

Insurance Association workshop

Summary Findings

12th & 13th April 2017

Background

Stakeholder Design Workshops

As part of the PAYE Modernisation Project Revenue is engaging with external stakeholders to contribute to the design process. The main aims of this engagement are to:

- Gain insight into customers' business processes
- Gain greater knowledge of pain points of the current system
- Identify and resolve any potential design issues from the outset ensuring practicality and reduction in administrative burden
- Provide transparency to the design process for all
- Gain buy-in from key stakeholders
- Overall, optimise design, implementation and success of the programme by using stakeholder expertise

Stakeholder Corrections Workshop

Two workshops were held with Insurance Association on the 12th & 13th April

The topics covered were:

- Employer data submission
- Commencement/Cease Dates
- Corrections

Employer Data Submissions

Workshop Suggestions

- Request to handle payroll submission files containing more than 1 employer number on one payroll system
- Concerns were raised about premiums and/or lump sums paid post cessation. Can P2C details be used if P45 issued?
- Shadow payrolls can cause significant corrections
- Concerns raised about pension recipients who are unable or unwilling to use online services
- Employment Unique Identifier – how will it work in different scenarios eg promotion with different contract, same employer number
- Positive response to Revenue including Illness Benefit details on P2C
- Rules required for share based remuneration eg Vesting

Workshop Suggestions

- Issues around transferring pension providers as need to establish what has already been paid
- Issues raised re Revenue's ability to issue only 2 P2Cs to same employer number. Often pension recipients have more than 2 policies
- Some manually split allowances between policies in the absence of P2C
- Some providers run special payrolls in December to issue refunds
- Suggestion made that for end-of-year adjustments, a 6 week grace period should apply
- Can something be built into the system to identify once-off taxable payments?
- Request for bulk transfer of employees will possibly occur before Brexit as companies become standalone in Ireland

Commencement/Cessation

Commencement

- Providers try to get client to register with Jobs & Pensions but advice usually ignored
- Some providers commence using P46, others don't. Onus is on individual to obtain P2C
- Many pension recipients do not see pension as employment and don't understand the need for registering or getting P2C
- Issue raised re auto cessation of employment. In some cases the individual may have to wait 5 years before encashment of pension, so employment should not be ceased in this instance
- ARF – set up the income and then come into payroll. ARF customers more likely to do their own returns.
- Future start date can be used as payment only kicks in when client is 61.

Commencement

- Pension plan has start date, but payments may not actually commence until 20/30 years later
- Certificate of Existence issued. It may take a year to hear back and then provider required to make arrears payments
- Income continuance payments may have several start and cessation dates
- Suggest that system has marker to identify one-off payments
- Individual may cease their policy. If they re-join in the future, record is re-opened. Software will assume it's the same record

Cessation/Death

- General consensus that there should be a 'deceased' marker.
- P45s may not be issued – only when moving employments in bulk from 1 provider to another
- Confusion around procedures for death cases
- In death cases, some suspend until case is up to date and then file P45. Amendments may be required to P35
- Death payments are usually made manually. Not chargeable under Schedule E
- Pension is ceased on death but provider knows the estate is not finalised so supplementary data is expected.
- If late notification of death received, money must be recouped from estate. Payment not reversed until repaid which results in amendments to P35

Cessation/Death

- On date of death (DOD), providers will either:
 - a) Cease employment and re-issue P45 for post-deceased date or
 - b) Suspend payment at date of death, recoup any underpayments and then issue P45
- A 'certificate of existence' is issued every year
- When no reply received, payments are suspended, but not ceased.
- If no answer received at year end, a P45 is issued.
- Providers asked what can be done in this situation – Some said that there would be difficulties in assigning a new EUI number on the recommencement of a payment
- Some providers will 1) cease employment at DOD but will reissue P45 for payments post deceased date. Others will b) suspend payment at DOD, recoup any underpayments and then issue P45

Exclusion Orders

- Preferable for Exclusion Orders to come in through ROS
- Exclusion Orders can not be applied to ARF's
- Difficulties encountered where switching between products, i.e. Exclusion order finishes, P2C with credits issues before new Exclusion order reissues.
- Suggestion that a marker be put on record where there is an ARF (to stop issuing of Exclusion orders in error to these cases)

Income Continuance

- Providers do not regard their claimants as employees, especially if employee has other employer.
- Overpayments can occur with Income Continuance where employee is paid by both the scheme and employer
- There are a lot of corrections, due to an increase in short-term claims from time to time – therefore end dates not used and P45's not issued
- Suggested that there be markers on Payroll submission for Income Continuance schemes?
- Asked how Employment ID would work in cases where there were intermittent Income Continuance payments

DSP Payments

- May get notification of DSP Illness benefit, but the individual is not due another payment, so it cannot be taxed
- Once off payments are recorded as employments which result in DSP ceasing benefits
- Some providers do not operate on DSP advice letters
- Once-off payments cannot tax this income – possible with Annuities, as they are payable monthly
- Query DSP on sending two letters to 2 employers for same Illness Benefit claim

Other

- **LPT** – payroll may not be able to collect outstanding amount if no further payments due to be made
- Insufficient payment to cover the deduction – a burden to sort out
- LPT not always deducted in full – liability divided over remaining payroll periods in the year. Lists of cases where not e-collected sent to LPT
- Employment Unique Identifier – will this need to change on promotion?
- EUI – 2 scenarios to consider:
 - a) Individual has one job, 1 PREM, multiple locations e.g waitress
 - b) Individual with 1 PREM and multiple jobs/pensions e.g. HSE/pension

Next Steps

- Summary of discussions to be circulated
- Further feedback via payemodernisation@revenue.ie
- Design workshops scheduled with other stakeholders including members of the Chartered Accountants Ireland (CAI) and pension providers.
- Ongoing engagement between Revenue and DSP working through impacts and opportunities of PAYE Modernisation, including taxation of benefits and PRSI reporting and collection.