

PAYE Modernisation

Service User Group
13th February 2020

Agenda

- Live Update
- PIT Update
- Data Integrity Project Update
- Permanent Health Insurance (PHI)/Income Continuance
- 12A Regulations
- 2019 Lessons Learned Update
- Actions
- AOB

Live Update

Live Update (as at 12/02/20)

- Total Submissions to date - > 7,137,600
- Total Submissions 2020 - > 856,800
 - Direct Payroll Reporting 86%
 - ROS Payroll Reporting 1%
 - ROS Manual Input 13%
- Submitting Employers to date - > 184,700
- Submitting Employers 2020 - > 157,500
- Submitting Employers for February - > 95,100

Breakdown of line items received via ROS

- Total payslips received: 99,029,500
 - Number received via OPA: 992,800 – 1%
 - Number received via payroll software: 98,022,900 – 99%
- Total Correction Count: 1,824,000
 - OPA Correction Count: 147,000 – 8%
 - Payroll Software correction count: 1,699,000 – 92%

Breakdown of Submitting Employers via ROS

- Total Submitting Employers : 184,700
 - Number submitting via OPA: 39,600 - 21%
 - Number submitting via OPA without software – 36,700 – 20%
 - Number submitting via payroll software: 170,400 – 92%
- Please note, if an employer ever submitted via OPA then they are included in the first two counts above. Therefore, there is double counting in these figures and submitting via OPA may not be the customer's BAU activity.

Employment Detail Summary

- Total Number of Employment Detail Summary documents generated -> 81,500

PIT Update

PIT Activity

- Open tickets -> 7
- Closed tickets -> 1783
- Users -> 287
- Companies -> 122
- PIT Next Version upgraded with USC changes on Friday 14/02/2020

Data Integrity Project Update

Data Integrity Project Update

- December and 2019 Software Report Cards were sent to all who requested them. January 2020 stats will be available after 15 February. Updates of 2019 will be made available as well.
- Divisional DIP teams continue to carry out visits/phone calls with Agents and Employers.
- Queries about incorrect Pay Date in 2019. When the pay date is reported incorrectly, whether it fails the Pay Date before Submission Date test or not, a correction is required. That includes incorrect pay dates in 2019.
 - If the pay date is in 2019, the pay date needs to be corrected in each submission.
 - If the pay date is in 2020, the pay date needs to be corrected but the period number should not be. The period number should be re-aligned going forward.
- Gross Pay issues continue to decrease. The total number of payslips with Gross Pay issues has declined 24% to 389,305. The other 8 issues we test continue to increase.

Tests

- **Test 6-Gross Pay < Pay for Income Tax**

Period	No. of Payslips Failed Test	Difference from Jan – Oct 2019
Jan – Oct 2019	131,011	-----
Jan – Nov 2019	98,358	32,653 (-24.9%)
Jan – Dec 2019	79,847	51,164 (-39.1%)

- **Test 7-Gross Pay < Pay for USC**

Period	No. of Payslips Failed Test	Difference from Jan – Oct 2019
Jan – Oct 2019	481,448	-----
Jan – Nov 2019	413,154	68,294 (-14.1%)
Jan – Dec 2019	309,458	171,990 (35.7%)

- **Test 20-Pay for USC not = Pay for employee PRSI**

Period	No. of Payslips Failed Test	Difference from Jan – Oct 2019
Jan – Oct 2019	1,082,512	-----
Jan – Nov 2019	1,167,755	85,243 (+7.9%)
Jan – Dec 2019	1,260,699	178,187 (+16.5%)

Behaviour and usage of the period number

- **Payslips Reporting Incorrect Period Number in January**

Pay Frequency	Payslips with Incorrect Period Number	Payslips Through Software Provider	Payslips Through OPA
Weekly (Period No 1-5)	3793	2035 (53.7%)	1758 (46.3%)
Fortnightly (Period No 1-2)	264677	264313 (99.9%)	364 (.1%)
Monthly (Period No 1)	17318	16668 (96.2%)	650 (3.8%)

- **Sample of Incorrect Input**

Pay Frequency	Incorrect Period Number
Weekly	3, 4, 5, 6, 7, 8, 9, 12, 32, 51, 52, 53
Fortnightly	3, 4, 5, 6, 14, 26, 27
Monthly	2, 3, 4, 5, 6, 10, 11, 12

- If an incorrect Period Number is reported, it does not need to be corrected in previous submissions. It should be realigned going forward.

Permanent Health Insurance (PHI)/Income Continuance

Permanent Health Insurance (PHI)/Income Continuance

Type of Pay	Included in Gross Pay	Liable to Income Tax	Liable to USC	Liable to Employee PRSI	Liable to Employer PRSI
Employer Income Continuance/Permanent Health Insurance. Revenue Approved. Combined contribution (EE and ER) up to 10% of the employee's income.	N	N	Y	N	N
Employer Income Continuance/Permanent Health Insurance. Revenue Approved Combined contribution (EE and ER) in excess of 10% of the employee's income.	Y	Y	Y	Y	Y
Employee Income Continuance/Permanent Health Insurance. Revenue Approved	Y	N	Y	Y	Y
Income Continuance/Permanent Health Insurance. Unapproved Scheme Taxed as BIK.	Y	Y	Y	Y	Y

Employer Contributions

- The Revenue website confirms that employer contributions to an approved scheme is only liable to USC. If the contribution is made to an unapproved scheme, it is treated as BIK and liable to Income Tax, USC **Employer contributions**

Your employer may contribute to an approved scheme on your behalf. You must pay USC on these contributions.

PAYE and PRSI does not apply where the combined contribution (employee and employer) does not exceed 10% of the employee's income. Any excess over 10% should be put through the payroll and PAYE and PRSI paid on that amount.

Where the premiums are for an unapproved policy or scheme, the premiums paid by the employer are taxable as [Benefit in Kind \(BIK\)](#).

- Section 8.10 of The Employer's Guide to PAYE also confirms the contribution is liable to USC but the example does not include it in Gross Pay

Gross Pay	€1,000
Employer contribution to a PHI scheme	€20
Gross Pay for USC purposes	€1,020

Employee Contributions

- The Revenue website confirms employee contributions to approved schemes are not liable to Income Tax but are liable to USC and PRSI. For that reason, they are included in Gross Pay

You will receive tax relief based on the premiums that you paid in the year that you are claiming for. The relief is allowed by either:

- your employer, who will deduct the payments from your gross pay before calculating [Pay As You Earn \(PAYE\)](#). This is known as net pay arrangement
- Revenue, who will adjust your [standard rate cut-off point \(SRCOP\)](#) and [tax credits](#).

The relief you receive is limited to 10% of your total income for the tax year. Payments to these schemes do not qualify for [Pay Related Social Insurance \(PRSI\)](#) [↗] or [Universal Social Charge \(USC\)](#) relief.

Regulation 12A – Notional Pay

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Regulation 12 of the Income Tax (Employments) Regulations 2018 covers the reporting requirements for notional pay.

- notional pay can be reported the day the notional payment is made, or
- the earlier of the next pay day or the 31 December in the year the benefit is received.

Regulation 12A – Notional Pay

- Employers must include a best estimate of the value of the notional benefit in the relevant payroll submission.
- When the actual value of the benefit becomes available, you must include any adjustment in the next payroll submission.
- However if the value becomes available in the next tax year the employer must correct the final payroll submission for the year in which the benefit was made available
 - E.g. In January 2020 the actual value of a notional payment made in December 2019 is determined as €200
 - In the payroll submission in December 2019 only €100 was included in the relevant pay fields and deductions calculated on a notional value of €100
 - The employer must correct the payroll submission in December 2019 to reflect €200 notional pay and the deductions should be calculated on the actual value of the benefit.

2019 Lessons Learned Update

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Action	Update
In-depth capacity review	In progress
Refactor the RPN process to increase performance and promptly alleviate backlog if/when created	Scheduled for H1 2020
Refactor the deletion process to cater for larger volumes	Scheduled for H1 2020
Create a separate process for handling deletion request from large employers	Scheduled for H1 2020
Determine the cause of this delays processing on the large payslip queue and relevant remedial action will be taken	A sequencing issue has been identified and a fix is scheduled for release w/c 23/02/2020. Further analysis is ongoing.

Actions

Actions Update 1/3

Action	Responsibility	Update
Live update – provide additional metrics of those only using OPA and not software.	Revenue	Covered in slides.
Provide explanation in regard to the high number of OPA related ‘missing’ submissions.	Revenue	A single employer was responsible for 350 submission line items of the 380 attributed to OPA in the stats.
Update the software providers on the number of submissions with deletes within their package impacted during the 17/18 December period.	Revenue	Complete.
Consider a CAB for allowing the ability to delete a submission or run in a single request based on run reference or submissions reference.	SUG	Detailed CAB to be raised.
Provide a terminology that NEH will use when flagging known issues to employers so that software providers can identify and triage appropriately.	Revenue	Complete, detail provided to Jason for December 2019 issues.
Provide hard evidence of performance and the result of enhancements.	Revenue	In progress

Actions Update 2/3

Action	Responsibility	Update
Update online content and employer guide.	Revenue	Scheduled for end of February.
Provide stats on the behaviour and usage of the period number.	Revenue	Covered in slides.
Issue comms to accountants regarding PAYE as a receipts basis and the reporting of Pay date.	Revenue	Direct contact was made with the accountant representative bodies.
Provide suggestions on how best to drive the behaviour to align pay period.	SUG	
Confirm details of 12A regulations in regard to adjustments in 2020 particularly for shadow payroll.	Revenue	Covered in slides.
Update online content to explicitly state that 2019 RPNs can no longer be downloaded.	Revenue	Will be included in the scheduled updates to employers guide.
Review and provide clarification with regard to the employers guide section 8.8 with consideration for 1/01 & 02/01 as W53.	Revenue	Example will be included the scheduled updates to employers guide.

Actions Update 3/3

Action	Responsibility	Update
Update PIT to ensure that all data is truncated consistently at 90 days.	Revenue	Data in PIT3 truncated. PIT 4 will be truncated in March.
Set up a meeting to discuss the scope of 2020 work that will be delivered.	Revenue	In progress
Report on progress with regard to pre-Christmas 2019 lessons learned in future SUG meetings.	Revenue	Covered in slides.
CE schemes; provide suggestion on the communications that the SUG would like to be passed to CE schemes.	SUG	There has been communication between DEASP and some payroll software providers.
Provide further details on re-grossing.	Revenue	Complete
Issue report cards. An announcement will be added to the PIT helpdesk to say that those that have not received report cards should raise a PIT ticket as the appropriate contact is not known in all cases.	Revenue	Complete

AOB

AOB

- Next meeting: 12th March 10am
- Meeting schedule for 2020
 - March – 12th
 - April – 9th
 - May – 14th
 - June – 11th
 - July – 9th
 - August - 13th
 - September – 10th
 - October – 8th
 - November – 12th
 - December – 10th