

Public Consultation on PAYE Modernisation

The following comments are from Generali Link Limited, employers' payroll perspective.

Input:

- **Illness Benefit.** Integration of Illness Benefit payments into the PAYE Modernisation system would be hugely beneficial for the employer.
There would need to be a streamline process - from application to DSP, issue of notification by DSP to ROS, confirmation of lodgement to company bank account, confirmation to employee and finally processing the full payment in payroll.
In addition, I/B payments issued late in the year (after 1st week in December) will not be included in December payroll, as notifications will not be received by payroll on time for December payroll. This requires amended/supplementary P35, P60 to be issued. Having Illness Benefit process included in the modernisation will be of significant benefit.
- **Transparency.** I would like to see Revenue more forthcoming regarding eligibility of individuals to claim tax credits which are clearly due to them. A simple prompt to an individual (via "My Account" or otherwise) to initiate a claim should be included in the modernisation. Example: claiming a tax credit for medical benefit-in-kind for an individual with PAYE income only, may not be aware of this credit. Will PAYE modernisation "work together" with people in this regard?
Is it Revenue's policy to contact employees to inform them to claim tax credits, reliefs etc.? It is most likely Revenue will contact employees when there is an underpayment of tax etc. and "demand" / "request" payment. I would like to see PAYE Modernisation will take this point into consideration and develop a "working together" relationship.
- **Collaboration.** Sometimes there is an "fear" of contacting Revenue or claiming credits from Revenue by employees, as they may expect a refund but may receive a tax bill instead! I would like to see an environment of "working together" develop between Revenue and employees. PAYE modernisation will allow this to happen as there will be "periodic reconciliations of employees' tax deductions based on actual pay and tax details".
In addition, employee information/queries sent to a local tax office, may also be requested to send to a 2nd Revenue department. Will PAYE modernisation update employee's accounts, within Revenue with information/queries submitted for all related departments to view? Will PAYE modernisation improve communication/sharing of information within Revenue departments?
- **Help / Information Sessions / Awareness.** PAYE modernisation should, ideally, help all concerned to understand how the new system works. Perhaps, information sessions in places of employment would be of benefit? I understand the scale of this may not be feasible. A mandatory training session on-line (1 to 1½ hrs) in places of employment? Perhaps organised in-house by HR/Payroll departments. Revenue and employers need to help employees understand the new system before "going live" in 2019. Employees need to be informed of credits, reliefs etc. they are eligible to claim, how to claim, the effect on their

pay etc. I understand there are many ways on-line to access information but people may find these hard to understand and abandon their attempts.

- **Cumulative Tax System.** In general, our company pays a bonus in April each year. Employees who normally pay tax at 20% will exceed their 20% limit and pay tax at 40% in April. Towards the end of the year, some employees find their tax deduction increases, as “tax at the higher level” decreases. This causes significant inconvenience for employees. It can be difficult for some people to understand the “cumulative basis of tax” and how it works. Ideally, PAYE Modernisation will deal with this issue and solve this problem.
- **USC & PRSI.** As USC and PRSI are collected via the PAYE system, are these deductions included in the PAYE modernisation.
- **Ad hoc reconciliations.** “Changes in circumstances during the year” e.g. marriage, separation. How will PAYE modernisation cater for people to inform Revenue of such changes? Will PAYE modernisation inform people, that in certain circumstances they are required to contact Revenue?

Comments:

- Periodic reconciliations of employees’ tax deductions by Revenue will be welcome to avoid situations of additional tax deductions towards the end of the tax year, as per “Cumulative Tax System” notes above.
- Elimination of form filling and end of year forms will reduce workload and save time for the employer.
- Real-time tax processing will be of significant benefit to employees to deal with underpayment/overpayment of tax rather than waiting until end of tax year. Tax issues will be resolved faster.

Questions:

- Will PAYE modernisation for Income Tax include USC and PRSI.
- Will “My enquiries” still be available for use by employers?
- Will ROS change?
- Periodic reconciliations – what information will be required from employers? Will this information be available from the payroll system?

Kind regards,

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Human Resources

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