

PAYE Modernisation Scenarios

Employment ID for recommencements in year following cessation

An employee leaves the company before year-end. During the year-end process the software “house-keeps” the records and deletes any leavers in the current tax year.

The employee re-joins the employer in the new year. There is no current employee record on file.

In this case the employee could be set up from scratch in the new tax year and given an Employment ID of 1- could this cause issues with Revenue, where they might already have records for the same PAYE registration/employee/PPSN/Employment ID?

- **This will not cause any issues for Revenue. A new Employment ID of 1 can be used as the Employee is recommencing in a new tax year.**

Employees with Dual Employments where one employment ceases

An employee has more than one contract of work with the same employer and “leaves” one of those contracts but does not “leave” the employer. Is it just required to populate the leave date field in the payslip record relating to the Employment ID for that contract? Are there any other implications e.g. transfer of tax credits from ceased record to combine with retained record?

In the examples the RPN number seems to be derived from the PPS number, with 1, 2, 3... after it. Is this likely to be the format going forward?

In the RPN Response file: for Exclusion Order cases, will the Date Instruction Begins and Date Instruction Ends fields effectively be Exclusion Order start and end dates?

- **The date of leaving should be included in the payslip record for the last payment of the contract of work that is concluding**
- **No impacts for remaining contract of work**
- **The RPN number will be a number starting at 1 and incremented sequentially after any update during the tax year**
- **The Date Instruction begins and the Date Instruction Ends Data Items refer to the RPN start and end dates and not the Exclusion Order start and end dates**

Non resident employee elects to pay PRSI in Ireland

An employee is working abroad but has elected to pay PRSI in Ireland. The payroll administrator is managing this through a shadow payroll where the employee is setup as non-taxable and non-USC-able.

A notional pay value is processed indicating the amount of PRSI-able pay, the PRSI is deducted and an offset amount is used to produce a zero net payment. The overall effect is that PRSI is deducted for this employee, they are allocated insurable weeks but they receive no net pay.

Please demonstrate how revenue would expect this to be returned on the submission files.

- **Shadow payroll indicator set to 'True'**
- **All PRSI related fields populated (pay for 'ee PRSI, insurable weeks, PRSI class, employee PRSI paid)**
- **Other financial fields set to '0'**

How to report multiple PRSI classes on employee payslips

An employee receives normal pay and a redundancy payment in the same pay run.

The normal pay is PRSI'd at class A1 and the redundancy at class M. Please illustrate how this should be presented on the submission.

An employee was made redundant on Dec 31st. The payroll clerk processes a redundancy payment in Jan of the following year plus some holiday pay owed. Please illustrate how this should be presented on the submission. "Lump sum payments made to employees when they leave employment are not regarded as reckonable pay for PRSI purposes and should be recorded under Class M. These include redundancy, gratuities and ex-gratia payments."

- **Revenue will accept multiple PRSI classes against a single payment on the same payslip**
- **Equally, these payments can be included on separate payslips**
- **Holiday and redundancy pay and relevant deductions to be reported to Revenue via payroll submission when paid i.e. January – include cessation date of 31 December on submission**

Recovery of Pay from a Leaver

A leaver was overpaid in the last payroll run. There is no opportunity to recover the money through payroll as the person has left the business. However, following discussions with HR, the ex-employee has agreed to write a check for the new overpayment of €100.

The payroll clerk has worked out the necessary reversals required and needs to adjust the statutory figures for the employee. Previously the clerk would have simply adjusted the following year-to-dates:

USC – reduce USC'able pay by the amount of overpayment

USC – reduce the amount of USC deducted

Tax – reduce taxable pay by the amount of taxable overpayment

Tax – reduce the amount of Tax deducted

PRSI – reduce PRSlable by the amount of PRSlable overpayment

PRSI – reduce the amount of PRSI deducted

Basic Pay – reduce by the amount of basic pay overpayment

Please illustrate how this should be presented under the new process and in the new submission

- **When the money is recouped from the employee in the same tax year, employer should report a negative of what was initially paid**
- **Do not request RPN (same calculation as when overpayment occurred)**
- **Put the Employment ID of the ceased employment in the submission so that the negative payment can be linked back to this former employment**

Remitting figures for a PRSI exempt employee

An employee received a PRSI exemption from March of a given year but still pays tax and USC.

Please illustrate how a normal submission may look for this employee if he receives €1,000 salary and pays €189 tax and €40 PRSI in a given pay run following the exemption

- **Minus €40 included in the 'PRSI paid' field in the payroll run following identification of the error**
- **Similarly, minus figures included in other relevant PRSI related fields i.e. insurable weeks.**

PRSI Category Correction

The payroll user discovers that an employee has been incorrectly paying PRSI at class A instead of class J as they are over 66 years old. The user re-categorises the insurable weeks for the employee through the payroll system and adjusts the contributions against both classes, refunding under A and contributing under J.

- **PRSI class should be corrected in the next payroll submission – if incorrectly reported under Class A for 3 weeks include minus 3 insurable weeks @ Class A in payslip and positive 3 insurable weeks @ Class J**
- **Amend financial fields accordingly to reflect PRSI refunded to employee**

Emergency adjustment outside of payroll (as-is process)

The payroll is processed, the submission is made to Revenue. It is immediately noticed that a senior member of the executive team has been underpaid. The executive demands that he receives an immediate credit transfer to correct the error. This is arranged and Payroll issues a manual payslip to the employee.

Currently, within the payroll system, the user amends the balances against each of the pay elements and statutory deductions to reflect the outcome on the manual payslips.

Underpayment €5,000

Tax Increase €1900

PRSI EE Increase € 200

PRSI ER Increase € 600

Pension Increase €300

An additional payroll submission is made to Revenue which includes a payslip record with:

- **A pay date that is set as the date of the credit transfer that is completed to correct the underpayment**
- **Payslip figures which contain only the increased amount to each of the impacted fields**

Supplementary Runs

A weekly paid employee is paid €400 in period 36 and pays Tax, USC and PRSI on this value. The PRSI is paid at class AL

A bonus is due and must be paid in the middle of the month. The payroll user processes a supplementary/bonus run to pay the additional Bonus payment due of €200. The additional amount paid now means that the employee's whole period 36 earnings should be paid at class A1.

Please illustrate how the Revenue submission file should look for the bonus run.

- **The submission in respect of the bonus run should include adjustment for PRSI class i.e. positive 1 week @ class A1, negative 1 week @ class AL**
- **PRSI deducted should be reported in the submission in respect of the bonus run**

Late leaver notification after period 52

The payroll user receives notification from HR that 10 employees who were paid in period 52 were in fact mid-period leavers. They have been overpaid. All 10 have been contacted and have refunded the overpayment sum to the employer. Corrections are required to reflect the overpayment, reduction required in Tax, USC and PRSI etc. The user had already submitted the Revenue return for period 52 and has moved the payroll on to period 1 of the new year.

What is the process for notifying Revenue of the changes, what return(s) are required and how will Revenue present these changes to the employee via MyAccount?

- **Overpayment is recouped in the year(s) after it occurred**
- **The gross amount is recouped from the employee**
- **Employer should give the employee a letter confirming this**
- **Employee needs to contact Revenue for any refund that may be due**
- **No adjustment is required to be reported by the employer**
- **The employer will get a refund of tax due by collecting the gross amount of the overpayment from the employee**

Entire payroll submission is wrong

A manufacturing employer has loaded the incorrect basic pay for all employees. The entire payroll is incorrect. The Revenue submission has been made but all employee details are incorrect, including statutory deductions.

Please indicate the corrective action required on behalf of the employer and illustrate how the corrective Revenue submission content may look

An additional payroll submission is made to Revenue with the original payroll run reference:

- **New payslip items are included for each Employee contained in the previous payroll submission for this payroll run reference**
- **Each new payslip item has a new line item identifier but has the old line item identifier in the 'PreviousLineItemID' field**

Leaver who doesn't leave

Payroll was informed that Joe Bloggs has left the company. A Revenue submission is made containing the leave date. The following pay period, Payroll are informed that in fact the leaver did not leave so needs to be reinstated on payroll, paid this month's salary and any items that were withheld due to the previous month's leaver action.

Please outline data expectations on Revenue side and actions that would need to be reversed.

Please illustrate the content expected on the original submission and corrective submission.

An additional payroll submission is made to Revenue with the original payroll run reference:

- **The original payslip item is included for this Employee but with a new line item identifier and the original line item identifier in the 'PreviousLineItemID' field. The payslip item is otherwise the same as the originally submitted payslip item however it no longer contains a date of cessation;**

Separately on the current month's payroll:

- **A payslip item for the impacted Employee is included which contains this month's salary and any items that were withheld due to the previous month's leaver action.**

Shadow Payroll Submission

The Payroll is informed that 2 new joiners are ex-pats and a shadow payroll is required to track statutory deductions.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **Legislation states that the payroll submission is due on or before payment of emoluments in respect of all emoluments subject to PAYE**
- **Information available on the pay date should be reported to Revenue**
- **Shadow payroll marker should be set to true**
- **Revenue is aware that corrections are to be expected in respect of shadow payroll.**

Correction for Previous Period

An employee was overpaid €2,000 in the previous pay period. All statutory deductions are incorrect as a result. This is to be deducted from him in the following pay period to rectify.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **Overpayment should be recouped by deductions from gross salary within the year on a cumulative basis, resulting in correct tax and USC being paid by the employee at the end of the tax year (gross from gross method)**
- **Report what is paid, when it is paid**

Correction for Previous Tax Year

An employee leaves on 13th Dec. The Payroll Dept advises this to Revenue on the submission, and moves the payroll on to the new tax year. In Jan of the following year it is discovered that the leave date was actually incorrect. The employee left on 31st Dec and not the 13th. They are also due extra payment as a result.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **Incorrect cessation date should be amended in January when discovered by replacing incorrect payslip with a payslip with no cessation date**
- **The additional payment is then included on a payroll submission in January (January payment date) using the same Employment ID – because the cessation date was removed, we can provide the correct RPN**
- **The actual cessation date should be included in the January submission for the extra payment.**

Leaver notification for Employee not paid in current period

The Payroll department receives late notification of a leaver. The employee left on 30th Sept. The payroll user is processing Oct payroll now. No payment is due to the leaver but the leave date must be advised to Revenue.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **Employer can submit a nil payroll submission in October with '0' in the financial fields and including the cessation date.**

Leaver notification for Employees not paid in current period

A manufacturing company pays employees casually. The Payroll Dept is informed by HR that a number of employees who have not been paid in many months, have actually left the business. One of these employees actually left in the previous year.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **Employer can submit a nil payroll submission when payroll department is informed that they have left**
- **The different tax year is not an issue here.**

Negative submission, late leaver

The Payroll department receives very late notification (next pay period) of a leaver. All pay and statutory deductions needs to be reduced in the following pay run with the result being a negative net pay payslip.

Please illustrate what content Revenue would require on the submission to accommodate this.

B – same scenario as above except this time the user processes an offset amount to bring the net pay back to 0

Please illustrate what content Revenue would require on the submission to accommodate this.

- **If and when the overpayment is recouped from the employee, this should be reported to Revenue when it is recouped – negative values should be report for all relevant financial fields**

Multiple Pay Dates in same period

50 employees are paid by company X. 10 of these have varying pay dates because of certain historical agreements.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **The submission is due on or before the payment date**
- **The relevant payment date should be included for each employee**
- **Revenue has no issue accepting multiple pay dates in one submission**
- **Similarly, if separate payroll runs are used for different payment dates, multiple submissions for the same employer within the same period will also be accepted**

Supplementary Runs

A retail company processes the Sept payroll. They are informed by senior management that a bonus run must process to pay 100 staff commission. This run must process for the same tax period but with different pay date.

Please illustrate what content Revenue would require on the submission to accommodate this.

B – a second bonus run is now required as two senior execs were excluded from the first.

Please illustrate what content Revenue would require on the submission to accommodate this.

- **The submission in respect of the bonus run is due on or before the payment date - if the 'normal' payroll and the bonus payroll are run on different dates, they are due for submission to Revenue on different dates**
- **It is not relevant in terms of the submission that they are to be in respect of the same period**
- **The bonus run can only be for the same period if it is paid in the same period**

Pension Provider Scenarios

While automatic payments would be set up on all plans they may not be due payment for several years. The employee could make a withdrawal when they want so the client (employer) does not know their start date as such

The start date used at present is the date the plan commenced but this date could be several years ago with the first payment only processing now

Our client (employer) would not be a traditional employer; tax is deducted on any withdrawals and submitted to Revenue

What are Revenue's expectations re submissions in each of the above scenarios relating to pensioner payrolls?

- **Start date is used to determine what, if any, credits/rate band are available for the new employment**
- **Regarding pensions - start date does not refer to when the plan is set up because the payment may not arise for years**
- **Important date from a Revenue perspective is the payment date in this situation**
- **When first payment is being made, new RPN should be requested – this will register the employment and assign any available credits/rate band to that employment/pension**

Casual Employees

Casual employees and intervals between payments – are there any time limits for remittance to Revenue? For example, zero hour contract employees and gaps between processing on payroll.

- **A payroll submission is required on or before payment**
- **If there is no payment made, there is no requirement to make a submission in respect of that employee**

Mid-year Supplier changes

For example, how would a new supplier build-in testing of interfacing to Revenue as part of the in-project system, UAT and parallel run testing?

Are there any reporting/Revenue implications where they receive a submission for week 45 from one supplier and a submission for week 45 from a new supplier?

- **The PIT environment will continue to be supported after the go-live of PAYE Modernisation. It is envisaged that software providers would use PIT to conduct their build-in testing and UAT testing**
- **No other reporting/Revenue implications, other than ensuring 'Software Used' field is populated correctly**

Part-year PRSI exemption

Are there any considerations here re the Revenue submission?

- **If employee is exempt from paying PRSI in Ireland, this field must be set to 'true'**
- **PRSI-related fields will be '0'**
- **PRSI exemption reason needs to be completed**

Multiple Pension Tracing Numbers

How should an employee with multiple pension tracing numbers be returned on the Revenue submission?

- **Following feedback from payroll operators, we have catered for multiple pension tracing numbers to be returned on one payslip**
- **Simply include the relevant pension tracing numbers in the relevant corresponding payslips**

Commencements notified through Jobs and Pensions versus those notified through the Payroll Submission

Can we please discuss both scenarios and Revenue's expectations with regard to both processes?

If an Employee notifies Revenue of a commencement through Jobs & Pensions before an Employer:

- **An RPN will be created for that Employment**
- **An Employment will be created in Revenue systems however the Employment ID will be left blank**
- **The Employment ID will be populated after received the first Payroll submission from the Employer for this Employment**
- **After PAYE Modernisation, multiple Employments with the same Employer will not be allowed to be commenced through Jobs & Pensions**

Employer reconciliation of totals

ROS will display a monthly breakdown of taxes to the customer, via the browser. How can the Customer with their Payroll Software reconcile the ROS values with their software's running totals:

By Year

By Month

By Quarter

By Employee/EmploymentID

Employers will be able to :

- **Query by Return period (i.e. January 2019) and will receive in response the list of Payroll run reference that were used to determine the breakdown of taxes for that return period;**
- **Query by Payroll run reference and will receive:**
 - **breakdown of taxes for that payroll run**
 - **List of active payslips for that payroll run and their financial fields**

System restore and data re-sync

Customer loses all data for the year. Sets up and reruns payroll from scratch. Currently in November.

- A. *How do they handle resubmitting data to ROS, conflicts with data already present?*
- B. *How to they handle changes in RPNs. Present RPNs on ROS do not reflect those employees originally calculated against?*

Potential data conflicts :

Reusing previously used 'PayrollRunReferences'

- **Can be avoided by using the Returns Reconciliation service**

'SubmissionID's

- **Can be avoided by using the CheckPayrollRun service**

'LineItemIDs'

- **Can be avoided by using the CheckPayrollRun service**

Holiday Pay issue requiring manual intervention

Employer gives weekly employee 1 Weeks Pay and 2 Weeks Holiday Pay near start of year. I.e. pays employee for 3 Pay Periods via EFT. Manager mentions to employee they are giving Holiday Pay in advance, as employee has not yet built up full holiday entitlement. Employee takes exception to this and states they will not owe Employer money.

Employee returns Holiday Pay (Cash) to Employer. When money picked up from floor and counted it was found to be less than Holiday Pay given. Employee no longer going to Holidays. Payroll has been submitted to ROS. Manual amendment must be made and documented.

- **The employer is required to report the pay and tax details of the employee on or before the payment date via the payroll submission – when the holiday pay is given back, this should be reported to Revenue via the payroll submission.**

"Old" data used for submission

Customer runs 'old' copy of data by mistake on old computer and uploads to ROS. etc.

A. Data in Current Tax Year

B. Data in Previous Tax Year.

How would the Revenue systems behave in this instance? What actions would be required by Revenue and/or the client to rectify?

- **The Revenue Payroll service will recognise duplicate submissions if the submission contains the previously used 'SubmissionID' and 'Tax Year'**
- **On identification of a duplicate submission, the Payroll service will respond with a validation error**
- **The Revenue New RPN service will recognise duplicate submissions if the submission contains the previously used 'RequestID'**
- **On identification of a duplicate submission, the RPN service will respond with a validation error**

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