

PSDA Summary Findings

3rd April 2017

Agenda

- Revised submission data details
- Concept for creating and ceasing employments
- Out of year amendments
- Error/reporting - system response messages
- P2C revised format
- Illness benefit
- Return reconciliation

Employer submission data

Submission Data

- Ambiguity around 'pay date' – legislation will need to define pay date. **Follow up required.**
- Two more categories to be added to pay frequency –
 - twice monthly
 - week based month
- Standard Rate Band does not take into account possible additional Rate Bands that could be introduced in a future budget.
- *Standard Rate this Period* should be renamed to indicate it is the amount the employee had available to use in this period.
- Definition of gross pay needed – at present, it has multiple meanings across payroll software providers. It needs to be a clear term for employees also.
- Pay for PAYE – What should the value be if an individual is exempt or has an exclusion order?

Submission Data

- If there is no PPSN available – Employment Unique Identifier(EUI) to be used.
- Should a new EUI be used for re-commenced employments or for each time a casual employee re-commences work? **No. New EUI only if the employment was ceased.**
- No PPSN – EUI may be purged from some software systems at the end of the year where the employee leaves.
- Asked to consider that an individual may have multiple pension identifiers.
- It was stated that CSO has a lot of EHECS (Earnings Hours and Employment Costs) requirements, which cannot all be covered by payroll.
- ‘Temporary’ category removed - marginal rate to be considered.
- Cut-off points for USC not being included.
- Can ‘insurable weeks’ be a negative amount? **To be considered**
- Director Field required to identify different types of director.

Submission Data

- Temporary basis is considered irrelevant in new system.
- Medical insurance paid by employer – Software currently only aware of the amount if they are subject to tax – should this include a notional pay amount? **To be considered**
- Taxable benefits field to include everything, including the amount of BIK medical insurance.
- Number of Earning Periods covered by Payments: can there be a mixture of quarterly and monthly in one payroll?
- There is uncertainty around the '**final payroll indicator**' field –
 - We should consider different pay frequencies, as weekly paid may be finalised before monthly etc.
 - It can be difficult to know when the final payroll has been run
 - One suggestion is to finalise after the tax year has ended – i.e. once a date in January is submitted, this is considered a new pay year – Revenue knows that the previous year had ended and can produce the P60 equivalent.

Concepts for commencing and ceasing employments

Commencing and Ceasing

- Pay frequency to be updated in line with data submission
- Pension tracing number not stored – this number may not be known when commencing employment.
- Foreign tax credit and SARP indicator not requested at present – payroll may not know the information when setting up the employment. If requested, an application is initiated. An idea would be to ask if the employee works outside the state – If yes, the SARP/Foreign tax credit questions could be asked then.
- HR data classified as the following:
 - Any CSO data
 - Employment type
 - Foreign tax credit
- Start date may change and payroll submission could have a different date. Will this create an error, or can rules be made to prevent duplication? **To be considered**

Error Reporting/Response Messages

Error Reporting

- All scenarios of errors where the submission will be rejected were generally accepted by the group.
- Errors will need to be coded and published on revenue.ie – allowing for the software to parse the error and provide its own error to the payroll operators.
- There were concerns over Revenue rejecting a line item where PPSN not supplied after the specified max amount of submissions. It was suggested that we accept the data and send a report back to alert the employer to follow up regarding the PPSN.

P2C Format

P2C Format

- Major concerns over the '*other income liable to PRSI*' field and whether this would be covered by Data Protection. How will this income be taxed? This field was thought liable to cause confusion.
- PRSI Exemption – need to clarify if income is PRSI exempt or if the individual is exempt from PRSI.
- Tax basis – remove emergency tax (not relevant on P2C)
- Date certificate begins - move to nearer the Tax year field.
- Bands should always be rounded up in employees' favour.
- Yearly Standard Rate Band to be renamed Yearly Standard Rate Cut-Off Point.
- USC status – no need to include it (it is relevant on TCC, not P2C)

Next Steps

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- Summary of discussions to be circulated
- Further feedback via payemodernisation@revenue.ie or PSDA Chairman
- More PSDA workshops planned and Revenue will clarify the points and issues raised following due consideration and involvement from other stakeholders
- Design workshops scheduled with other stakeholders, including Insurance Association, Irish Institute of Taxation, Employers and Employees
- Ongoing engagement between Revenue and DSP working through impacts and opportunities of PAYE Modernisation, including taxation of benefits and PRSI reporting and collection.