

PAYE Modernisation

What it means for the employer

From 1 January 2019, Revenue will go live with their new PAYE regime for employers, agents and payroll providers. Payroll information will be reported to Revenue on a **REAL TIME** basis.

What does this mean?

- going forward there will be no more 'P' forms: P30, P60, etc;
- updates to employee tax credits/bands will be completed with each payroll run; and
- you will upload all payroll information to Revenue via ROS on a 'live' basis giving details of employees' wages and tax deducted.

Do I have to do anything **now** to prepare for the new Revenue system?

Employers, agents and payroll providers will need to review their business processes and practices so they meet the new requirements, this includes making sure your payroll software is compatible.

In preparation for PAYE modernisation, Revenue is asking employers, agents and payroll providers to submit a list of employees to Revenue through Revenue's Online System (ROS). This will ensure that both Revenue and employer records are aligned and employers are receiving the most up to date employee information to calculate their deductions. This is due to Revenue on or before **31 October 2018**.

The list will comprise of PPS numbers for all employees. The up to date PPS numbers for all employees can be viewed by checking the most recent P2C issued by Revenue.



Employer checklist

- Submit employee list by **31 October 2018**
- Check PPS numbers
- Ensure payroll software is compatible
- Process P45's where necessary
- Check internal payroll reporting procedures are timely and robust
- Advise employees to check tax credits on 'My Account'

Have my employees to do anything?

Revenue are encouraging all PAYE workers to use the 'My Account' facility on Revenue's website, where you can access all aspects of your tax details, change your tax credits, register a new job, etc and with the new system, see up to date records of tax you have paid from your wages, etc. All tax details for 2019 should be accessible on 'My Account' in December. Make sure all credits are correct before the new system for 2019 is applied.

How the new system is expected to work

Step 1



- the P2C which is accessed on ROS at present provides you/your payroll agent with employee information, ie tax credits, bands, etc; and
- this will be replaced by a Revenue Payroll Notification (RPN) which you, your agent or payroll provider will retrieve the latest RPN before running a payroll.

Step 2



- the payroll is run based on the Revenue Payroll Notification (RPN) retrieved and on uploading the payroll information via ROS, Revenue will be notified of the payroll amount and tax deducted for each employee.

Step 3



- a monthly statement will be issued by Revenue via ROS which will detail the total tax that is due to be paid;
- payment of taxes are made in line with the current payment dates;
- the monthly filing return due date is the 14th of the following month after pay date, this is to allow for corrections to be made where necessary;
- payment due date remains the same, the 23rd of the following month if filing and paying online;
- for weekly or fortnightly payrolls, the summary will show the monthly tax amount due to Revenue as the tax is now due on a **monthly basis**;
- corrections can be made before the 14th of the following month;
- a correction after the sign off date is seen as a statutory declaration, therefore interest and penalties may apply; and
- all data received, including corrections and the timing of the submissions will feed into Revenue's risk analysis systems.

Penalties for non-compliance:

- where PAYE is not withheld correctly, Revenue will recoup the tax on a grossed up basis; and
- there will be a penalty of €4,000 per return for non-compliance.

PAYE review

At Grant Thornton, our comprehensive PAYE review examines how and when an employer is capturing and treating their employee compensation benefits. Through our review process, our dedicated team will assess the method of calculation of the various benefits and determine how they fit with Revenue's reporting requirements. This review procedure is recommended for all employers to assist with the transition to PAYE Real-Time Reporting (RTR). We also offer a one-hour 'PAYE review meeting' service, where our specialists will meet with your payroll team to discuss any concerns or issues you are facing in advance of RTR.

Contact

Our dedicated team can help you to get ready for PAYE Modernisation. We would be happy to arrange a meeting with employers to ensure that they are prepared for the introduction of PAYE Modernisation.

Sasha Kerins

Partner, Tax
+353 (0)1 680 5778
T +353 (0)45 448 852
E sasha.kerins@ie.gt.com

Jillian O'Sullivan

Partner
T +353 (0)1 680 5850
E jillian.osullivan@ie.gt.com

Offices in Dublin, Belfast, Cork, Galway, Kildare, Limerick and Longford.

 www.grantthornton.ie

 #GTtax

 Grant Thornton Ireland

