

**To Ruth Kennedy**

**PAYE Modernisation**

**Revenue Commissioners**

For a start

Most of these are current and continuous

The following list is not exhaustive

There may be more

Excuse the informality and format

But please read it all

- PAYE should not be looked at in isolation in that USC and in particular PRSI are all “tax” to an employee
- PRSI in particular needs a huge upgrade giving priority to changing it totally to cumulative and it can be done without losing revenue
- PRSI is not a fair system e.g. an employee who should pay zero PRSI normally may pay PRSI a few times during the year if they are paid a small amount extra a few times a year. It is not possible to reclaim this PRSI if on an annual basis they are still in the zero PRSI bracket
- Illness benefit information is incomplete in some cases and therefore revenue will not be in a position to give correct information
- Simplification from 3 strands of tax below to 1 and call it income tax:-
  - PAYE
  - USC
  - PRSI
- Use income tax only and If necessary give a percentage to Department of Social Protection
- Keep inter departmental matters and levies etc. off the payslip
- If 1 line of tax agreed then only one set of bands etc. – how many bands etc. are there at the moment between the 3 lines of tax? !!
- Make sure if changing any of the above that all scenarios are well tested by many practical examples before deciding on any band or rate or rule
- LPT in the payroll is another limiting factor to revenue being able to provide correct information at any time
- Non PAYE comment you might pass on please – is there a tax equity law that says that all should be subject to same rate of tax and LPT does not comply with this ?? -- regionally different tax rates
- The following and more should not be in the payroll for some reasons already referred to above plus more in that they are operationally impractical, time consuming, complicated and unnecessary:-
  - Illness benefit
  - Maternity benefit
  - LPT

- Department of social protection should provide a payslip for every payment they make like every other payer and account for their own tax
- The whole system of payroll has evolved into a very unnecessarily complicated and confusing system
- Practical operational knowledge has not been consulted at all
- It also invades the privacy of employees regarding personal circumstances in relation to illness benefit in some cases e.g. it is necessary to know the taxable and non taxable illness benefit in order to account for it correctly on the payroll whether you are paying the employee on sick leave or not
- For practical examples please see all my emails to various revenue email addresses and to Department of Social Protection this year
- One case still not resolved
- Information is not timely enough from revenue and from public employers
- In particular with new employees
- To a certain extent it is not possible to have timely information in particular if employees are paid in arrears
- This is a necessary practical consideration
- On a specific level in relation to our area it is difficult enough to get locum doctors in this country without insisting that they are treated as an employee even if they only work for a day or a week at a time for many employers
- Many comply with self employed status but because they are doctors they are not entitled to it any longer
- Is this not an equality issue?????
- It would be easier if you would take the self employed out of the PAYE system and set up a withholding tax system
- We do not have many but a particular case this year was an unbelievable mess!

It is possible to simplify this for the employee and the employer and at the same time be fair and equitable and not lose revenue!

Best of luck!

(I operate the payroll and prepare the accounts)

Regards and thanks

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