Payroll Customer Update

(April 2023)

Topics

- Changes to BIK related to employer provided vehicles
- Enhanced Revenue Reporting (ERR)
- Auto Enrolment Pensions (AE)
- General Q&A

BIK on Employer provided vehicles

- Changes to the way BIK is calculated for employer provided vehicles were introduced in 2023
  1. New CO_2 based formula for Petrol, Diesel and Hybrid vehicles.
  2. BIK on vans increased from 5% to 8%
  3. Reduction in BIK relief for Electric Vehicles from €50K to €35K

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BIK on Employer provided vehicles

- In April the Minister of Finance announced a change to the new regime with a temporary relief being made available in 2023 (only);
  1. A relief of €10K applied to the OMV of all petrol, diesel and hybrid vehicles with CO2 emissions which fall into category A – D
  2. Category E vehicles do not get any relief.
  3. Electric Vehicles are entitled to both the 10K temporary relief and the existing €35K EV relief – total relief is €45K.
  4. Vans are also entitled to the 10K OMV relief
- The Bill also provides for a reduction of 4,000 kilometers in the highest mileage band from 52,001 kilometers to 48,001 kilometers

BIK on Employer provided vehicles

- These reliefs are being backdated to 1st January 2023.
- Employers can, if they are in a position to do so, apply the new method of calculation of BIK on employer-provided cars and vans prior to enactment of the legislation.
- Furthermore, they should carry out any necessary adjustments to the BIK calculations in respect of prior periods by way of a current period adjustment and not amend prior period payroll submissions.
- See Section 4.1.3 of the Tax & Duty Manual Part 05-01-01b
- Part 05-01-01b - Benefit in kind on the provision of Employer Provided Vehicles (revenue.ie)

Enhanced Revenue Reporting (ERR)

- Budget 2022 introduced a new requirement for employers to report to revenue certain expenses/benefits made to employees and/or directors.
- Phase 1 commences on 1st January 2024 and will require the reporting of the following items;
  - Travel & Subsistence
  - Small Benefit Exemption (One for all gift cards etc)
  - Remote Working Daily Allowance

Enhanced Revenue Reporting (ERR)

- ERR is a completely separate return from current PMOD Payroll Submissions.
- ERR returns must be made to Revenue on or before the date of payment – similar to PMOD.
- Reporting will be per employee/director and linked to their PPSN & Employment ID
- Such payments will be visible to the employee via their MyAccount profile.

Enhanced Revenue Reporting (ERR)

- Main Reporting Categories
  1. Travel and Subsistance
  2. Remote Working Daily Allowance
  3. Small Benefits Exemption

Enhanced Revenue Reporting (ERR)

- Sub Categories
  - Travel Vouched
  - Travel Unvouched
  - Subsistence Vouched
  - Subsistence Unvouched
  - Site Based Employees
  - Emergency Travel
  - Eating on Site
- Number of Days for remote working

Enhanced Revenue Reporting (ERR)

- Revenue will be monitoring the returns to ensure that they comply with various limits e.g.
  - Remote Working can only be claimed for max of 366 days per year
  - Small Benefit Exemptions can only be made twice per year and with a total value of €1000 maximum
  - Emergency travel can only be claimed a maximum number of time per year.

Enhanced Revenue Reporting (ERR)

- The ERR project is of a similar scale as PMOD
- It will require employers to make changes to their internal processes, especially if they pay expenses outside of their payroll runs.
- ROS certificates will be updated to add permissions for users which are separate to the current PMOD payroll reporting.
- Will pose challenges for employers who use Payroll Bureaus for payroll but not expenses. In particular, these payments will need to be linked to the Employee's Payroll Employment ID.

Enhanced Revenue Reporting (ERR)

- CollSoft Payroll 2024 will provide functionality to report ERR to Revenue.
- CollSoft will cater for both of the following
  - Payments made as part of employee’s payroll.
  - Payments made outside of the normal payroll process.

Auto Enrolment Pensions (AE)

- The aim of AE is to provide a mandatory private pension scheme for employees who do not have a private pension scheme, and who have annual earnings over 20K. This includes all full time and part-time employees
- Approximately 750,000 workers to be enrolled into a new workplace pension scheme automatically when it comes into force in 2024.
- Participation in the new scheme will be voluntary - workers will have the ability to opt-out, however, this can only be done after 6 months.
- Scheme includes matching employee and employer contributions and a State Top-up

Auto Enrolment Pensions (AE)

- For every €3 saved by an employee, a further €4 will be credited to their pension savings account - €3 from the employer, €1 from the State.
- The introduction of Auto Enrolment will be very gradually phased in over a decade starting in 2024, with both employer and employee contributions starting at 1.5%, and increasing every three years by 1.5% until they eventually reach 6% by Year 10 (2034). This steady phasing allows time for both employers and employees to adjust to the new system.

Auto Enrolment Pensions (AE)

- At the moment AE is supposed to go live at some point in 2024.
- It is unlikely to be 1st January 2024.
- Employers will have to report all AE contributions to the CPA in real time similar to PMOD Payroll reporting – however this will be a completely separate return and not linked to Revenue or ROS certs.
- At the moment the plan is that employers will also have to remit or pay all AE contributions in real time as they are going to be deduced. This is unlike all other deductions (PAYE, PRSI, USC etc) which are paid a month in arrears.

Questions & Answers