Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

PAYE Modernisation
Theatre Forum
23 January 2019

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Background & Design Principles

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Why modernise PAYE?

Changing nature of:

- Employments
- Payroll
- Information and communications technology
- Expectations

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PAYE Modernisation

EMPLOYER

Seamless integration into payroll

Minimize employer cost to comply

Abolition of P30s, P45s, P46s, P60, End of Year Returns

Right tax paid on current due dates

Time savings

EMPLOYEE

Simplified online services

Maximise use of entitlements

Automatic end of year review

Real time accurate data

Transparency

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Statutory in-year employer return

Making compliance easier

Accurate up to date income details

Reduced customer contacts

Timely targeted interventions

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Context

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Employee/Employer Statistics 2018

- **Employees**
- 2.9m active employments (includes pensions)
- 292,000 employees >1 live employment
- Multiple employments with the same employer

Employers
- 180,000 employers
- 111,000 employers with ≤ 5 employees
- 98% File through ROS

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System Update

- 579,000 RPN requests by employers

- 191,000 Successful Payroll submissions

- Number of unique employers – 129,000

- Representing over 1.65 million Employees

- Unique number of employments - 1.7 million

- Paper Payroll Submissions – 282 (45 employers)

- Range of payroll sizes successfully submitted

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Employer Obligations

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Employer Obligations

- Commence or cease employees on Payroll.
- Request Revenue Payroll Notification (RPN).
- Submit Pay and Tax details **on or before** payment to employees.
- Review monthly statement made available on ROS by Revenue and reconcile it with payroll records.
- Deemed your return by the 14th of the following month.
- End of Year Returns (P35) - each month stands as a statutory return. No option to tidy up at year end
- Persistent Technology Failure.
- For 2019 there will no longer be an obligation on employers to provide P60 to employees.

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Employer Obligations for Payment

Payment options

Guidance on payment options on Revenue website

- No change to payment dates – 14th or 23rd of the following month

- Quarterly/Annual remitters remain paying quarterly or annually but must submit payroll each time they pay their staff.

- Direct Debit/Variable Direct Debit

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High Level Design and Process Flows

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Seamless integration of reporting into the payroll process
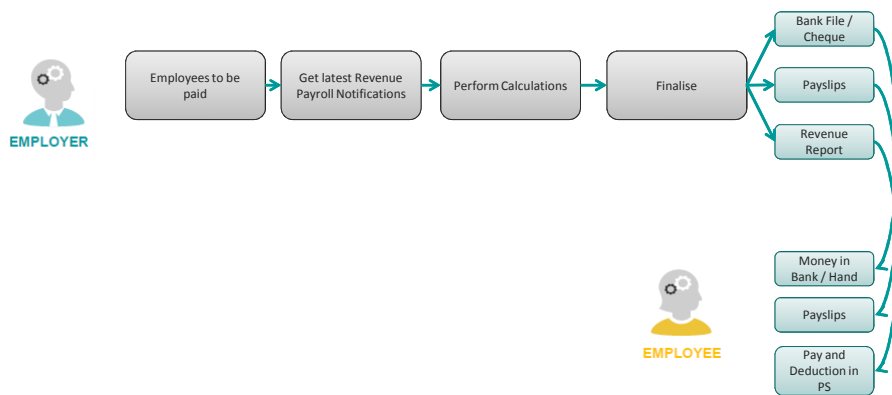
Abolition of P30s, P45s, P46s, P60, End of Year Returns

- Statement issued to employer each month with total tax due based on submissions
- Statement deemed as return if no corrections made by return due date
- New employees (P45/P46) set up in payroll and Revenue Payroll Notification requested will commence the employment
- Payroll submissions by employers will include commencement and cessation dates
- End of Year Returns (P35) - each month stands as a statutory return. No option to tidy up at year end
- For 2019 there will no longer be an obligation on employers to provide P60 to employees

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Payroll Reporting Options

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Payroll Reporting Options

Payroll Software

- Direct Payroll Reporting- payroll software communicates with Revenue seamlessly

- ROS Payroll Reporting- Upload files created by payroll software through ROS

No Payroll Software

- Employer must request RPNs and complete an online form to record pay and payroll deductions for employees through ROS

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PAYE Modernisation - Employee

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Revenue Payroll Notification

- The Revenue Payroll Notification (RPN) can only be used for the year it is issued.
- The RPN provides employers in real time the relevant information to calculate statutory deductions.
- If an employee starts a new job the employer requests the RPN.
  - If a previous job is ceased the credits will automatically be given to the new employer.
- The employer notifies Revenue with the last payment of the employees leaving data.
  - This will make the credits available for the next employer

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Emergency Tax

- As the RPN is provided in real time to the employer there are only a few scenarios where an employee will be on emergency
  - The employee does not provide the employer with their PPSN
  - It is the employee's first job in the state

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Emergency Basis of Deduction

Emergency Basis of Tax Deduction 2019

Tax Rates	
Standard Rate of Tax	20%
Higher Rate of Tax	40%

Where employee does not provide a PPS Number

Week or Month	Cut-Off Point	Tax Credit
All	€0.00	€0.00

Where employee provides a PPS Number

Weekly paid	Weekly Cut-Off Point	Weekly Tax Credit
Weeks 1 to 4	€679	€0.00
Week 5 onwards	€0.00	€0.00

Monthly Paid	Monthly Cut-Off Point	Monthly Tax Credit
Month 1	€2,942	€0.00
Month 2 onwards	€0.00	€0.00

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Jobs and Pensions Service

- The Jobs and Pensions service allows you to register your new job or private pension with Revenue.
- When you register your job or pension, Revenue will send a Tax Credit Certificate (TCC) to you.
- A Revenue Payroll Notification (RPN) will also be available to your new employer or pension provider.
- This will ensure that the correct amount of tax is deducted from your job or private pension.

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Jobs and Pensions Service

- You must use the Jobs and Pensions service to register your first job in Ireland.
- You can also use the Jobs and Pensions service to:
  - Register a second or subsequent job or pension.
  - Cease a job.
  - Notify us if you are receiving payments from a private pension (not a Department of Employment Affairs and Social Protection (DEASP) pension).

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Manage your tax for the current

- The Manage Your Tax service is a quick, secure and convenient way for you to manage your taxes for the current tax year.
- You can:
  - View your tax record and tax credit certificate.
  - Claim additional credits.
  - Declare additional income.
  - Divide your credits and rate bands.

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Claiming Social Welfare Benefits

- Employers no longer provide you with a P45.
- Employers report your leaving date with last payment.
  - Employee can record leaving date via Jobs and Pensions.
- Revenue provide real time information to DEASP to allow them process any claims for benefits.

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Taxation of Welfare Benefits

- A defined list of social welfare payments are taxable.
- Tax is not directly deducted from your payment by DEASP.
- If you have an employment or an occupational pension, any tax due is collected through payroll (by your employer or pension provider) by reducing your tax credits and rate bands.
- This will be shown on your Tax Credit Certificate which is available in Revenue's myAccount.
- If you are self-employed, the details of your payment will be prefilled to your tax return.

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Net pay arrangement

- Net pay arrangements should not be agreed. They can leave the employer exposed to an additional liability due to reallocation of credits by the employee.
- If incorrect tax credits and rates are used by employer, you could be liable for any shortfall with the possibility of the amount being re-grossed
- Always deduct tax based on the Revenue Payroll Notification (RPN)
- Ensure that correct tax deductions are applied
- The RPN is available in real time – tax credits and rate bands available for that employee at payment time.

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Information

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Information

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myAccount

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Information

- Regular updates on revenue.ie

- National Employer Helpdesk: 01-7383638 or
  1890-254565
- MyEnquiries - for complex queries.

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