

ITI workshop

Summary Findings

21st & 27th March 2017

Background

Stakeholder Design Workshops

As part of the PAYE Modernisation Project Revenue is engaging with external stakeholders to contribute to the design process. The main aims of this engagement are to:

- Gain insight into customers' business processes
- Gain greater knowledge of pain points of the current system
- Identify and resolve any potential design issues from the outset ensuring practicality and reduction in administrative burden
- Provide transparency to the design process for all
- Gain buy-in from key stakeholders
- Overall, optimise design, implementation and success of the programme by using stakeholder expertise

Stakeholder Corrections Workshop

Two workshops were held with ITI Members on the 21st & 27th March.

The topics covered were:

- Employer submission
- Agent Requirements
- Global Workforce
- Notional Pay & Benefits

Employer submission

Employer Submission

This discussion centred around:

- Positive response to removing P45 and P60
- Groups were open to giving a presentation to employees to update them on PAYE changes.
- Agent access was mentioned.

Employer Submissions

- Cost to comply was raised, in particular for employers with few employees who do not use software package. Current practice for these employers is to use excel and notifies agent only if a change has occurred.
- Discrepancies are not identified or cleaned up until P35 time. In this scenario, the P2C may not be actioned in a timely manner. Therefore, the agents would prefer to have a return out of year to make corrections to discrepancies that occurred during the year. Payslips are not always issued in this scenario

Agent Requirements

Agent Requirements

- The problem of being unable to set up new employee when you are an employers agent was raised. **This will be catered for in real-time by adding the person to the payroll submission.**
- Better identification of who a P2C refers to in the inbox. Possibility of segregating the inbox by tax types. One attendee discussed a code given to Revenue by Agents that Revenue would use when sending notifications. (similar to that used by HMRC)
- In favour of setting up static payroll for the year for small employers where relevant.
- What will happen if an agent changes partway through the year, one agent might run the payroll – the new agent may then have to make the return for that payroll? Will they be able to see the submitted details?

Agent Requirements

- It is preferable that the agent running the payroll would be able to see P2C data. At the moment if they are not on ROS they get a screenshot of it
- It was suggested that full access should be given to agents so they could view where errors were made in the payroll even if they did not prepare that payroll.
- May have to consider allowing multiple agents be linked to one employer number to cover multiple payrolls – i.e. allow link at a payroll -> reg number level.

Agent Requirements

- Area of directors payroll is a grey area for payroll staff – currently a lot of reconciliation is done at year end.
- Can be difficult for shadow payroll agents to deal with the employees on that payroll – they need to link themselves to the agent and this can be unwieldy and slow.
- Deadlines are often missed by agents as the linking of agent to employee by Revenue is a slow process.

Agent Requirements

- Use of some kind of electronic confirmation/link/tick box suggested or linking in with DSP for this mentioned instead of letter in the post. – perhaps we can use the new verified email that's used for the public service card.
- Agents would like to be able to access Jobs & Pensions to set up employees and act on their behalf – they want facility to transfer credits etc. through Jobs and pensions system.
- One company said they would like the MyAccount access but wouldn't want their employees to be able to access customers bank account detail etc.
- PAYE Services are no longer available in MyAccount and one agent mentioned this is a worry as they are losing customers as they can no longer do things i.e. medical returns etc.

Global Workforce

Global Workforce

This discussion centred around the operation of shadow payrolls and foreign assignees

- Shadow payrolls are problematic. Suggestion was made to exclude them entirely from the redesign process. **Option not being considered.**
- Time delay in receiving information from employers. Shadow payrolls are generally operated at least 1 month in arrears.
- Calculation of SARP is a manual calculation which delays processing of payroll.
- Foreign employees may have been and gone before agent receives the information.

Global Workforce

- Requirement by Revenue to prove tax paid in another country is problematic.
- Suggestion that marker included in new system to indicate shadow payroll is welcomed.
- Amendments to shadow payroll are regular.
- Requirement for Exclusion Orders to be streamlined.
- Exchange rates, language barrier, delays in obtaining PPSNs, Tax credit certs etc. will make it difficult to process shadow payroll in real time.
- Travel & subsistence paid here for 1st two months and payslip issued, but may not be taxable.

Global Workforce

- Guidelines for reporting need to be clear. Rules for interest and penalties also need to be clear.
- Option suggested: To provide a notional monthly amount in the payroll and then amend the amount when the correct details are known. However, this would involve a review of hypothetical figures every month which is work intensive
- How will employers be able to provide the information to Revenue? Details are in another jurisdiction. The individual could be on UK payroll.

Global Workforce

- Could a tracking system be incorporated as part of this project? Not every company would be able to track their employees. May be reluctant to report where they are to Revenue.
- This will involve extra resources which means an increased cost to employers.
- Can be delays in receiving the PPSN.
- Suggest that agent have authority to apply for the PPSN for employees coming to Ireland. Can be verified in person by employee on arrival?

Notional Pay & Benefits

Notional Pay & Benefits

This discussion centred around issues that may arise in relation to Notional pay and benefits:

- Tracking of business v private mileage difficult to track. Adjustments generally made late in the year.
- Getting accurate data from employers in relation to notional pay, BIK, bonuses etc. is problematic.
- Issues around Share Schemes. Information not received by agents in real time.
- Education required for small employers who do not have payroll packages etc.

Workshop Suggestions

- Concern over interest and penalties being applied due to employer not having the correct information. BIK car mileage may not be known until year end.
- Consider notional pay for someone on unpaid leave / maternity leave / away on business. Real time could have a negative impact on them. Individuals travelling on business may not have use of their company car while abroad.
- Employees should be able to claim their correct Medical Insurance tax relief online when there are additional policy members included on the policy.

Other Issues

- Issue around equity/shares particularly when vesting
- Foreign Tax Credits. Currently using best estimate.
- Allowances should be made for errors made in the first few months after introduction of new system.
- MyEnquiries acknowledgement does not give enough information. Does not say who the enquiry relates to.
- Will CSO obligations be incorporated? 70%-80% of the information they require is payroll info e.g. salary, number of employees, number of directors, new employees, DSP etc.

Other Issues

- Will WRC be incorporated? Employers are not aware of their obligations e.g. contract of employment, payroll and employment law, list of registered employees, time sheet etc.

Next Steps

- Summary of discussions to be circulated
- Further feedback via payemodernisation@revenue.ie
- Design workshops scheduled with other stakeholders including members of the Chartered Accountants Ireland (CAI) and pension providers.
- Ongoing engagement between Revenue and DSP working through impacts and opportunities of PAYE Modernisation, including taxation of benefits and PRSI reporting and collection.