



PAYE modernisation: real time reporting from 1 January 2019 - are you prepared?

Over the last number of weeks Revenue Commissioners have sent letters to employers advising them of the PAYE modernisation project, and the approaching 'real time' reporting of PAYE, which takes effect from 1 January 2019.

What is Real Time Reporting?

Real Time Reporting (RTR) is to replace the current PAYE system. The objective is that Revenue, employers and employees will have the most accurate, up-to-date information relating to pay and statutory payroll deductions. The aim is to

ensure that the right amounts of tax are deducted at the right time from the right employees. Thus, with effect from 1 January 2019, payroll reporting will entail the following:

- 1. Revenue Payroll Notification request:** Revenue Payroll Notification (RPN) is to replace the current Tax Deduction Card (P2C). Employers should request the most up to date RPN from Revenue before making payments to employees;
- 2. Prepare payroll calculations:** Calculate the PAYE, Universal Social Charge and PRSI deductions based on the RPN;



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3. Payroll submission request:

Submit a payroll submission request to Revenue, on or before, making each payment to an employee. Employers will need to provide full details for each employee of the amount being paid, payment date and taxes deducted; and

4. Check submission: At the end of each month, Revenue will issue a statement with payroll submission totals. Employers will need to accept the statement, which would then be the monthly return. Otherwise, employers must correct the payroll data if the statement is incorrect.

The statement will be deemed to be the return if no amendments or corrections are made before the return due date. The monthly pay and file deadlines remain unchanged (14 days after the end of the month, or 23 days for ROS users who file and pay online). Please note that quarterly remitters will now have to file monthly returns, but the payment due date will remain the same. There will no longer be a requirement to file P30s, P35s, P45s, P46s, or to provide employees with P60s.

How can you prepare for Real Time Reporting?

The most important preparation for employers is to generally review their payroll processes and procedures. You should consider whether the correct payroll data (including all benefits in kind etc), are being captured and reported on a timely basis.

The current practice of rectifying any errors or omissions as part of the year-end P35 return will no longer be possible. Each monthly submission to Revenue should be correct, and amendments to the original submission are required in the event of errors, exposing employers to potential penalties. It is also anticipated that a large volume of error correction may give rise to further Revenue scrutiny, and even PAYE Audits.

In order to prepare for Real Time Reporting, employers should make sure that they do the following:

- Review current payroll processes to ensure that accurate payroll data can be obtained on time each month;
- Register as an employer with Revenue, if not already done so;
- Ensure that correct PPS numbers are available for all employees;

- Ensure employees are registered as their employees with Revenue. Employers are required to maintain a register of employees, and in this respect Revenue will request for all employers to submit a register of employees (from June 2018 onwards);
- Obtain up-to-date P2C's for all employees; and
- Ensure P45s are issued to any employee who no longer works with the company.

In practical terms, Fitzgerald Power foresee that the following potential issues could arise:

- Registering short-term or casual employees;
- Providing for updates to BIK details in a timely manner, e.g. company car, accommodation, health insurance, interest free loans, etc; and
- Voting of directors' fees on confirmation of financial statements.

The period of retrospective review is gone.

If you have any queries or concerns in relation to the matters raised in this article please contact Noel Winters of Fitzgerald Power at 051 870 152 or nwinters@fitzgeraldpower.ie