



PAYE Modernisation

PAYE Modernisation is a new initiative introduced by Revenue to update the current outdated system presently in place. The system, which will come into effect from the 1st January 2019, has been introduced to help all stakeholders – employers, employees and Revenue. The key advancement is that all payments made to employees from 1st January must be reported to the Revenue through a new real time reporting regime. This means that Revenue will have the most accurate, up to date information relating to pay and tax deductions.

The need for change

The current PAYE system has been in place since 1960 and has a heavy administrative burden on employers. Through the introduction of PAYE Modernisation, the need to file P30, P45, P46, P60 and P35 will be eliminated. For the employee, the real time system ensures that employers are making the right tax deduction when the staff member is being paid and employees will have the certainty of knowing that they are neither overpaying nor underpaying tax. For Revenue, the real time reporting will ensure that they have the most up to date information to determine that each employee is subject to the appropriate tax deduction.

Employers Responsibilities

In preparation, all employers must ensure that all of their employees are registered, that they have received an up-to-date tax credit certificate (P2C) for all employees and checked that they have the correct PPS numbers for all employees. Employers should also ensure that they have issued a P45 for anyone who no longer works for them. Revenue have also requested that a list of all current employees is submitted to them by 31st October 2018.

Employers will report to Revenue pay, tax and other deductions as well as details of any employees leaving the employment, at the same time as they run their payroll. New employees will be reported to Revenue through the payroll process also.

Each month the employer will be issued a statement reflecting the sum of the deductions made on behalf of all employees in that month. This will become the employer return. If the employer disagrees with the statement, they must update the associated payroll records and an amendment statement will issue. There will no longer be an end of year compliance requirement for employers; instead, there will be twelve returns based on the payroll data submitted each month, in line with current due dates.

Effect on Employees

Employees will now be able to log in to Revenue (MyAccount) and view what has been submitted by their employer in relation to them. Employees will be able to allocate their

credits and cut-offs between multiple employments. At the year end, employees will be able to view and print their official certificate of earnings and deductions. As employees now have full visibility of the data reported to Revenue, this will increase transparency and facilitate the quick resolution of errors.

Weekly and Monthly Payroll

All employees can be kept on their existing (weekly or monthly) pay frequencies. The only requirement will be that a file will need to be submitted to Revenue each week for the weekly paid employees, and each month for the monthly paid employees. These will then be amalgamated together into one Revenue payment.

Payments to Revenue

Employers who pay Revenue quarterly and annually will be issued a monthly statement from Revenue, but the payment due date will remain the same. Moreover, for those with a weekly payroll, there will be no requirement to pay Revenue weekly. If the employer is currently paying Revenue monthly, they will be required to make a payment each month and if an employer makes Revenue payments on a quarterly basis, they will still be required to make the payment each quarter.

At present you are required to log in and pay Revenue. However, Revenue are now introducing a variable direct debit scheme option.

New Employees

From 1st January 2019, you can request a Revenue Payroll Notification (RPN) for any new employees before you pay them. This will create the employment on Revenue's systems and provide you with the details required to calculate their payroll deductions. When you request an RPN for a new employee this will eliminate the need for Emergency tax treatment unless the employee does not have a PPS number or is not registered for PAYE.

If your employee does not have a PPS, it is necessary for the employee to register their first employment in Ireland with Revenue. This can be done through the MyAccount portal in Jobs and Pensions section. You will then be able to request an RPN. Until an RPN is received, Emergency tax will need to be applied.

