

**PAYE Modernisation  
Small Firms Association  
External Design Workshop  
24<sup>th</sup> April**

# Overview of the morning

Time	
9.15 – 9.30	Registration/coffee
9.30 – 10.00	Introduction/overview of project
10.00 – 11.15	Breakout session
11.15 – 11.30	Tea/coffee
11.30 – 12.15	Breakout session
12.15 – 12.45	Q&A/feedback

# **PAYE Modernisation: context**

# Why modernise PAYE?

Changing nature of:

- Employments
- Payroll
- Information and communications technology
- Expectations

# SMART PAYE



Seamless integration into payroll

Minimize employer cost to comply

Abolition of P30s, P45s, P46s, P60,  
End of Year Returns

Right tax paid on current due dates

Time savings

# SMART PAYE



Simplified online services

Maximise use of entitlements

Automatic end of year review

Real time accurate data

Transparency

# SMART PAYE



**S**tatutory in-year employer return

**M**aking compliance easier

**A**ccurate up to date income details

**R**educed customer contacts

**T**imely targeted interventions

# Consultation Report

- Consultation process Oct–Dec 2016
- 77 responses from various representative bodies and individuals
- Published on Revenue website
- eBrief issued
- All respondents will be mailed the report
- All responses received published on Revenue website



# Executive Summary – Key Themes

The following key themes were common across responses:

- Possible increase in administrative burden for certain employers;
- Timeline for implementation;
- Information and communications technology (ICT)-related issues;
- The operation of payroll in practice;
- Timing of employer submissions to Revenue;
- Methods of dealing with corrections to payroll;
- Alternatives to Revenue's proposal;
- Department of Social Protection payments and Pay Related Social Insurance (PRSI);
- Other charges/contributions and non-PAYE income;
- The importance of change management and communications;
- International comparisons.

# Executive Summary – Revenue's Response

- Revenue's initial response to the issues raised is outlined in the consultation report.
- In general however, Revenue is undertaking a co-design approach to PAYE Modernisation.
- It has engaged with key stakeholders since the start of the consultation process and will continue to do so to ensure that the design is optimised with their input, resulting in a streamlined process and ultimately a reduction in administrative burden.

# Executive Summary – Key Challenges

- The proposed move of PAYE reporting from the current yearly basis to a real time basis is a fundamental change, in both philosophy and practical application, for Revenue and employers and brings significant challenges for both parties.

# Employer Statistics

- 208,000 employers
- 110,000 employers with  $\leq 5$  employees
  - 98% filed through ROS
  - 45% use a software package to file
  - Additional 8% using ROS Offline

# Employee Statistics

- 2.5m active employments in 2015 (includes pensions)
- 200,000 employees >1 live employment
- Multiple employments with same employer

# Forms Statistics

Forms	Number received 2015
P45	705,936
P46	305,241
P30	1.3m
P35	221,620
Total	2.6m

- 5m forms generated to fulfil employer PREM reporting obligations (including 2.5m P60s)

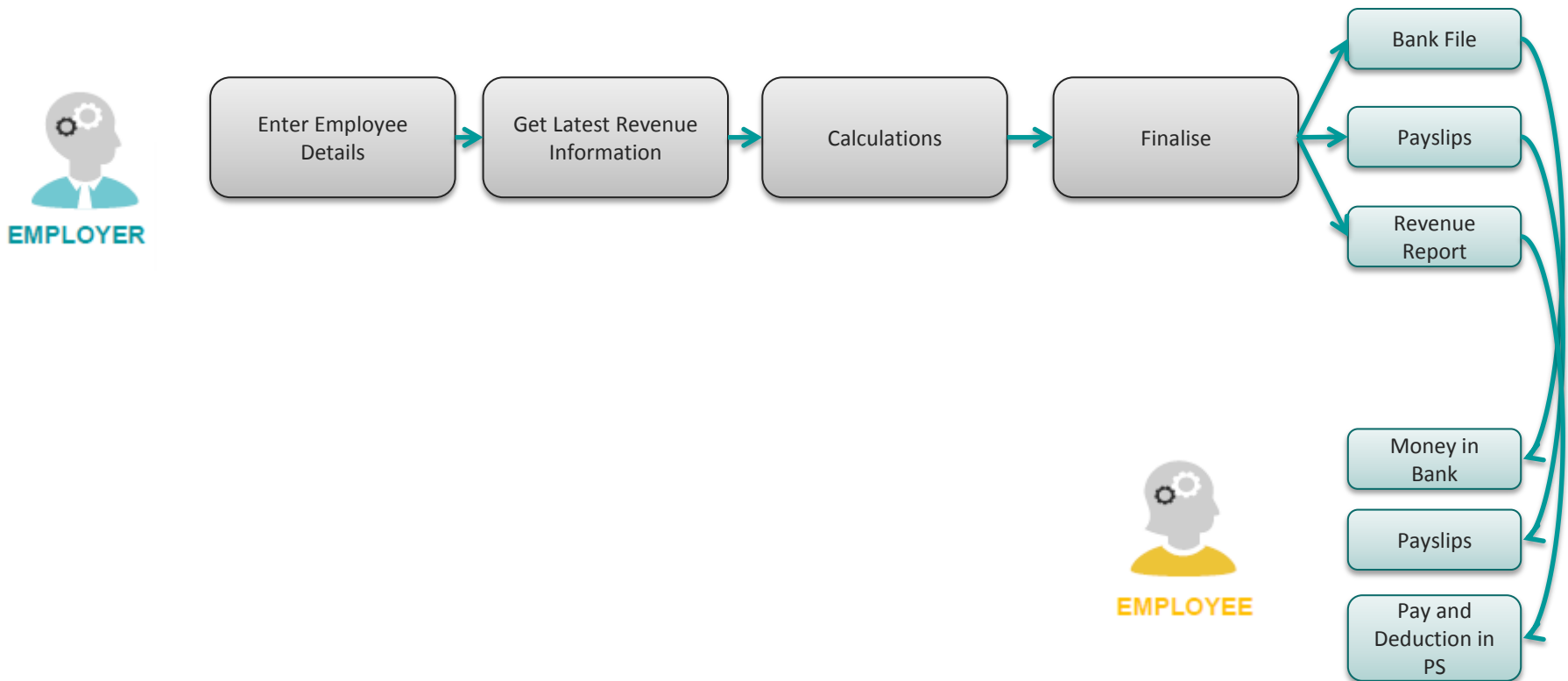
# Jobs and Pensions service

Jobs and Pensions	Number
No. of jobs and pensions added since September	54,424
New customers (Form 12A)	29,516
Existing customers	24,908

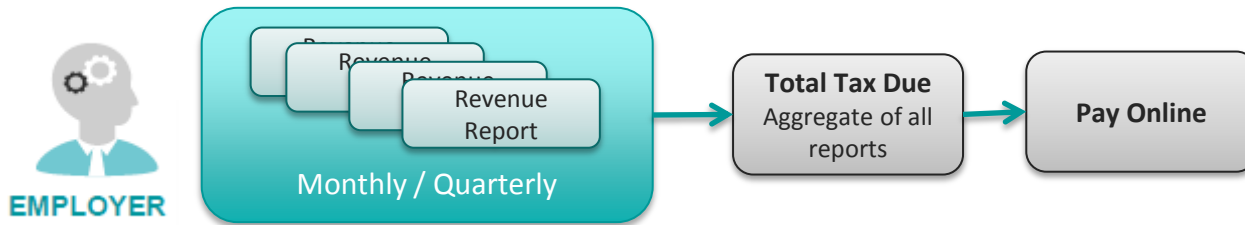
# High Level Design and Process Flows



# Seamless integration of reporting into the payroll process

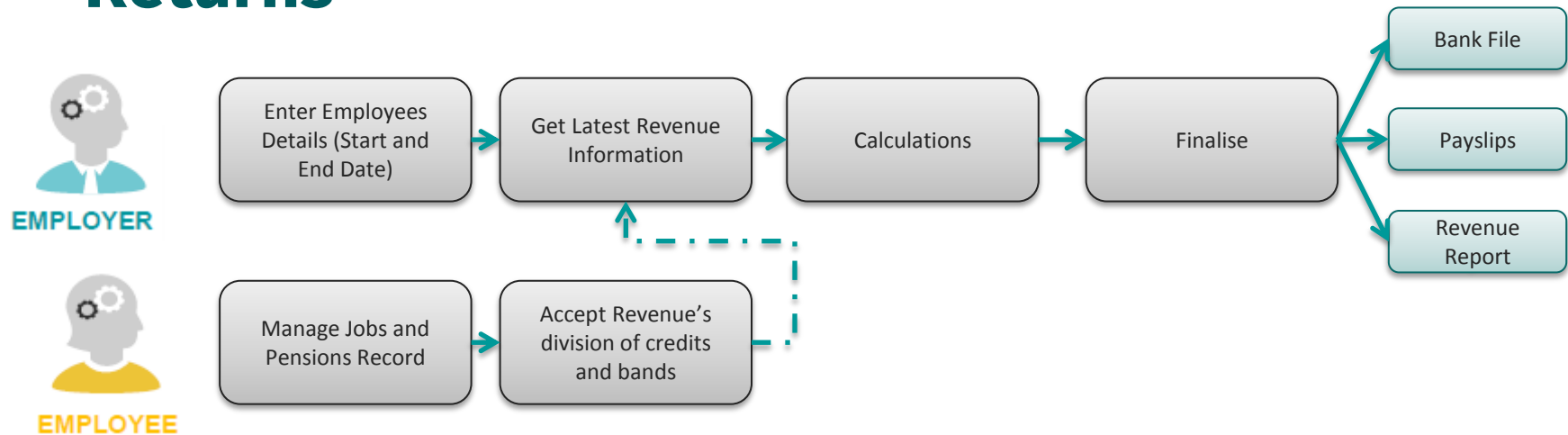


# Abolition of P30s, P45s, P46s, P60, End of Year Returns



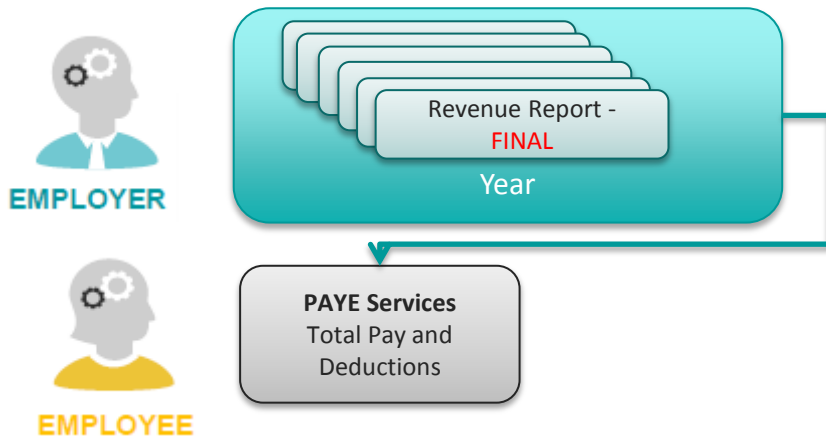
- P30
  - Total tax due calculated from aggregate of all reports in the month / quarter.
  - Employer payment made in line with current payment dates.
  - Debt management for underpayments in year.
  - Non filer interventions for non reporting in year.
  - In year interventions based on risk analysis of reporting.

# Abolition of P30s, P45s, P46s, P60, End of Year Returns



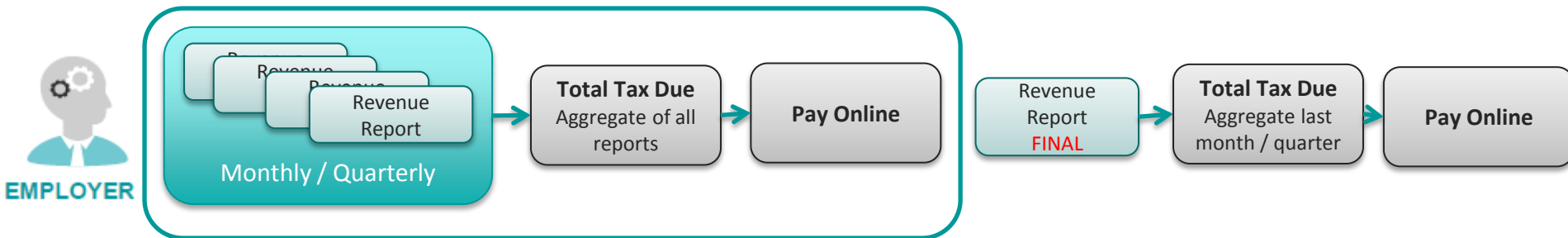
- P45 and P46s
  - Replaced by payroll submissions by employer with commencement and cessation dates or by the employee managing their employment record via the Jobs and Pensions service.

# Abolition of P30s, P45s, P46s, P60, End of Year Returns



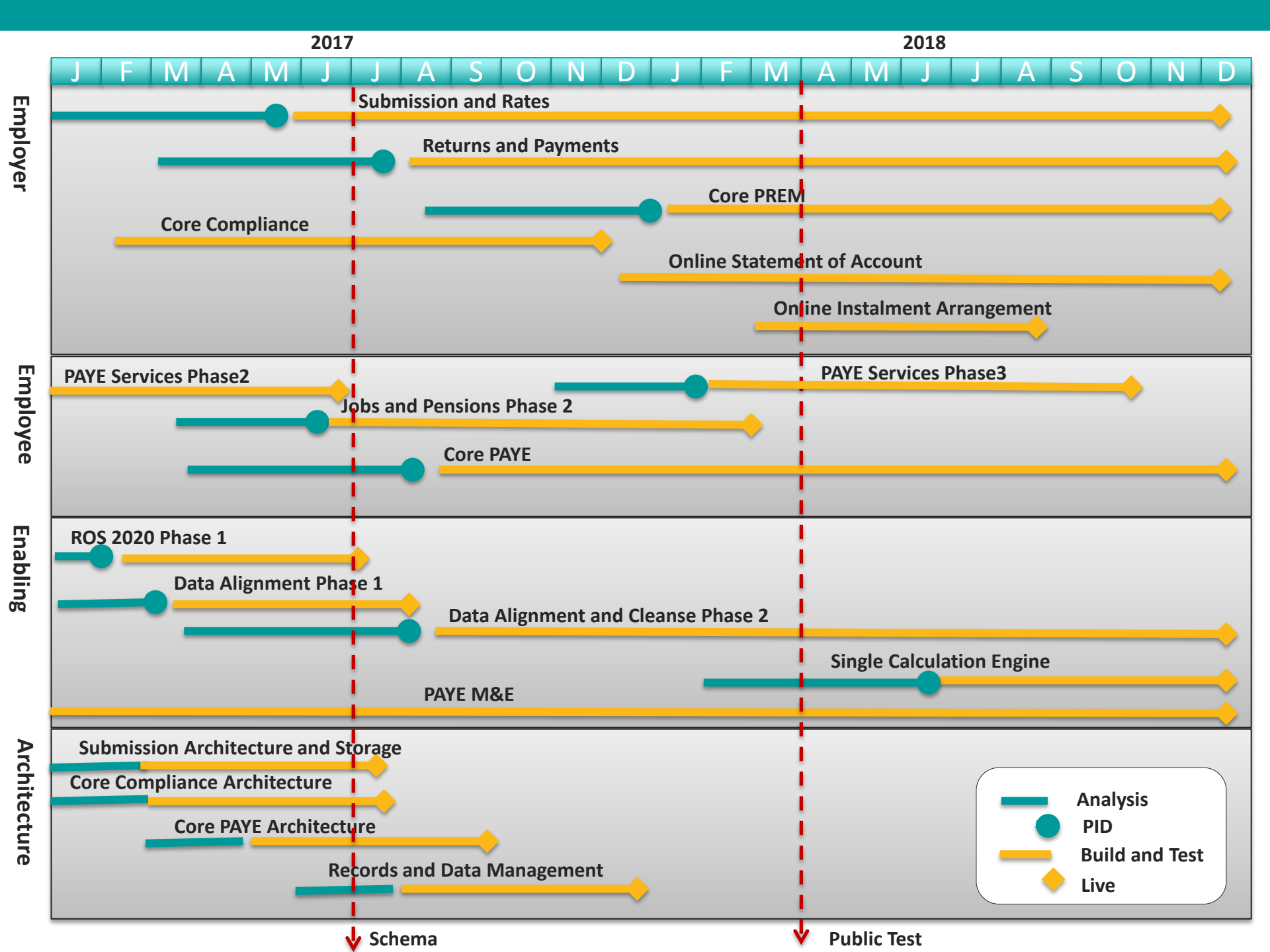
- P60s
  - During the year employee can view up to date pay and deductions on PAYE Services
  - Once final report for year processed employee can see final pay and deductions for that employment on PAYE Services

# Abolition of P30s, P45s, P46s, P60, End of Year Returns



- End of Year Returns
  - Final payroll run for the year marked by employer.
  - Total tax due calculated based on final report plus previous month / quarter.
  - Debt management for underpayments.
  - Non filer interventions for non reporting of final report.

# High level plan



2017

J

F

M

A

M

J

Design Input

Consultation Review and Report

Revenue Design Workshops

Stakeholder Design Workshops

Foundation Work

ROS 2020 P1

Data Alignment P1

Submission and Rates

Jobs and Pensions P2

Returns and Payments

Core PAYE

Data Alignment P2

Architecture

Submission Architecture and Storage

Proof of Concept

Evaluation and Decision

Core Compliance Architecture

Proof of Concept

Evaluation and Decision

Core PAYE Architecture

Proof of Concept

Evaluation and Decision

Procurement

Legislation

Current TCA

Current PAYE Regulations

Current USC Regulations

Draft new TCA, PAYE regulations and USC regulations

Schema





# Workshops

# Purpose of workshops

- Gain insight into customers' business processes
- Gain greater knowledge of current pain points
- Identify and resolve any potential design issues from the outset
- Provide transparency to the design process for all
- Gain buy-in
- Optimise design, implementation and success of the programme by learning from your expertise

# Workshop schedule & topics

Time	10.00	10.40	11.30
<b>Group 1</b>	Employer submission (Brid Reddan)	Corrections (Sinead Sweeney)	Commencement/ Cease Dates (Aoife/Debbie)
<b>Group 2</b>	Commencement/ Cease Dates (Aoife /Debbie)	Employer submission (Brid Reddan)	Corrections (Sinead Sweeney)
<b>Group 3</b>	Corrections (Sinead Sweeney)	Commencement/ Cease Dates (Aoife/Debbie)	Employer submission (Brid Reddan)

# Next Steps

# Next Steps

- Circulate summary of discussions
- Further feedback:  
[payemodernisation@revenue.ie](mailto:payemodernisation@revenue.ie)
- Please complete feedback form
- Any questions?