TaxFax extract – 13 September 2019

PAYE Modernisation update

Revenue provided an update on employee and employer-related aspects of PAYE modernisation at a recent meeting. We summarise some points of interest below.

Employees

Work is underway on the 2019 end of year information employees will be able to view on "myAccount", from mid-January 2020:

- An Employment Details Summary Form for 2019 (to replace the P60): This will contain details of an employee's earnings for each employment for the year. The summary form can be used in the same manner as a P60 (i.e. as evidence of income to provide to financial institutions, the Health Service Executive, County Councils or other parties). A separate form will be made available for separate contracts with the same employer, during the year.
- An End of Year Statement for 2019 (akin to the P21): This statement will reflect an employee's income details as reported by all of their employers during 2019. Employees will be able to view and accept the statement if they are satisfied with its contents or make any necessary additions or corrections by submitting an eForm 12.
- A facility to allow employees to transfer payslip information to financial institutions, in a secure format, is expected to become available in the coming months.

Revenue will be escalating its communications campaign regarding the facilities on myAccount, over the months ahead. Employee engagement sessions with some large private and public employers have begun. Public information sessions are also being scheduled, with Revenue trialling updates in some libraries. Details of scheduled public information sessions are being posted on the Revenue website.

We will update members on important developments as they arise.

Employers

Over 4 million payroll submissions were successfully submitted by employers by the end of August. Revenue has acknowledged that most employers are submitting the correct payroll information. However, some recurring issues have been identified and Revenue is working with employers and software providers to rectify known errors. A dedicated Data Quality Team in Revenue is monitoring payroll submissions for known issues. Some issues the Revenue team are reviewing are outlined below:

- Emergency tax reported, but no tax deducted
- Emergency tax reported, where an RPN is available
- No PPSN and less than 8% USC paid
- No PPSN and less than 40% income tax paid
- USC deducted where the employee is USC exempt
- Pay date before submission date
- Duplicate pay items
- Negative Gross Pay
- Gross Pay reported as less than Pay for Income Tax and/or less than Pay for USC
- Pay for USC is not equal to Pay for Employee PRSI

Income tax, USC and PRSI have different charging provisions. Therefore, some legitimate discrepancies can arise when employers are correctly applying the PAYE regime, including some of the issues listed above. Businesses may wish to examine their payroll processes to eliminate other discrepancies identified, if relevant.

One of the payroll process issues discussed with Revenue is the timeframe between retrieving RPNs and running the payroll. From a business perspective, it may not always be possible to retrieve RPNs and run the payroll on the same date, given internal payroll sign-off procedures. However, it is recommended that the timeframe should be as short as possible. Otherwise, there is an increased risk that the latest RPNs are not applied when running the payroll and submitting returns to Revenue.

Variable Direct Debit

The option to pay payroll liabilities by Variable Direct Debit (VDD) is proving popular. Some businesses may find this option useful to save time setting up a ROS Debit Instruction (RDI) each month or to minimise the risk of missing a payment deadline, if the person who normally arranges the payment is absent. Revenue has a calendar of the relevant cut-off dates for setting up or cancelling/amending a Direct Debit and the deduction date (the third last working day of the month). Businesses that have a Fixed Direct Debit in place would need to cancel their current arrangement before moving to VDD, to avoid duplicate tax payments.

Quarterly payers who wish to set up a VDD mandate, can do so now. However, this payment option will only take effect in November and cover the October payroll liability, as the Quarter 3 period is still underway. An alternative payment method must be used to pay the August and September liabilities. Quarterly payers moving to VDD may need to consider whether they will have sufficient funds in their account to pay the full liability each month, as VDD is a monthly payment arrangement.

We received some feedback over the summer of instances in which the payment date for Quarterly payers, for the April/May/June period, was defaulting to a current date rather than to the 23 July payment date for the period. We raised this with Revenue who has advised that this issue arose for some users and it was fixed in mid-July. Quarterly payers should now see the correct quarterly screen when they opt to “make a payment” in the Statement of Account application.