

Returns by Employers in Relation to Reportable Benefits

Part 38-03-33

This manual should be read in conjunction with Part 38 and Part 42 of the Taxes Consolidation Act 1997 (TCA 1997)

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A more recent version of this manual is available.

1. Introduction

Section 897C of the Taxes Consolidation Act 1997 (TCA 1997), introduced by Finance Act 2022, provides for the mandatory reporting to Revenue by employers in respect of three specific measures, collectively referred to as “reportable benefits”. Such reportable benefits are made without the deduction of tax.

The reportable benefits are:

- 1) the remote working daily allowance of €3.20,
- 2) the payment of travel and subsistence expenses, and
- 3) the small benefit exemption.

This measure is subject to a Commencement Order to allow sufficient time for the necessary implementation stakeholder consultation process. Broadly, the intention is that the reporting of such measures will, where possible, align to the existing mechanisms used for payroll purposes but implementation will be informed by the consultation process. It is however anticipated that reporting will commence from **the start of 2024**.

This measure is intended to be the start of a phased introduction of additional reporting for employers in respect of the provision of other benefits or payments that have not been subject to tax by the employer through the payroll system.

2. Overview

Chapter 4, Part 42 of the TCA 1997 currently requires all employers to submit payroll details to Revenue in respect each individual director/employee in their employment, on or before the date they make a payment of an emolument to the director/employee. Payroll details include pay, tax, USC and PRSI deductions, as well as taxable benefits, pension contributions and redundancy payments. Under the PAYE Modernisation programme (PMOD, which went live on 1 January 2019), this data is supplied to Revenue as part of an employer’s normal payroll process.

Section 9 of Finance Act 2022, which provided for the insertion of the new section 897C TCA 1997 and amendments to Chapter 4 of Part 42, extends those reporting obligations to additional payments made by employers to their directors/employees.

Similar to the process for current reportable data, it is intended that the additional reportable measures will be provided as an integral part of an employer’s payroll/payments cycle.

As there is certain conditionality which must be satisfied in order for an employer to make any payment or provide a benefit without operating PAYE/PRSI/USC, the employer is required to have sufficient controls in place, as well as comprehensive supporting documentation and records, to substantiate this preferential tax treatment. As such, employers are already required to capture and maintain this

information. The new requirement is that this information will be reported to Revenue when the reportable benefit is provided to the director/employee.

3. Purpose

The main benefits of the additional employer reporting of certain expenses and benefits include the following:

- 1) Enhancement of Revenue's compliance framework to ensure that the correct amount of tax is collected at the right time, in a manner that results in optimal efficiency for compliant taxpayers and for Revenue.
- 2) Diversion of resources and contacts away from compliant employers, thereby avoiding associated compliance costs.
- 3) Providing increased visibility and assurance to employees that their income is being reported properly to Revenue.
- 4) Provision of meaningful and effective high-level data for policy consideration by the Department of Finance on such reportable measures.

4. Reportable Measures

4.1. €3.20 remote working allowance

Revenue operates an administrative practice which allows an employer to make payments up to €3.20 to employees, for each day worked from home, subject to certain conditions being satisfied, without the need to deduct PAYE, PRSI or USC. Guidance for this measure is available in Tax and Duty Manual (TDM) [Part 05-02-13](#) Remote Working Relief.

4.2. Travel and subsistence payments

Where an office holder or employee, in the performance of the duties of his/her office or employment, incurs expenses of travel and subsistence, such amounts can, subject to conditions, be reimbursed without deduction of PAYE, PRSI and USC. Guidance for this measure is available in TDM [Part 05-01-06](#) Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees.

4.3. The small benefit exemption

The small benefit exemption provides that employers may make tax-free benefits to employees in the form of vouchers or other benefits within the remit of section 112B TCA 1997. Guidance on this measure is available in TDM [Part 05-01-01e](#) -The small benefit exemption.

5. Reportable Details

The Income Tax (Employment) Regulations will prescribe the form and other particulars that will apply in regard to these reportable benefits. Revenue will issue comprehensive guidance in due course on the information to be reported, as well as the reporting options available to employers.

6. Stakeholder Engagement

The new reporting arrangements will be aligning with existing IT channels and mechanisms to facilitate the new obligations on employers. Revenue will work with stakeholders to determine a suitable manner of implementing the reporting of benefits to ensure the process is streamlined with employers' current business processes. Revenue will also be leveraging its existing relationships with the various representative bodies in implementing this new reporting requirement.

As was the case with the introduction of the modernised PAYE system from the start of 2019, the employer engagement process will seek the views of key stakeholders such as employers, agents, representative bodies and software providers. This engagement commenced with an informational notice and a survey to be completed by employers, agents and software providers to be completed by 5 February 2023. The information gathered from this initial engagement will be used to plan for the ongoing engagement needed to implement this new reporting requirement successfully. The process will run up to the start of the reporting regime.

Prior to the start of electronic submission of these payments, Revenue will facilitate IT systems testing by software providers to ensure successful implementation of the reporting requirements.