

# PAYE Modernisation – One Year On

by Sinead Sweeney

Reporting arrangements for PAYE came into operation on 1 January 2019, representing the most significant reform of the administration of PAYE since its introduction in 1960. The changes mean that every time employers pay their employees; they report the pay and statutory deduction details to Revenue as part of the payroll process.

The co-design approach for the new system saw Revenue engage extensively with employers, payroll professionals, tax practitioners, tax and accountancy bodies, business representative organisations and payroll software developers. As a result, real-time PAYE reporting is seamlessly integrated into the payroll system, bringing significant streamlining of business processes and a reduction in administrative burden and costs for employers. The co-operation of the various stakeholders in collaborating with Revenue to deliver PAYE Modernisation was central to the success of the project.

The extensive engagement and communications initiatives adopted by Revenue helped to ensure that the vast majority of employers and payroll service providers were prepared for the go-live and successfully integrated the new reporting requirements into their processes. Revenue fully acknowledges the efforts made by employers, agents and other key stakeholders to implement the new arrangements.

## Legislation

The introduction of PAYE Modernisation required significant changes to the PAYE legislation. The Revenue Payroll Notification (RPN) replaced the P2C. The RPN is only valid for the tax year that it is made available and employers must always use the latest RPN. Payroll submissions must be made on or before payment to employees. A monthly statement is made available by Revenue on the 5th of the following month, making a return statutory for each month. The

statement is then deemed a return by the 14th of that month, whether an employer has amended, accepted or done nothing with the statement. A variable direct debit option was introduced to facilitate streamlined payment processes in line with the reporting processes. The employer 'P' forms, including P30s, P45s, P35s and P60s, were abolished to provide significant time savings for employers.

## Statistics

For 2019 there were 8.4million RPN requests, with approximately 6 million successful payroll submissions having been successfully filed for over 2.9 million employees.

These figures encompass a range of payroll sizes from the largest employers in the State to sole traders and micro-businesses.

## Enhancements to online services for PAYE customers

To ensure our customers benefit from real time information, Revenue continues to make enhancements to its online services.

Recent enhancements to our online service, myAccount, allow customers to:

- View their pay, tax, USC and PRSI details as reported by their employer;
- Provide a secure document as proof of income to 3rd parties;
- Claim an unemployment repayment;
- Update their civil status; and
- Upload supporting documentation for a claim.

From January 2019 to December 2019

**€98 billion**  
Total Gross Salaries

**6m** ✓  
Completed Submissions

**€81 million**  
Payslips Received

**2.9m**  
Number of Employees Reported

**181k** Number of Employees Reporting

**0.5 seconds**  
Average response time to payroll software



**294**  
Submissions Received on Christmas Day



## Pay and Tax Summary

This online service allows customers to create a password protected document summarising their pay and tax details. This allows customers to manage access to their information. Customers can securely transfer a summary electronically as proof of income to any person or body, such as a financial institution, a solicitor or Local Authority. It can be used for the purposes of applying for a loan, mortgage, grant or similar applications.

The summary document can include one or all of the following:

- Pay and tax details for the current year to date.
- Full details of payments received from an employer(s) for the last 1 – 3 months.
- End of Year Statements (P21s) for the last four tax years.

Customers can select the information they wish to include.

Employers are reminded that the quality of the data which is reported to Revenue should be accurate and timely. 2019 data can be viewed by employees and will be included in an employee's End of Year Statement. Financial institutions will also rely on this data as proof of income.

## Employment Summary Detail (P60 Replacement)

One of the benefits for employers as a result of PAYE Modernisation is that they are no longer obliged to provide employees with a P60. Since 1st January 2020, employees can access an Employment Detail Summary through 'PAYE Services' in myAccount. This summary replaces the P60 and contains details of pay and statutory deductions for each employment or pension held during the year. It can be either downloaded or printed and used where proof of income is required by a third party in the same manner as the P60 was previously. Since 1st January 2020 approximately 50,000 Employment Detail Summaries have been viewed and created.

## Statement of Liability

A Preliminary End of Year Statement has been made available to all PAYE customers from 15th Jan 2020. This statement will be based on the income and statutory deductions reported by

employers/pension providers and any other income known to Revenue. It will indicate whether the customer has paid the correct amount of tax for the year. If a customer wants to receive their Statement of Liability, make additions, amendments or corrections to the information included on the preliminary statement, he/she must complete and submit an online Income Tax Return. To date over 350,000 have been submitted and completed successfully.

## Requirements in a week 53 scenario

Employers should indicate on each payroll submission the expected number of pay dates for that year. Section 480B, Taxes Consolidation Act 1997 provides that in a week 53 scenario specified tax credits will be increased by 1/52. The data reported by employers on the payroll submission will be used in the calculation of each employee's Statement of Liability. Employers must therefore ensure that the information reported is correct throughout the year. Where an employer changes pay dates during the current or previous year, the employee will not be entitled to the additional 1/52 of the additional tax credits or rate bands.

## Section 985B

Section 985B, Taxes Consolidation Act 1997 allows employers to make a PAYE settlement of the tax on non-cash benefits provided to employees on condition that the benefits are minor and irregular.

Where the conditions for operation of this section are satisfied, a new payment facility is now available to employers in ROS, once the settlement has been approved by Revenue.

## Transitioning from 2019 to 2020

Revenue Payroll Notifications (RPN) for 2020 have been available for download by employers from the 5th December 2019. It should be noted that a 2019 RPN must not be used in 2020 in accordance with the Income Tax (Employments) Regulations 2018.

RPNs should be requested for all employees under each employer registration number for 2020. Where there is no RPN available, the emergency basis must be operated.

It should also be noted that payment dates for 2019 and 2020 must not be included in the same payroll submission. Payment dates for different years must be made in separate payroll submissions.

## Changes and Tips for 2020

Acting on feedback received from employers and agents, from 2020 onwards, Revenue will mark RPNs for employees that have ceased employment when returning all RPNs. This means employers can distinguish which RPNs are for employees no longer in the employment and which ones are for employees who are still employed with them.

Employers should note that employment IDs should not be changed from one year to another. Employment IDs assigned in 2019 remain the same for 2020.

It remains the employer's responsibility to inform Revenue when an employee commences in their employment. If it is the employee's first employment in the State, they are required to register with Revenue in advance of commencing employment. The employee should use the 'Jobs and Pension' facility in myAccount to register.

Further information on these changes can be found on [www.revenue.ie/en/employing-people/pay-modernisation/index.aspx](http://www.revenue.ie/en/employing-people/pay-modernisation/index.aspx)



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