

Financial Guideline 2018/2019 - 18

Community & Comprehensive and Voluntary Secondary schools

PAYE Modernisation – January 1st 2019

What is PAYE Modernisation?

The deadline for PAYE Modernisation is fast approaching. PAYE Modernisation is a new reporting initiative launched by the Revenue Commissioners and will be fully operational from **01 January 2019**. The objective of PAYE modernisation is to deliver real time information so that Revenue, employers and employees will have the most accurate up to date information relating to pay and tax deductions.

What does it mean for my school?

- All schools that employ people not paid directly by the Department of Education & Skills (i.e. Caretakers, Secretaries, Cleaners, etc.) **must** have either:
 - a computerised payroll system in place.

OR

- engage the services of a bookkeeper/accountant that will be able to provide a payroll support function that is compliant with PAYE Modernisation.

If your school is still using a manual payroll system, the FSSU strongly recommends that your school switches to a payroll software package or engages someone to do your payroll.

How do I prepare for PAYE Modernisation?

Schools should review their current payroll procedures and make the necessary changes to ensure they comply with the new requirements:

- All schools **must** have a computerised payroll system to enable them to streamline the payroll process efficiently and accurately **or** engage the services of a bookkeeper/accountant that provides payroll support.
- Schools should ensure that the payroll software supplier or the bookkeeper/accountant that supplies payroll support to the school is compliant with the new legislation.

- Check that you have the correct PPSN for each employee.
- All employees should be registered on ROS using 'my Account'.
- If your school has a computerised payroll system, please ensure that it is operated on the same computer as the ROS Digital Certificate. This will allow the automatic upload of information from the payroll system to ROS.
- **ROS access is critical to fulfilling your obligations as an employer.**
ROS Certificates are only valid for two years. Check to ensure that the certificate is in date. ROS Administrators should log in to ROS now and if prompted to renew, should proceed with the renewal
- Check with your payroll supplier that the schools' I.T firewalls allow the payroll software to upload to ROS.
- Check with your payroll supplier that the schools' operating systems allow the payroll software to upload to ROS. For instance, Windows XP and Vista are not compatible.
- **From 1 January 2019 Revenue Payroll Notifications (RPNs) are replacing P2Cs.** You must request the latest RPN for all employees/pensioners before you run your payroll. Where Revenue cannot provide you with an RPN, you must apply emergency tax. The revised emergency tax rates should be used.
- **Forms P45, P46, P30, P35 and P60 abolished**
With the introduction of real time reporting from 1 January 2019, Forms P45, P46, P30, P35 and P60 will be abolished. The 2018 P35 due to be filed in mid-February 2019 is the last P35 to be filed. The 2018 P60s are the final P60s that should be produced for your employees
- **Direct Debit**
Schools that currently pay a fixed amount each month to Revenue for PAYE/PRSI/USC by monthly direct debit will need to change it on the 25th January, 2019 to a variable direct debit.

Revenue's 1890 LoCall phone system is replaced by a standard telephone number

National Employer Helpline 01 738 36 38

Christmas Holiday Pay - 2018

In relation to holiday/advance payments over the Christmas period, please note the following:

- If the payment is made in December 2018, you will have to apply the correct December credits and rate bands and include the payment in the 2018 December P30.
- If you split the payment i.e. run the first week of January's pay in December and report it to Revenue in December but not pay it until 7 January, then this first payment of 2019 would be recorded under the January 2019 return.
- Please note you cannot make a payment in December but report it as a January payment. Similarly, you cannot use the first week of the next year's credits/rate bands where the payment is made in the prior year.

Boards of Management that pay their employee in arrears, will be required to pay a double week before the end of the 2018 year in order that the employee has the correct number of insurable weeks. This will ensure that the P35 will correctly reflect a 52 week year.

Further information or clarification on any of the issues raised in this Guideline can be obtained from the FSSU.

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