

Payroll Year End 2022

Topics

- Budget 2023
- Payroll 2022 Year End
- BIK Changes – CO₂ based assessment for company cars
- Payroll 2023 – Getting Started & New Features
- Statutory Sick Pay
- General Q&A

Budget 2023

Tax Credits	2022	2023
Personal Tax Credit (Single)	€ 1,700	€ 1,775
Personal Tax Credit (Married or Civil Partnership)	€ 3,400	€ 3,550
Employee Tax Credit	€ 1,700	€ 1,775
Earned Income Credit	€ 1,700	€ 1,775
Widowed/Surviving spouse (No Children)	€ 2,240	€ 2,240

Budget 2023

Standard Rate Cut-Off Points	2022	2023
Single/Widowed/Surviving spouse (no children)	€ 36,800	€ 40,000
Single/Widowed/Surviving spouse (with children)	€ 40,800	€ 44,000
Married/civil partnership (one income)	€ 45,800	€ 49,000
Married/civil partnership (both with income)	€ 45,800 + € 27,800 increase max	€ 49,000 + € 31,000 increase max

Budget 2023

USC	2022	2023
Band 2 (2% rate)	€ 12,012 - € 21,295	€ 12,012 - € 22,920

Budget 2023

Tax Credit for Renters

A new tax credit will be introduced for taxpayers who are paying rent on their principal private residence.

The credit will be available for 2022 and subsequent years of assessment. It will be valued at up to €500 per year and will only be available to taxpayers who are not in receipt of any other housing supports.

Budget 2023

PRSI

The Employers Rate of PRSI for Class AL is reduced from 11.05% to 8.8% (PRSI Classes AX and AL are now essentially the same).

Rate of Employers PRSI for Classes AO, AX and AL is 8.8%

PRSI Class A1 applies where weekly Gross Pay >€441 (€1,911 monthly) with an Employers Rate of 11.05%

Budget 2023

Important Payroll Update – PRSI Error

There was a PRSI calculation error in the initial version of Payroll 2023 released before Christmas.

The error resulted in Employer's PRSI being calculated at 11.05% for any wages over €410 per week.

The correct rate was 8.8% for all wages up to €441 per week and 11.05% thereafter.

Error fixed in Build 45, any payslips with the incorrect rate are recalculated automatically.

Budget 2023

PRSI contribution rates from 1 January 2023					
Non-cumulative weekly income band	PRSI Subclass	How much of weekly income	Employee %	Employer %	Employee & Employer %
Private and some public sector employments					
Up to €37.99	JO	All	0	0.50	0.50
€38 - €352	AO	All	0	8.80	8.80
€352.01 - €424	AX	All	4.00	8.80	12.80
€424.01 - €441	AL	All	4.00	8.80	12.80
More than €441	A1	All	4.00	11.05	15.05

<https://assets.gov.ie/235790/1f7aa0c-0978-46df-9576-4b51dd3826f7.pdf>

Budget 2023

- 2023 Employee RPNs are available on ROS since 8th December.
- The 2022 RPNs were generated for all employments that were live on 8th December.
- Employments which are ceased between 8th and 31st December will still appear as live on 2023 RPNs, although they will likely have zero credits.

Company Vehicles – BIK Changes

- New CO2 emissions based calculation for all Petrol, Diesel and Hybrid Cars.
- Allowance for Electric vehicles lowered from 50K to 35K
- BIK rate for small company vans changed from 5% to 8%
- <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-05/05-01-01b.pdf>

Company Vehicles – BIK Changes

Annual Business Mileage		Vehicle Category				
From (Km)	To (Km)	Category A (0 – 59g/Km)	Category B (60 – 99g/Km)	Category C (100 – 139g/Km)	Category D (140 – 179g/Km)	Category E >179g/Km
0	26,000	22.5%	26.25%	30%	33.75%	37.5%
26,001	39,000	18%	21%	24%	27%	30%
39,001	52,000	13.5%	15.75%	18%	20.25%	22.5%
52,001	--	9%	10.5%	12%	13.5%	15%

(Values for CO2 emissions rounded to nearest whole number)

Company Vehicles – BIK Changes Employers in Motor Trade

- Employees in the Motor Trade who use the “Average OMV Bands” for BIK purposes should use Category Crates as an average for the purpose of calculating the BIK charge from 2023 onwards (See Section 8 of BIK Guide below)
- To use Category C in Payroll set CO2 emissions to **100 g/Km**
- <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-05/05-01-01b.pdf>

Commercial Vehicles - BIK

- Not all Commercial vehicles are considered vans and eligible for lower rate of BIK (8%)
- The definition of 'van' for tax purposes requires that the vehicle must be designed or constructed solely or mainly for the carriage of goods or other burden and therefore does not include cars which are adapted into vans.
- Vehicles such as SUV's which have been adapted (by the manufacturer or owner) to be classed as a "Crew Cab" may be commercial vehicles, but they are not considered to be Vans for BIK as they are designed to carry passengers rather than as exclusively for the carriage of goods.
- Examples of such vehicles would include VW Touareg, Land Rover Discovery, Land Rover Defender, Ford Kuga, Nissan Qashqai etc. – these are passenger vehicles not vans for BIK purposes, and are subject to the same rates of BIK as a regular car.
- <https://www.revenue.ie/en/tax-professionals/tm/income-tax-capital-gains-tax-corporation-tax/part-05/05-01-01b.pdf>

Commercial Vehicles - BIK

- In a recent Revenue audit of a company who had provided two directors with Land Rover Defender 4s and charged BIK at the 5% Van rate, Revenue held that the vehicles in question were in fact a “Car” for BIK purposes and not a “Van”, even though they were both commercial vehicles – Revenue raised an assessment of €31,680 for underpayment of BIK for 3 tax years.
- The company appealed the decision with the Tax Appeals Commission, but lost their case – the Revenue position was successful with their assessment.
- [Land Rover is car for BIK tax, Appeals Commission rules - Independent.ie](#)
- [112TACD2022.pdf \(taxappeals.ie\)](#)

2022 Year End

- No P35s or P60's required.
- Employee's can instead request a "Statement Of Liability" via MyAccount.
- Reconcile Payroll against Revenue (After all payrolls have been completed)
- Check for "Unlinked Payslips" – These are payslips where the PPSN was not known at the time of submission, and where Revenue have not linked them to the correct employee.

2022 Year End

- CollSoft will email all customers with detailed instructions on how to reconcile your payroll and check for unlinked payslips after the December Monthly Statement has been finalised on 14th January

Week 53

- Week 53 occurs when a pay day falls on Saturday 31st December for a weekly, fortnightly or four-weekly payroll run.
- Very few employers will have a Week 53 in 2022.
- Week 53 is determined by the Payment Date – not when the employee works!
- Additional Tax Credits and Bands (PAYE and USC) apply on a Week-1 basis.

Week 53

- As 31st December is a non banking day, any valid Week 53 payroll can be paid on Friday 30th – but only if the employee's normal pay day is a Saturday.
- Week 53 cannot be paid in advance as part of a Christmas holiday payroll run.
- Revenue **DO NOT** allocate Week 53 credits based on insurable weeks.
- Revenue will only allocate a Week 53 credit based on the submission of a weekly, fortnightly or four-weekly payslip dated 31st December.
- Incorrect allocation of a Week 53 by the employer will result in an underpayment of PAYE and USC on an Employee's Statement Of Liability (SOL)

Payroll payments over Christmas

- Wages due to be paid on Monday 2nd January can be paid on Friday 30th December but are still reported to Revenue as a 2023 payslip dated 2nd January.

Starting Payroll 2023

- Payroll 2023 now available to download from www.collsoft.ie
- Update Payroll 2022 to latest version – Check for Updates.
- You do not have to be finished your 2022 payroll before you start processing in 2023.
- You must download updated RPNs for 2023 – tax credits are not transferred from 2022

Starting Payroll 2023

- Install Payroll 2023
- Import your data from Payroll 2022

New Features in 2023

- Advance Payments.
- Supplementary Payments – sometimes called a “Bonus Run” in other software.

Statutory Sick Pay (SSP)

- Statutory Sick Pay (SSP) commences from 1st January 2023
- SSP being phased in over 4 years
 - 3 day of paid sick leave in 2023
 - 5 days in 2024
 - 7 days in 2025
 - 10 days in 2026

Statutory Sick Pay (SSP)

- All employees are eligible for SSP once they have had 13 weeks of continuous service.
- Employee must provide a medical certificate.
- Employees are entitled to 70% of their normal daily wage, subject to a maximum payment of €110 per day.

Statutory Sick Pay (SSP) Entitlements – Salaried Employees

- Entitled to 70% (subject to maximum of €110) of their regular daily salary, allowance or bonus payments which does not vary in relation to the work done – but excluding any overtime or commission etc.

Statutory Sick Pay (SSP) Entitlements – Salaried Employees

- Any employee earning a fixed salary of more than €157.14 per day will be entitled to the maximum SSP payment of €110.
- This is equivalent to an annual salary of €40,857 (assuming 5 day week)

Statutory Sick Pay (SSP) Entitlements – Rate Based Employees

- If the employee is paid a fixed hourly rate or other time rate for a variable number of hours then the employee is entitled to 70% (subject to max of €110) of what they would have been paid had the employee actually worked on the day they were sick. This includes any regular bonus or allowance, but excludes overtime or commission.

Statutory Sick Pay (SSP)

- Employers must keep a record of all SSP paid for a period of 4 years.
- Failure to comply with record keeping can result in fine of up to €2,500
- Unused SSP days are not carried forward into next year.
- Employees can claim SSP for a day on which they are on annual leave.
- Employees cannot be asked to use annual Leave in leu of SSP
- Employees continue to accrue annual leave while on SSP

Payroll Changes in 2024

- New Auto Enrolment Pension Scheme
 - Mandatory for any employee with annual earnings above 20K across all employments.
 - Initial contributions will be 3% for the Employee and 3% for the Employer – will be increased on an annual basis
 - Auto Enrolment Pensions will be operated in real time through Payroll.
 - Employers will be liable to pay pension contributions to the Central Processing Agency (CPA) in real time as they are deducted from Payroll
 - Auto Enrolment project will have similar impact to Payroll as the rollout of PAYE Modernisation.

Payroll Changes in 2024

- New PMOD Reporting Requirements will see employers reporting to Revenue any of the following payments;
 - Travel and Subsistence – Country Money etc.
 - Small Benefit payments – One For All Vouchers etc.
 - Remote Working Daily Allowance

Questions & Answers