communications technologies [BUT ONLY WHERE THEY ARE AVAILABLE AND ADAQUATE } present opportunities for electronic payroll and associated real-time tax reporting, and for modernisation of the administration of PAYE.

Such a modernisation which Revenue proposes to implement will better accommodate the complexities of today's employment patterns and structures.

[AS VERY MANY EMPLOYERS DO NOT HAVE ADAQUATE AND RELIABLE BROADBAND SUCH A PROPOSAL WOULD BE IMPOSSIBLE FOR THEM TO

IMPLEMENT. AS AN EXAMPLE, CO.LAOIS HAS AVERAGE BROADBAND SPEED OF 20.18 MBPS, HOWEVER THIS AVERAGE INCLUDES

URBAN AREAS SUCH AS PORTLAOISE , WE HOWEVER, HAVE DOWNLOAD OF 1.37 MBPS, AND UPLOAD OF 0.88 MBPS, AND OFTEN LESS OR

INDEED FREQUENTLY NO SIGNAL WHATSOEVER. FURTHERMORE, KEEPING A CONNECTION LONG ENOUGH TO TRANSMIT INFORMATION IS A

MAJOR PROBLEM. FOR EXAMPLE,IT CAN TAKE 20 MINUTES JUST TO ACCESS EMAILS !

THIS IS AN ISSUE WHEN REPORTING ONCE A MONTH AS WE DO AT PRESENT, EXPECTING US TO DO SO WEEKLY IS , FRANKLY, UNFAIR.

COMPLYING WITH A PROPOSAL SUCH AS THIS, VIZ, HAVING TO RUN COMPUTERISED PAYROLL AND REPORT ONLINE TO REVENUE IN

REAL TIME WOULD PUT US AT CONSTANT RISK OF BEING NON COMPLIANT, THE PENALTIES FOR WHICH WOULD PRESUMABLY BE SEVERE.

IN ADDITION, THE TIME INVOLVED WOULD FAR EXCEED THAT USED TO DO PAYROLL MANUALLY AS WE DO PRESENTLY. THE MOST

DIFFICULT ASPECT OF USING THE ROS SERVICE IS HOLDING A VERY SLOW SPEED CONNECTION LONG ENOUGH TRANSMIT, FOR

INSTANCE, A P30. THIS , SEEMINGLY SIMPLE PROCEDURE CAN TAKE AN HOUR , AND OFTEN HAS TO BE ABANDONED AND

TRIED AGAIN ON NUMEROUS OCCASIONS BEFORE IT ACTUALLY TRANSMITS.

FOR THE SAME REASONS, WE ARE UNABLE TO USE INTERNET BANKING, THEREFORE, CHANGING OR UPDATING TAX CREDITS ETC ON A

FREQUENT BASIS WILL MEAN MORE CHANGES TO WAGES STANDING ORDERS, FOR WHICH CHANGES THE BANKS CHARGE HEAVILY. IT

ALSO MEANS A PHYSICAL VISIT TO THE BANK IN ORDER TO DO THIS. WE COULD , OF COURSE, REVERT TO CHEQUE PAYMENTS BUT THIS IS EXPENSIVE, AND CONTRARY TO GOVERNMENT POLICY WHICH IS TO ENCOURAGE ELIMINATION OF CHEQUE PAYMENTS WHEREVER POSSIBLE. REDUCTION OF CHEQUE USAGE IS ALSO BEING ACTIVELY PERSUED BY THE BANKS BY MEANS OF INCREASING USAGE CHARGES.

AS A FURTHER EXAMPLE OF POOR LOCAL BROADBAND SERVICES, THE NEARBY TOPAZ MOTORWAY SERVICES ARE UNABLE TO RELIABLY PROCESS NATIONAL LOTTERY PURCHASES DUE TO NOT HAVING ADAQUATE BROADBAND, THEIR SYSTEM IS DOWN AS OFTEN AS IT IS WORKING. AS TOPAZ , WITH THEIR FINANCIAL AND IT RESOURCES, ARE UNABLE TO OVERCOME THIS PROBLEM, WE AS A VERY SMALL FIRM COULD NOT REASONABLY BE EXPECTED TO DO SO.]

2. Objective and Overview of Modernisation The purpose of this paper is to set out the high level approach to modernisation and to seek views of key stakeholders. This is your opportunity to contribute to the modernisation of PAYE. PAYE Modernisation will be the most significant reform of the administration of the PAYE system in over 50 years. This consultation relates to the modernisation of the collection of Income Tax through the PAYE system. Policy matters relating to Income Tax and any associated tax credits/reliefs are within the remit of the Minister for Finance and his Department and are outside the scope of this consultation. The objective of PAYE Modernisation is that Revenue, employers and employees will have the most accurate, up to date information relating to pay and tax deductions. This will ensure that the right tax deduction is made at the right time from the right employees and employers pay over the correct tax deduction and contribution for every employee. [I FAIL TO SEE THAT THIS IS NOT THE CASE NOW IF P2C INFORMATION IS USED CORRECTLY.] This will improve the accuracy, ease of understanding and transparency of the PAYE system for all stakeholders.

At its core, PAYE Modernisation means that, for each member of staff, employers will make the right tax deduction when the staff member is being paid, [USING P2C INFORMATION SUPPLIED BY REVENUE THIS IS THE CASE NOW] employees will have the certainty of knowing that they are not overpaying or underpaying tax and Revenue will, through real-time reporting by the employer, have the most up to date information possible to determine that each employee is subject to the tax deduction that is appropriate. It is anticipated that this reporting process by employers to Revenue will be fully integrated into the employer's payroll run, contributing to a significant streamlining of business processes and reducing administrative cost for employers. [WHILST REVENUE MIGHT WELL ANTICIPATE THIS, ACTUALLY, FORCING SMALL EMPLOYERS TO USE COSTLY COMPUTERISED PAYROLL SYSTEMS WILL INCREASE COSTS, IT IS EASIER, AND CHEAPER, FOR ME TO DO PAYROLL, MANUALLY, MYSELF.]

2.1 Implications for Employers

Employers will report to Revenue pay, tax and other deductions, as well as details of any employees leaving the employment, at the same time as they run their payroll.

Details of employees starting employment will be reported before their first pay day. The final payroll run in the year will generate a pre-populated statement setting out the total tax deductions for the year both at the level of the employer and the employee.

There is no proposal to change the due dates for employers to pay over the tax deductions and contributions to Revenue.

2.2 Implications for Employees

Prior to the start of each year, an online statement setting out the tax credits and standard rate cut-off point for the upcoming year will be made available to each employee. This will be based on estimated income and information available to Revenue for the employee.

Employees will be prompted to make any necessary adjustments to or to update this online statement, including claiming any additional entitlements. Based on this information a tax credit certificate, reflecting the most up to date information possible, will then issue to the employer and employee and this will ensure tax deductions are correct when salary or wages are being paid during the year.

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 and rate bands across employments during the year. This contrasts with the current system where the employee must wait until the end of the year for such reconciliation and wait for any refund or be faced with a tax underpayment.

Ad-hoc reconciliations will be a feature of the new system based on any changes in circumstances arising during the year. An automatic end of year review will be carried out for all employees based on income on Revenue's records from all employments, tax credits claimed and available third party data and will confirm the correctness of the tax paid for the year.

3. Employer Benefits/Impact

PAYE Modernisation will allow for significant streamlining of employer business processes and reduce the administrative burden by integrating PAYE reporting obligations into the normal payroll process.

[I HAVE ADDRESSED THIS POINT ALREADY. ON THE CONTRARY, IT WILL NOT, IT WILL INCREASE THE BURDEN]

Form-filling required by employers will be significantly reduced - for example, Forms P30, P35, P45s, P46s and P60s will be eliminated.

The system will automatically generate an end of year reconciliation for the employer.

Integrating and simplifying employer processes will provide increased confidence in the accuracy of the data, preventing costly and time-consuming errors and eliminating unnecessary contacts by employees with the employer where they have suffered an incorrect tax deduction.

[THE ONLY TIMES WE HAVE HAD THIS OCCUR IS WHEN , FOR NO APPARENT REASON, REVENUE ISSUED INCORRECT

P2C INFORMATION, WHICH WAS ONLY CORRECTED FOLLOWING CONTACT BY US, OR THE EMPLOYEE, WITH REVENUE]

Revenue will work closely with small employers who may not have payroll software or payroll providers to enable them to fulfil their reporting obligations in a cost effective way. [THIS WILL NEED

CAREFUL CONSIDERATION, BUT I DO NOT SEE HOW SUCH AN EMPLOYER WILL BE ABLE TO COMPLY WITH THE

GENERAL THRUST OF THE PROP

OSD CHANGES, WITHOUT SUFFERING INCREASED COSTS]

4. Employee Benefits/Impact

PAYE Modernisation gives employees the ability to quickly and easily manage their tax affairs by providing them with up to date information relevant to the calculation of their tax deductions and to make any necessary changes, in real time, through their online Revenue account (myAccount2).

Automatic periodic reconciliations and end of year reviews will provide significant benefits to individuals including to those with more than one employment.

Up to date information from payroll systems allows for the possibility of employees being able to make claims during the year for what are currently end of year reliefs, such as health expenses.

This is a policy matter which will be explored further with the Department of Finance.

5. Payroll Software Provider Benefits/Impact PAYE Modernisation will require development and input by payroll software providers. Revenue will engage early and proactively with software providers who will be critical to the success of this modernisation project.