

Dear Sir or Madam,

While I understand the need to modernise the PAYE system and agree with the principle, as a small business owner and payroll operator I have some concerns relating to the feasibility of operating a dynamic system. Below are some points I hope can be addressed before a new system is put in place.

1. For all our full time staff we operate our payroll on a “week in arrears” basis, i.e. – full time employees work week 1 but only receive wages for week 1 at the end of week 2. Week 1’s calculations and payslips are generated at the end of week 2. Our casual staff operate on a same week principle i.e. they get paid at the end of the week in which they work, they work in week 1 they are paid at the end of week 1.

While most of our staff are paid in arrears, casual relief staff are paid at the end of the week in which they work. This creates a complication in running our payroll, we work around this by operating the following system; for example, this week is week 46 and we are currently processing payroll for week 45 for regular staff.

The process used is outlined below;

In week 46:-

1. We would finalise week 45, print payslips.
2. Send EFT file for week 45 to the bank.
3. Open and start processing week 46 for casual staff only.
4. Finalise week 46 for casual staff only as they are being paid immediately, print their payslips and issue cheques.
5. Next week, week 47 we will reopen week 46 and rewind to the beginning,
6. We process all staff including casual staff already paid by cheque
7. Finalise week 46 again
8. Send EFT file for week 46 to the bank for regular staff only (Casual staff already paid Friday of week 46). And print payslips for regular staff.

The processing cycle continues week after week. It should be noted that week 46 (and every week) is finalised twice, once for casual employees only, so that they can be paid immediately and again during the following week for all staff. The ability to rewind a payroll week to do this is essential.

In a new system this will mean sending two files to Revenue for week 46, will the new system allow this? If not how can payrolls like ours operate?

2. Correction of errors and omissions: As above in a new system two files for the same week may be sent to Revenue an example is outlined below. It can happen that when the payroll is processed, funds are transferred to the employee's accounts and then an employee notices that there has been a mistake made in their wages, e.g forgotten overtime. It is not always possible to add this overtime into the next week's payroll, as the employee may need the overtime monies this week, the week it was due. Currently in this situation we would process the employee's wages again and issue a cheque to cover the difference.

What arrangements will be made by Revenue to facilitate post processing correction of errors and omissions within the same week?

3. When payroll is operated on a "week in arrears" basis, week 52 wages are processed at the end of week 1 of the New Year. The way the system operates now allows us to do this.

Will the new Revenue system allow payrolls for week 52 of a previous year to be processed in week 1 of the New Year?

4. Loss of internet connection: From our reading of the consultation paper, it is intended that all P2C information from Revenue will be obtained by our payroll system on a weekly basis. Loss of internet access and subsequently connection to Revenue can be quite common, especially in areas like ours that have overhead wired connections.

Will it be possible to process payroll off line or will we have to connect to the Revenue's systems?

5. We carried out a survey of our employees regarding online revenue services. Over 55% are unable to access online services for various reasons, mostly due to lack of computing skills.

Will Revenue still engage with people via paper/post?

6. Certain types of employment have payroll systems that are straight forward and would no doubt suit your proposed changes. However I feel that the majority

of small to medium businesses such as our own, have to process a payroll system that allows for frequent changes, alterations and flexibility. Having talked with other businesses, there is a genuine concern that the proposed changes will restrict the payroll flexibility needed and cause casual employment to fall into the black economy.

7. If it were possible to expand each P30 return so that it is like a mini P35, giving a breakdown of each employee's deductions, it would keep Revenue more up to date regarding an individual's PAYE/PRSI/USC contributions, than at present. While I understand this is not what Revenue wants I feel it would go a long way to improving the current system and also facilitate the way many businesses have to operate their payrolls.

Hopefully my comments are constructive and will aid the Revenue in creating a system that will work for everyone concerned.

Regards

Peter Brennan.