

Payroll Training Course

The logo for CMG (Central Manpower Group) is centered on the slide. It consists of the letters 'CMG' in a bold, sans-serif font. The letters are white and are set against a circular background that features a complex, concentric maze-like pattern. The entire logo is rendered in a light teal color that matches the background of the slide.

CMG

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Welcome!

Topics we will cover today:

1. Introduction to Payroll:

- Payroll Terminology
- The Revenue Commissioners
- The Requirements of an Employer
- What is a Payslip
- Relevant Employment Law Legislation

2. The Payroll Process:

- What are the statutory deductions: PAYE / PRSI / USC
- How are they calculated
- Walkthrough of the way payroll is calculated manually

Welcome!

Topics we will cover today:

3. Other Payroll Related Issues:

- Summary of Pensions and Auto Enrolment
- Overview of Benefit In Kind
- Cycle to Work Scheme
- Public Transport Tax Saver Scheme
- Extension of manual calculation to illustrate the effects of these.

4. Revenue Compliance:

- PAYE Modernisation (real-time reporting)
- Revenue Payroll notifications (RPNs)
- Payroll Submission Requests (PSRs)
- Summary of Enhanced Reporting Requirements (ERR)
- Record-keeping

Welcome!

Topics we will cover today:

5. Payroll Systems and Processes:

- Overview of leading Irish payroll systems (BrightPay, Thesaurus, Sage, Xero, Big Red Book)
- Integrations: HR systems, accounting, time and attendance, bank files
- End-to-end payroll workflow (eg Thesaurus)
- Mini Exercise: Build a simple payroll process map.

6. Revenue Reporting & Compliance Activities

- Submitting payroll to Revenue
- Handling RPN changes & Emergency tax
- Correcting previous submission
- Typical mistakes
- How to prevent and fix errors

Topic 1: Introduction to Payroll

Payroll Terminology:

1. Gross Pay:

This is an employee's pay of any kind, which may consist of many different components.

The most common ones are salary, wage, overtime, bonus, commission, holiday pay, Christmas bonus, back money, workplace pensions, benefits in kind (company car), and piece pay. Gross pay of any description is taxable.

Topic 1: Introduction to Payroll

Payroll Terminology:

2. Basic Pay

This is the pay an employee receives for working a regular thirty-nine or forty-hour week (if paid weekly). It is pay earned without any overtime payments, bonuses etc.

3. Wage

This is an amount of money (payment) earned by an employee for work done. It is usually calculated on an hourly basis.

4. Salary

A salary is a fixed sum of money (payment) earned by an employee for work done. The payment (which may be paid on a weekly, fortnightly or monthly basis), unlike a wage, does not change.

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Payroll Terminology:

5. Taxable Pay:

This is the amount of an employee's gross pay less:

- Any ordinary pension contributions (i.e. approved by the Revenue Commissioners) made by the employee to the employer's scheme
- Cycle to Work Scheme
- Public transport commuter tickets
- Contributions to Revenue-approved permanent health benefit schemesThe employer deducts these contributions from gross pay before calculating the amounts due for Tax.

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Payroll Terminology:

6. PAYE (Pay as you earn Income Tax):

The tax deducted at source by employers when a payroll is run. Although there are many variations of Income Tax, PAYE is referred to as Schedule E income and is specific to an employment.

Topic 1: Introduction to Payroll

Payroll Terminology:

7. Pay Related Social Insurance (PRSI) :

PRSI is simply another form of taxation and is payable by both employers and employees.

It is collected by the employer at source and sent to the Department of Social and Family Affairs.

This tax is used to fund a range of services to include: sick leave, Disability Benefit, Unemployment Benefit, some dental cover and pension provision.

Topic 1: Introduction to Payroll

Payroll Terminology:

8. Universal Service Charge (USC):

Universal Service Charge refers to income tax on gross earnings, applied at progressive rates above a €13,000 threshold, funding public services.

It replaced both the income levy and the health levy (also known as the health contribution) since 1 January 2011.

It does not apply to social welfare or similar payments, and there are certain other exceptions.

Topic 1: Introduction to Payroll

Payroll Terminology:

9. Benefit in Kind (BIK):

Benefit in Kind (BIK) is a non-cash perk an employer gives an employee, like a company car, health insurance, or loans, which has monetary value.

It is added to their taxable income, meaning both the employee (via income tax) and employer (via employer PRSI) have tax obligations.

Common examples include company cars, health insurance and preferential loans, calculated based on specific rules.

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Payroll Terminology:

10. National Minimum Wage:

These are the current minimum rates of pay that are in place in Ireland for 2026:

Experienced adult worker €14.15 per hour

Aged 19 it is €12.74 (90%)

Aged 18 it is €11.32 (80%)

Aged under 18 it is €9.91 (70%)

As a result of the recent budget, these rates will increase by approximately 5.7% to €14.94 with the other rates adjusted on a pro-rata basis.

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Payroll Terminology:

11. PAYE Modernisation:

The real time reporting regime that became operational for all employee payments made from 1 January 2019.

PAYE modernisation improves the streamlining of current business processes reduces the administrative burden currently experienced by employers to meet their PAYE reporting obligations.

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Payroll Terminology:

12. Revenue Online Services (ROS):

ROS provides access to online services for businesses and individuals.

There are a large range of online services available in ROS.

It is for businesses and for individuals who are registered for business related taxes.

Business related taxes include Income Tax, Value Added Tax (VAT), Relevant Contracts Tax (RCT), Employers PAYE (PAYE-Emp) among others.

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Revenue Commissioners:

The Revenue Commissioners are the government organisation that is responsible for all forms of taxation in Ireland.

Schedule E income tax (PAYE) is processed through the payroll system.

The tax year in the Republic of Ireland runs from 1st January to 31st December.

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Revenue Commissioners:

The PAYE system came into operation in Ireland on 6th October 1960 for a limited number of employees, but it has been extended to cover almost everyone who is paid a wage or a salary.

The PAYE system is the method used by the Revenue Commissioners to collect the following based on an employee's income.

Pay As You Earn (PAYE) Income Tax
Pay Related Social Insurance (PRSI)
Universal Social Charge (USC)

Topic 1: Introduction to Payroll

Revenue Commissioners:

At the beginning of each new tax year, Revenue Commissioners issue new summary of the tax credits in the form of a digital download called an RPN. Most employers are registered on ROS and will receive an RPN.

The details given on an RPN are as follows:

Tax / USC status

Tax credits

Standard Rate Cut Off

Marginal Relief Rate

USC cut off point

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Revenue Commissioners:

Revenue officers carry out pre-arranged and unannounced visits to businesses to ensure that such businesses comply with their tax and duty obligations.

Some such visits are carried out jointly with other State agencies (for example, with the Department of Social Protection and the National Employment Rights Authority).

This will be discussed in more detail later.

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Revenue Commissioners:

Payroll records must be kept for a period of 6 years after the end of the tax year to which they relate. The following records must be kept:

- Remuneration paid, including expenses
- USC and Tax deductions made
- PRSI contributions, both employees and employers
- Details of taxable illness benefit payments
- Details of Benefits in Kind
- Register of employees
- Copy of Employees Terms of Employment
- Employee working time and rest periods

Topic 1: Introduction to Payroll

The Requirements of an Employer:

What is the Purpose of the Payroll Function?:

- Calculation of Gross Pay
- Calculation of taxes and other deductions
- Prepare payslips
- Make appropriate returns to Revenue
- Prepare wages / bank file for transfer
- Distribute payslips

Topic 1: Introduction to Payroll



The Employer's Obligation as a Tax Collector.

- Employers must operate the income tax system
- They must maintain the necessary records - Pay the taxes collected from the employees to the tax authorities (Revenue Commissioners)
- Allow the tax authorities or Department of Social Protection to inspect records (must be kept for 6 years)
- Give employees payslips showing all deductions

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Payslips:

All employees have a right to get a payslip with every payment of salaries or wages, either when paid or shortly after.

A payslip is a written statement from the employer, showing an employee's gross pay, PRSI and other deductions.

A payslip is generated on paper or electronic format (for example, as an email attachment).

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Payslips:

Under section 4 of the Payment of Wages Act, 1991, an employer is legally obliged to provide an employee with a statement in writing specifying clearly the gross amount of the wages payable to the employee and the nature and amount of any deduction.

This takes the form of a payslip.

An employer should take such reasonable steps as are necessary to ensure that both the matter to which the statement relates and the statement are treated confidentially by the employer and his agents and by any other employees.



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Payslips:

The payslip will include:

- Personal information, such as your name and PPS number
- Employer's name and registration number
- The pay period (for example, 'Month 6' or 'June')
- Current pay period gross income and all statutory deductions
- Other taxable and non-taxable additions and deductions
- A summary of total pay for the year so far ('cumulative' pay)
- Tax credits and standard rate cut-off point
- PRSI Class
- Insurable Weeks

Topic 1: Introduction to Payroll

Payslips:

Where a statement under this section contains an error or omission, the statement shall be regarded as complying with the provisions of this section if it is shown that the error or omission was made by way of a clerical mistake or was otherwise made accidentally and in good faith.

An employer who contravenes this act is regarded as being guilty of an offence and shall be liable on summary conviction to a fine.

Topic 1: Introduction to Payroll

Payroll Related Legislation:

1. Annual Leave:

Employees are entitled to annual leave or holidays from work is set out in legislation and in their contract of employment.

Legislation gives various entitlements to leave from work.

These include annual leave, public holidays, maternity leave, adoptive leave, carer's leave, parental leave and other types of leave from work. It is also important to note that the periods of leave provided for by legislation are the minimum entitlements only and there may be agreed additional entitlements.

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Payroll Related Legislation:

1. Annual Leave:

In the case of agency employees, the party who pays the wages (employment agency or client company) is the employer for the purposes of the Act and is responsible for providing the entitlement.

The Organisation of Working Time Act 1997 provides for a basic annual paid leave entitlement of 4 weeks, although an employee's contract could give greater rights.

It is for the employer to decide when annual leave may be taken, but this is subject to a number of conditions.

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Payroll Related Legislation:

1. Annual Leave:

There are 3 different ways of calculating annual leave entitlement:

1. Based on the employee's working hours during what is called the year. An employee who has worked at least 1,365 hours in the leave year is entitled to the maximum of 4 working weeks' annual leave unless the employment ceases during the leave year.
2. By allowing 1/3 of a working week for each calendar month in which the employee has worked at least 117 hours.
3. 8% of the hours worked in the leave year, subject to a maximum of 4 working weeks.

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Payroll Related Legislation:

1. Annual Leave:

An employee who has worked for at least 8 months is entitled to an unbroken period of 2 weeks' annual leave.

Part-time work: Generally, the annual leave for part-time workers is calculated using the 3rd method, that is, 8% of hours worked. If they work full time for some months and the rest of the year work part time, they should calculate the leave for the full-time and the part-time periods of work separately.

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Payroll Related Legislation:

1. Annual Leave:

It is illegal under the Organisation of Working Time Act, 1997 for an employer to pay an allowance in lieu of the minimum statutory holiday entitlement of an employee unless the employment relationship is terminated. In general, annual leave is calculated on the basis of hours worked.

If an employee leaves a job they are entitled to receive payment for any outstanding annual leave and public holidays due.

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Payroll Related Legislation:

1. Annual Leave:

Employees sick during annual leave should submit a medical certificate so that this time is treated correctly as sick leave.

This rule also applies to Public Holidays.

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Payroll Related Legislation:

2. Public Holidays:

There are now 10 public holidays in Ireland each year. Public holidays may commemorate a special day or other event, for example, St Patrick's Day (17 March) or Christmas Day (25 December).

On a public holiday, sometimes called a bank holiday, most businesses and schools close.

Other services, for example, public transport still operate but often with restricted schedules.

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Payroll Related Legislation:

2. Public Holidays:

The list of public holidays each year is as follows:

New Year's Day (1 January)
First Monday in February
St. Patrick's Day (17 March)
Easter Monday
First Monday in May, June, August
Last Monday in October
Christmas Day (25 December)
St. Stephen's Day (26 December)

Note, Good Friday is not a public holiday in the Republic of Ireland. While some schools and businesses close on that day, there is no automatic entitlement to time off work on that day.

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Payroll Related Legislation:

2. Public Holidays:

Employees entitlement to public holidays is set out in the Organisation of Working Time Act 1997 with most full-time employees entitled to paid leave on public holidays.

One exception is part-time employees who have not worked for their employer at least 40 hours in total in the 5 weeks before the public holiday.

Employees who qualify for public holiday benefit will be entitled to one of the following:

- A paid day off on the public holiday
- An additional day of annual leave
- An additional day's pay
- A paid day off within a month of the public holiday

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Payroll Related Legislation:

2. Public Holidays:

For part-time workers, if they have worked at least 40 hours in the 5 weeks before the public holiday and the public holiday falls on a day they normally work they are entitled to a day's pay for the public holiday. If they are required to work that day they are entitled to an additional day's pay.

If they do not normally work on that particular day they should receive one-fifth of their weekly pay. Even if they may never be rostered to work on a public holiday they are entitled to one-fifth of their weekly pay as compensation for the public holiday.

If they do not have normal daily or weekly working hours, an average of their day's pay or the fifth of their weekly pay is calculated over the 13 weeks worked before the public holiday.

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Payroll Related Legislation:

2. Public Holidays:

If an employee's employment finishes during the week ending on the day before a public holiday and they have worked for the previous 4 weeks, they should receive an additional day's pay for the public holiday.

This also applies to part-time employees who have established a right to the public holiday by working at least 40 hours in the previous 5 weeks.

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Payroll Related Legislation:

3. Maternity Benefit:

Maternity Benefit is a payment made to women who are on maternity leave from work and covered by Social Insurance

They must be in employment up to the 16th week before due date of baby

The employer is under no obligation to pay the employee while off on Maternity Leave

Maternity Benefit is a Tax, PRSI & USC free payment

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Payroll Related Legislation:

3. Maternity Benefit:

The statutory Maternity Benefit lasts for 26 weeks

At least 2 weeks and no more than 16 weeks must be taken before the end of the week in which the baby is due.

An additional 16 weeks unpaid leave can be taken.

Since 1 October 2017, Maternity Benefit is payable for an extra period after the end of this 26 weeks in the case of a premature birth. Maternity leave is also extended for this extra period.

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Payroll Related Legislation:

4. Paternity Benefit:

The Paternity Leave and Benefit Act 2016 introduced Paternity Benefit, together with statutory paternity leave of 2 weeks.

The combined package of paternity leave and Paternity Benefit can start at any time within the first 6 months following birth or adoption of a child.

The provisions apply to births or adoptions since 1 September 2016.

Paternity leave gives new parents 2 weeks off work. This can be taken if they are employed or in self-employment and can start the leave any time in the first 6 months after the baby's birth. Paternity leave when a child is adopted.

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Payroll Related Legislation:

4. Paternity Benefit:

Usually, fathers take paternity leave. Paternity leave is also available to same-sex couples.

The employer does not have to pay the employee during paternity leave, but they may qualify for Paternity Benefit.

The legislation on paternity leave is set out in the Paternity Leave and Benefit Act 2016.

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Payroll Related Legislation:

5. Parental Leave:

Parental Leave of 26 working weeks is allowed for each child up to the age of 12 or 16 if the child is disabled.

Where an employee has more than one child, parental leave is limited to 26 weeks in a 12-month period (this can be longer if the employer agrees).

Parents of twins or triplets can take more than 26 weeks of parental leave in a year.

If parental leave is taken in a block a PRSI credit for each week will be accounted for, to keep Social Welfare benefits up to date.

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Payroll Related Legislation:

6. Parents Leave:

Parent's leave entitles each parent to 9 weeks' leave during the first 2 years of a child's life, or in the case of adoption, within 2 years of the placement of the child with the family.

Each parent is entitled to 9 weeks paid parent's leave for a child born or adopted on or after 1 August 2024. The leave period remains the same in the case of multiple births, for example if they have twins or they adopt 2 or more children at the same time.

Topic 1: Introduction to Payroll

Payroll Related Legislation:

7. Statutory Sick Leave:

On 20 July 2022, the Sick Leave Act 2022 was signed into law by the President.

The Act introduced a statutory right to sick pay from 1 January 2023.

Under this legislation, employees are entitled to three days of paid sick leave from 2023, and this will be rolled out as part of a four-year plan, with employees having an entitlement to 10 days paid sick leave by year four. This was amended in 2025 to cap the Statutory Sick Leave days at 5 for the foreseeable future.

Topic 1: Introduction to Payroll



Payroll Related Legislation:

7. Statutory Sick Leave:

Sick leave entitlements are as follows:

- 3 sick days per calendar year in 2023;
- 5 days per calendar year in 2024 and beyond.

In the original legislation an increase in days was proposed:

- 7 days per calendar year in 2025;
- 10 days per calendar year in 2026.

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Payroll Related Legislation:

7. Statutory Sick Leave:

Statutory sick leave days may be consecutive days or non-consecutive days.

The legislation does not specify the amount of statutory sick pay; however, it provides that an employer must pay 70% of a worker's wage to a maximum of €110 a day.

An employee must obtain a medical certificate to avail of this statutory sick pay, and the entitlement is subject to the employee having worked for their employer for a minimum of 13 weeks.

Topic 1: Introduction to Payroll

Payroll Related Legislation:

7. Statutory Sick Leave:

Section 9 of the new Statutory Sick Leave Act sets out that if an employer already provides a more favourable sick pay scheme to their employees, they will not be obliged to comply with the statutory sick pay rules.

An employer will have to demonstrate that any discretionary or pre-existing scheme is definitely more favourable than that provided for in the legislation.

Topic 1: Introduction to Payroll

Payroll Related Legislation:

7. Statutory Sick Leave:

Once entitlement to sick pay from their employer ends, employees who need to take more time off may qualify for illness benefit from the Department of Social Protection subject to PRSI contributions.

In addition, it will be a mandatory requirement for employers to retain records of any statutory sick leave days taken by employees, and these records must be kept for a period of 4 years.

Failure to comply with this requirement may result in a fine of up to €2,500.

Topic 1: Introduction to Payroll

Payroll Related Legislation:

Reflection:

1. Why is it important for payroll administrators to be familiar with employment legislation?
2. What is the best approach when dealing with a technical question?
3. How does a payroll administrator keep up to date with changing legislation?

Coffee Break



Topic 2: The Payroll Process:

Statutory Deductions:

1. PAYE Income Tax:

There are two rates of PAYE tax:

Standard Rate: 20%

Higher Rate: 40%

The Standard Rate Cut-Off Point:

The standard rate cut-off point is the limit of earnings before the higher rate of tax is applied. This is different for each individual and depends on personal circumstances.

Topic 2: The Payroll Process:

Statutory Deductions:

1. PAYE Income Tax:

The Tax Credit System:

The tax credit system is fully operational in Ireland since 6 April 2001.

It represents the largest overhaul of the taxation system since the introduction of PAYE in 1960.

Under this system, tax is calculated at the appropriate tax rates on an employee's gross pay (less pension and health benefit) in order to arrive at the gross tax.

This gross tax is then reduced by the employee's tax credit so as to arrive at the net tax payable.

Topic 2: The Payroll Process:

Statutory Deductions:

1. PAYE Income Tax:

Cumulative (Normal) Tax Status:

The Cumulative Tax basis is the standard method where tax (PAYE and USC) is calculated from the start of the year, adding up earnings and applying total credits/cut-off points with each payroll to ensure employees pay the correct annual amount, allowing for rebalancing.

It is constantly revised to reflect the cumulative status of the tax payer after each payroll to ensure consistency in calculation and in the tax paid for the year to that date.

Topic 2: The Payroll Process:

Statutory Deductions:

1. PAYE Income Tax:

Week / Month One Tax Status:

It this method, PAYE and USC are calculated each pay period (week/month) independently, without considering previous pay, tax credits, or rate bands from earlier in the year, treating each payment separately.

Yearly tax credits and rate bands are not backdated to 1 January and do not accumulate for each pay period.

Employers cannot make any refunds of PAYE or USC that may be due until a 'cumulative' certificate is issued.



Topic 2: The Payroll Process:

Statutory Deductions:

1. PAYE Income Tax:

Emergency Tax Status:

Emergency Tax is issued in exceptional circumstances, usually where employer are unable to obtain a Revenue Payroll Notification (RPN).

Income Tax and Universal Social Charge (USC) are deducted from pay at the Emergency Tax rates which are higher than normal rates and vary according to whether the employee has a PPS number or not.

To avoid paying Emergency Tax, employees need to give their employer their Personal Public Service Number (PPSN).

If the employee does not have a PPSN they must contact the Department of Social Protection.

Topic 2: The Payroll Process:

Statutory Deductions:

2. Pay Related Social Insurance (PRSI) :

PRSI is simply another form of taxation.

It is payable by both employers and employees.

It is collected by the employer and sent to the Department of Social and Family Affairs.

This tax is used to fund a range of services to include:

Sick leave, Disability Benefit, Unemployment Benefit, some dental cover and pension provision.



Topic 2: The Payroll Process:

Statutory Deductions:

2. Pay Related Social Insurance (PRSI) :

All income, with the exception of certain Social Welfare benefits, is liable for PRSI.

Most employees are obliged to pay PRSI. The exceptions include all individuals aged seventy or over, who are exempt from PRSI.

All employers are also obliged to pay PRSI on behalf of their employees. Their contribution is calculated on the employees' gross pay.

Topic 2: The Payroll Process:

Statutory Deductions:

2. Pay Related Social Insurance (PRSI) :

There are nine different categories or 'classes' of PRSI. The most common class is Class A. Most classes are divided into subclasses.

The majority of employees working in the private sector pay Class A PRSI.

If they are in employment, the amount of social insurance paid depends on their earnings and the type of work they do.

If they are an employee, their PRSI contributions are deducted by their employer and collected by Revenue under the PAYE system.

Topic 2: The Payroll Process:

Statutory Deductions:

2. Pay Related Social Insurance (PRSI) :

Weekly income band	PRSI Subclass	How much of weekly income	Employee %	Employer %
€38 - €352	A0	All	Nil	9.15
€352.01 - €424 (**)	AX	All	4.35	9.15
€424.01 - €552	AL	All	4.35	9.15
More than €552	A1	All	4.35	11.40

(**) A tapered employee PRSI Credit of €12 per week applies on earnings between €352.01 and €424



Topic 2: The Payroll Process:

Statutory Deductions:

3. Universal Service Charge (USC) :

The Universal Social Charge (USC) is a tax on income that replaced both the income levy and the health levy (also known as the health contribution) since 1 January 2011.

Individuals pay the USC if their gross income is more than €13,000 per year - once income is over this limit, they pay the relevant rate of USC on all of their income.

It is calculated on a cumulative basis payable weekly or monthly basis.

It does not apply to social welfare or similar payments, and there are certain other exceptions.

Topic 2: The Payroll Process:

Statutory Deductions:

3. Universal Service Charge (USC) :

Income liable for the USC includes all gross income, including notional pay (notional pay is the value of a non-cash benefit, such as benefit-in-kind).

For married couples or civil partners, each spouse or civil partner is treated individually by their employer or pension provider throughout the year.

Although individuals may have no liability to income tax based on their entitlement to tax credits, they may still have a liability to pay the Universal Social Charge on their income.

Some sources of income are exempt from income tax but are liable to the Universal Social Charge.



Topic 2: The Payroll Process:

Statutory Deductions:

3. Universal Service Charge (USC) :

Income exempt from the USC:

You do not pay the Universal Social Charge if your total income for a year is €13,000 or less.

If you are aged 70 or over or a medical card holder aged under 70 and your aggregate income for the year is €60,000 or less, you pay a reduced rate of USC.

All Department of Employment Affairs and Social Protection payments, including Maternity Benefit, Paternity Benefit and State pensions, are exempt from the Universal Social Charge.



Topic 2: The Payroll Process:

Statutory Deductions:

3. Universal Service Charge (USC) :

Income exempt from the USC (cont'd):

Similar payments, such as payments made as part of Community Employment schemes or the Back to Education Allowance, are exempt.

Social welfare or similar payments made from abroad are exempt.

Student grants and scholarships are also exempt.

Topic 2: The Payroll Process:

Statutory Deductions:

3. Universal Service Charge (USC) :

Standard rates and thresholds of USC for 2026:

Threshold	Rate
First €12,012	0.5%
Next €16,688	2.0%
Next €41,344	3.0%
Balance	8.0%

Topic 2: The Payroll Process:

Statutory Deductions:

3. Universal Service Charge (USC) :

Standard rates and thresholds of USC for 2027:

Threshold	Rate
First €12,012	0.5%
Next €18,288	2.0%
Next €39,744	3.0%
Balance	8.0%

Topic 2: The Payroll Process:

Payroll Calculations:

1. Employee 1 is paid weekly and earns a basic gross pay of €500.00 per week

His tax credits are €3,750.00 per annum

His Standard Rate Cut-off Point is €44,000.00 per annum.

Calculate their weekly tax deduction.

2. Employee 2 is paid weekly and earns a basic gross pay of €900.00 per week

Her tax credits are €4,150.00 per annum

Her Standard Rate Cut-off Point is €44,000.00 per annum.

Calculate their weekly tax deduction.



Topic 2: The Payroll Process:

Payroll Calculations:

3. Employee 3 is paid weekly on an hourly basis. Her wages for the week are 39 hours @ €15.00 per hour plus a bonus of €50.00

His tax credits are €3,750.00 per annum

His Standard Rate Cut-off Point is €42,000.00 per annum.

Calculate his statutory deductions and net pay.

4. Employee 4 is paid weekly and earns a basic gross pay of €1,000.00 per week

Her tax credits are €4,950.00 per annum

Her Standard Rate Cut-off Point is €45,200.00 per annum.

Calculate his statutory deductions and net pay.

Topic 3: Other Payroll Related Issues:



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1. Pensions:

Should an employee wish to, the employer is obliged to:

- Enter into a contract with at least one Personal Retirement Savings Account (PRSA) provider to enable employees to participate in a Standard PRSA.
- Notify employees of their right to contribute to a Standard PRSA.
- Allow PRSA providers reasonable access to employees at their workplace to discuss Standard PRSA contracts.
- Allow reasonable paid leave of absence, subject to work requirements, to employees so that they can set up a Standard PRSA.

Topic 3: Other Payroll Related Issues:



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1. Pensions:

Should an employee wish to, the employer is obliged to:

- Deductions in respect of Pension Contributions will be made through the payroll.
- Employers must pay over the contributions to the PRSA provider in a timely manner to avoid penalties.
- Note: there is no obligation on the part of the employer to contribute to an employee's PRSA.

Topic 3: Other Payroll Related Issues:



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1. Pensions:

Auto Enrolment:

Auto Enrolment was introduced on 1st January 2026 as a new pension savings scheme for employees between 23 and 60 who are not paying into a pension and who earn more than €20,000 per annum.

They will be automatically included in the scheme but can opt out after 6 months.

Under the scheme, the employee, employer and Government all pay a certain amount into the employee's pension fund.

A new Central Processing Authority was set up to administer the Auto-enrolment scheme.

The system will be called "My Future Fund" and is administered by the "National Automatic Enrolment Retirement Savings Authority (NAERSA)"

Topic 3: Other Payroll Related Issues!



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1. Pensions:

Auto Enrolment:

Employees who do not satisfy the conditions but exercise the right to opt in, subject to the following:

- Employee does not meet the above conditions.
- Employee is over 18 (and under the State pension age).
- Not in “exempt employment”.
- The application to opt in must be made to NAERSA.

Topic 3: Other Payroll Related Issues:



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1. Pensions:

Auto Enrolment:

The amount an employee pays will be a set rate of their annual salary.

The employer will match their contributions and the Government will contribute an additional amount.

An employee and their employer will pay 1.5% of the annual salary in the first year.

This will increase to 6% by year 10.

Topic 3: Other Payroll Related Issues:



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1. Pensions:

Auto Enrolment:

Year	Employee Contribution Rate	Employer pays	Government pays
1 to 3	1.5%	1.5%	0.5%
4 to 6	3%	3%	1%
7 to 9	4.5%	4.5%	1.5%
10 and after	6%	6%	2%

Topic 3: Other Payroll Related Issues:



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2. Benefit In Kind:

A benefit-in-kind (BIK) is any non-cash benefit of monetary value that you provide for your employee.

These benefits can also be referred to as notional pay, fringe benefits or perks.

The benefits have monetary value, so they must be treated as taxable income.

You must deduct Pay As You Earn (PAYE), Pay Related Social Insurance (PRSI) and Universal Social Charge (USC) from your employee's pay on the value of a benefit

Topic 3: Other Payroll Related Issues:



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2. Benefit In Kind:

Most Common Types of Benefit In Kind:

- Provision of a company vehicle (car or van)
- Preferential Interest Loans
- Health Insurance
- One off Payments

Where an employee makes a contribution, this is deducted from the overall figure

Topic 3: Other Payroll Related Issues:



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2. Benefit In Kind:

What is required?

A notional pay figure that represents the taxable benefit to the employee. PAYE, PRSI and USC is applied to this figure as if it was a regular gross addition.

The various Revenue related deductions are made without the addition results in a net deduction in respect of the amount of tax due.

Topic 3: Other Payroll Related Issues:



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2. Benefit In Kind:

A non-cash benefit, e.g. Voucher, up to the value of €1,500 can be given during the tax year (up to five separate amounts) and is free of PAYE, PRSI and USC to each employee.

If the awarding of the benefits exceeds the €1,500 limit, then the full amount is liable for taxation – not just the difference.

Also, the benefit must not form part of a salary sacrifice agreement, where an employee is forced to give up part of their salary, or where the voucher's value is taken out of an employee's pay.

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

The Cycle to work scheme is a tax incentive which aims to encourage employees to cycle to and from work.

Under the scheme employers can pay for bicycles and bicycle equipment for their employees and the employee pays back through a salary sacrifice arrangement of up to 12 months.

The employee is not liable for Tax, PRSI or USC on their repayments.

Employers do not have to take part in the scheme.

However, if they do, they must offer it to all their employees.

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

Self-employed people are not eligible for the scheme.

The scheme applies to new bicycles and pedelecs (electrically assisted bicycles which require some effort from the cyclist).

The limit is €3,000 for cargo and ecargo bikes pedelecs or e-bikes and related safety equipment the limit is €1,500. For other bicycles and related safety equipment the limit is €1,250.

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

Purchase of the following new safety equipment is also covered:

- Cycle helmets which conform to European standard EN 1078
- Bells and bulb horns
- Lights, including dynamo packs
- Mirrors and mudguards to ensure that the rider's visibility is not impaired
- Cycle clips and dress guards
- Panniers, luggage carriers and straps to allow luggage to be safely carried
- Locks and chains to ensure cycle can be safely secured
- Pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs
- Reflective clothing along with white front reflectors and spoke reflectors

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

Usually, the employer pays the supplier for the bicycle and sets up a 'salary sacrifice' arrangement from a salary over an agreed time frame (which cannot be more than 12 months).

This generally means that the employee visits the shop, selects the equipment they wish to buy and have the shop invoice their employer directly for the cost.

Note that the tax exemption does not apply if the employee pays for the bicycle and are reimbursed by their employer – they must pay for the bicycle.

The repayment for the bicycle and equipment is then deducted from the gross salary (this means before income tax, PRSI, pension levies or Universal Social Charge are deducted).

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

These deductions can be made weekly, fortnightly or monthly depending on the salary payment arrangement.

The employer can also buy the bicycle on the employee's behalf and not require them to pay for it.

In this instance, they will be exempt from benefit-in-kind taxation to a cost of €1,250 - if the cost of the bicycle exceeds this amount a benefit-in-kind charge will apply to the balance.

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

An employee can only avail of the scheme once in a four-year period.

This applies even if they do not purchase equipment up to, for example, the €1,250 limit for regular bikes.

The tax year in which the bicycle or equipment is provided counts as the first year.

So, if they used the scheme in 2022 (regardless of the month) they would be entitled to the relief again during 2026 (from January).

Topic 3: Other Payroll Related Issues:



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3. Cycle to Work Scheme:

Employees must use the bicycle and safety equipment mainly for qualifying journeys.

This means the whole or part (for example between home and train station) of a journey between their home and your normal place of work.

Employers do not have to monitor this but the employee will be asked to sign a statement saying that the bicycle is for your own use and will be mainly used for qualifying journeys.

Topic 3: Other Payroll Related Issues:



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4. Public Transport Tax Saver Scheme:

The TaxSaver Commuter Ticket Scheme was established in Ireland in 2000 as an incentive for workers in some parts of the country to use public transport.

Employees can avail of public transport commuter tickets if they are travelling for work by public transport bus or rail.

The scheme is not confined to State-owned forms of public transport and can include private operators if they are approved transport providers.

Topic 3: Other Payroll Related Issues:



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4. Public Transport Tax Saver Scheme:

The employers and employees participating in the scheme sign a contract with each other agreeing to participate.

The employer then applies, for example, to Iarnród Éireann and/or Dublin Bus for commuter tickets for employees who have chosen to take part.

The TaxSaver scheme is operated by Dublin Bus, Bus Éireann and Irish Rail and approved transport providers in conjunction with the Revenue Commissioners.

The scheme involves employers providing employees (including company directors) with bus and rail commuter tickets while saving on employer PRSI payments.

Employees participating in the scheme benefit from reduced income tax, PRSI and Universal Social Charge (USC) payments.

Topic 3: Other Payroll Related Issues!



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4. Public Transport Tax Saver Scheme:

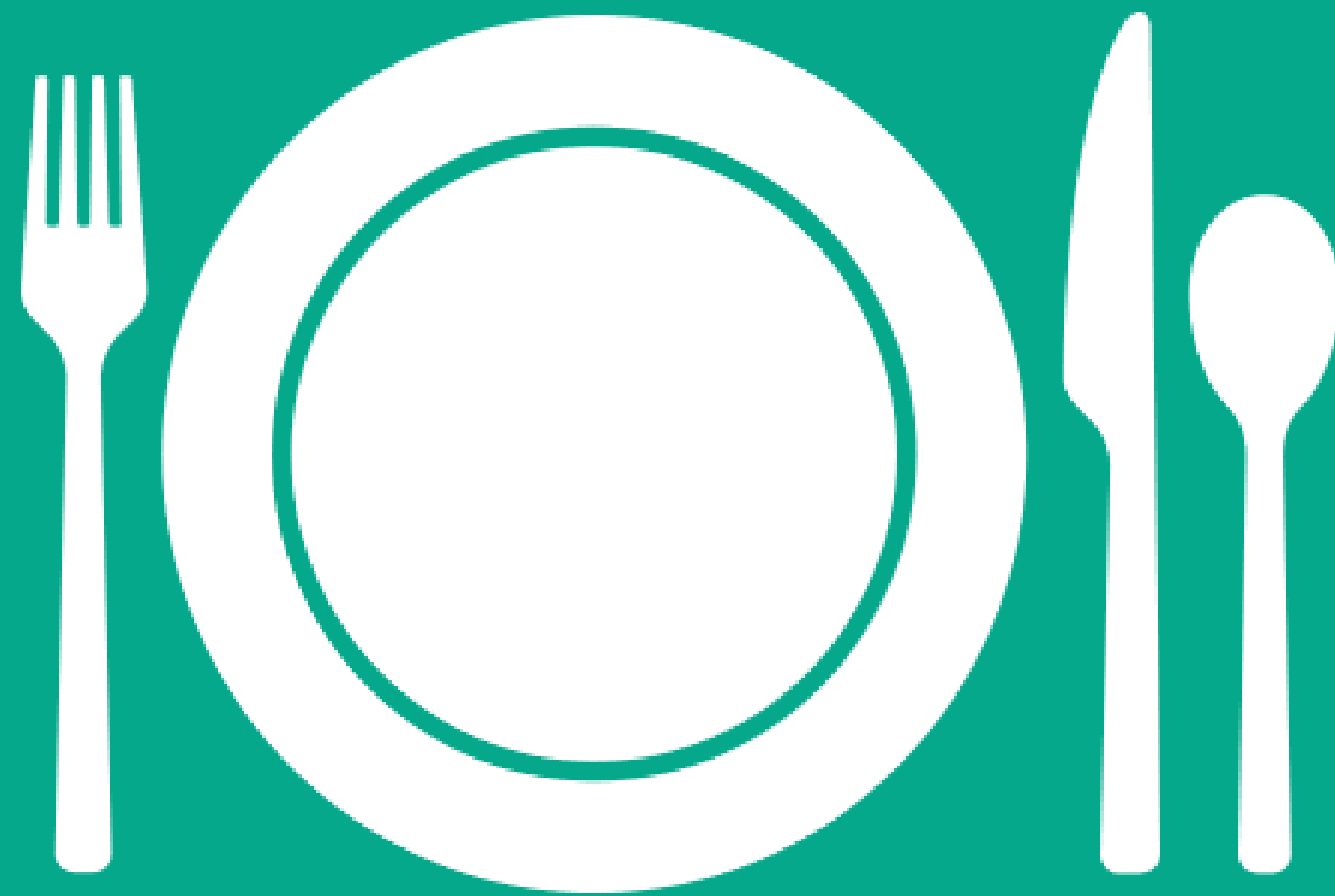
Employees receive tickets either as part of their salary package (salary sacrifice), in lieu of an annual cash bonus, or as a benefit-in-kind.

Savings arise because tickets are not subject to tax, PRSI or USC. Employees only have to pay tax, PRSI and USC on the "money" portion of their salary.

Employer PRSI is also calculated on the "money" portion of the employee's salary.

Employers can achieve PRSI savings of up to 11.25% and employees can save between 20% and 52.2% of travel costs as a result of tax, PRSI and USC savings by participating in the TaxSaver commuter scheme.

Lunch



Topic 3: Other Payroll Related Issues:



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Payroll Calculations:

1. Employee 3 is paid weekly on an hourly basis. Her wages for the week are 39 hours @ €15.00 per hour plus a bonus of €50.00. He pays €40 into a PRSA.

His tax credits are €3,750.00 per annum

His Standard Rate Cut-off Point is €42,000.00 per annum.

Calculate his statutory deductions and net pay.

2. Employee 4 is paid weekly and earns a basic gross pay of €1,000.00 per week. She has availed of the Cycle to Work Scheme and is replaying €100.00 this week.

Her tax credits are €4,950.00 per annum

Her Standard Rate Cut-off Point is €45,200.00 per annum.

Calculate his statutory deductions and net pay.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Introduced on 1st January 2019, the PAYE Modernisation project involved the most significant reform of the PAYE system since its introduction in 1960. Employers calculate and report their employees' pay and deductions as they are being paid. This makes it easier to deduct and pay at the right time the correct amounts of:

- Income Tax
- Pay Related Social Insurance
- Universal Social Charge
- Local Property Tax.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Employers, agents and payroll providers needed to review their business processes and practices, so they met the new requirements.

PAYE Modernisation looked to:

- Improves the streamlining of current business processes
- Reduces the administrative burden currently experienced by employers to meet their PAYE reporting obligations.



Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

SMART PAYE:

Revenue, employers and employees have the most accurate, up to date information relating to pay and statutory payroll. This ensures the correct amounts of Income Tax, Pay Related Social Insurance, Universal Social Charge and Local Property Tax are:

- Deducted at the right time
- Deducted from the right employees
- Paid by employers in the correct amount of deductions for every employee.



Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

SMART PAYE: What are the benefits?

For an employer:

- **S**eamless integration into payroll.
- **M**inimise employer cost to comply.
- **A**bolition of P30s, P45s, P60s and end of year returns.
- **R**ight tax paid on current due dates.
- **T**ime savings.



Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

SMART PAYE: What are the benefits?

For an employee:

- **S**implified online services.
- **M**aximise use of entitlements.
- **A**utomatic end of year review.
- **R**ead time accurate data.
- **T**ransparency.

Available on MyAccount facility



Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

SMART PAYE: What are the benefits?

For the Revenue Commissioners:

- **S**tatutory in-year return.
- **M**aking compliance easier.
- **A**ccurate up to date income details.
- **R**educed customer contacts.
- **T**imely targeted interventions.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Revenue Payroll Notification (RPN) replaced tax credit certificate (P2C):

The RPN provides the necessary information to deduct from the employee the correct:

- PAYE Income Tax
- Universal Social Charge
- Local Property Tax (if applicable)

It shows:

- Tax credits.
- Income Tax and USC cut-off points.
- Any previous pay, tax and USC deducted from 1 January (unless the certificate is on a week 1 or month 1 basis).
- Income tax and USC exemptions
- The amount of Local Property Tax (LPT) to be deducted, if applicable.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

- Payroll software retrieve the relevant RPNs from Revenue as part of the normal payroll process. If the employer does not use a payroll package they can request an RPN through Revenue Online Service (ROS).
- Should always use the most up to date RPN when calculating employees' pay and deductions.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Commencing an employment:

- Revenue Payroll Notifications (RPNs) will be available in real time for new employees which removes the need for emergency tax in most cases.
- Emergency tax will continue to apply where an employee does not have a PPSN or is working in the State for the first time.
- Employers are obliged to notify Revenue of any new employees.
- From 1 January 2019 they can request an RPN for any new employees before they are paid.
- This can be done through the payroll software or ROS.
- This action will create the employment on the revenue's records and will provide the employer with the details required to calculate their payroll deductions.
- The payroll submission will also include a field for commencement date.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Ceasing an employment:

- Employers must include the date of leaving on the final payroll submission if an employee:
 - *leaves*
 - *is granted a career break*
 - *dies while in your employment.*
- This notifies Revenue that the employee has ceased employment.
- It is important that they include the date of leaving on the final payment. This ensures that a new employer will receive the correct pay, tax and Universal Social Charge (USC) details, from 1 January on the RPN issued to them.
- If there is a delay sending the date of leaving, the correct tax credits and standard rate cut-off points will not be available. This means that the employee may overpay tax and USC, as a Nil RPN will issue to the new employer.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Payroll submissions:

- On or before you make a payment to the employee, the employer will report the payroll information to Revenue.
- If they use payroll software, there are two methods of reporting payroll in real time:
 - Direct Payroll Reporting – allows payroll software to communicate seamlessly with Revenue Online System (ROS) and exchange the required information.
 - ROS Payroll Reporting – allows them to use files created by payroll software and upload these through ROS.
- If you do not use payroll software, they will be able to retrieve Revenue Payroll Notifications (RPNs) and complete a form through ROS.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Payroll submissions:

- For each payroll submission, the employer must provide Revenue with payroll information for each employee, including:
 - amount of pay
 - payment date
 - amount of Income Tax, Universal Social Charge and Local Property Tax deducted.
- Revenue has worked extensively to ensure that they can produce the data requested through current payroll processes.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Payroll submissions: Definition of 'Pay Date':

- Pay and deductions must be reported to Revenue on or before the date the employees are paid.
- 'Date paid' in the context of PAYE modernisation is defined as the date on which the funds are made available. These dates can be different dependant on how the employee is paid. If the employer pays the employee by:
 - cash it is the date the cash is given to the employee
 - cheque it will be the date on the cheque
 - bank transfer it is the date which the funds are scheduled to be made available in the individual's bank account.
- Where a payday falls on a non- bank working day and employee payments are due, Revenue regards that day as payday.

Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Statements from Revenue:

- Revenue will issue you with a monthly statement based on the employers' submissions. This will be by the fifth day of the following month and will show a summary of the total liability.
- The statement will show a breakdown of the liability for:
 - Income Tax
 - Universal Social Charge
 - Pay Related Social Insurance
 - Local Property Tax.
- The statement will be treated as the return if no amendments or corrections are made before the return due date.



Topic 4: Revenue Compliance:

(a) PAYE Modernisation:

Statements from Revenue:

- Every time the employer submits a payroll to Revenue they will receive a response from Revenue. This will show the total payroll deductions for that payroll submission. They need to reconcile our response with the payroll totals.
- If an error is found in the statement, it must be corrected. These corrections will then be shown in a revised statement.

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

- Employers are now required to report details of certain expenses and benefits made to employees and directors.
- Reporting the details of these expenses and benefits commenced on 1 January 2024.
- Information in relation to three categories of staff expense (Travel and Subsistence, Small Benefits / Vouchers and Remote Working Daily Allowance) must be provided to the Revenue either directly or through payroll software.
- Similar to PAYE Modernisation, this is building on real time reporting with a requirement for employers to provide details of such payments on or before they are made.

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

- It should form part of the business processes in relation to managing these types of payments.
- It will enhance the compliance procedures of employers and provide greater transparency to employees about what is submitted to the revenue when expense claims are paid.
- Information provided is categorised and then further broken down between vouched (documents supporting expense) and unvouched (where appropriate rates of mileage and / or subsistence are used).

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Expenses and Benefits to be reported from 1 January 2024

Travel & Subsistence (date and amount paid for each of the following)

- ▶ Travel Vouched
- ▶ Travel Unvouched
- ▶ Subsistence Vouched
- ▶ Subsistence Unvouched
- ▶ Site Based Employees (includes Country Money)
- ▶ Emergency Travel
- ▶ Eating on Site

Small benefits – vouchers

Amount paid and date

Remote Working Daily Allowance

- Number of days
- Amount paid and date

More information on the above is available on
www.revenue.ie

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

- Only expenses incurred by employees are reported.
- The use of company credit / debit cards are not within the scope of reporting under this scheme.
- Fuel cards, toll tags, motor tax / insurance if paid directly by the employer is also not within the scope of reporting under this scheme.
- There is no need to provide details of journeys, kilometres, start / end points once the rates used are within the scope of the Revenue guidelines for mileage and subsistence.

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Additional Information:

1. Remote working expenses

- You can make a payment of €3.20 per workday to a remote working employee without deducting:
 - Income Tax
 - Pay Related Social Insurance (PRSI) and
 - Universal Social Charge (USC).
- This payment is to cover expenses incurred such as broadband, heating and electricity costs

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Additional Information:

1. Remote working expenses

Required conditions:

- You can make the payment of €3.20 per workday tax free when:
 - there is an agreement between you and your employee that the employee works from home
 - your employee performs substantive duties of the employment at home
 - your employee performs their duties for substantial periods at home.

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Additional Information:

2. Small Benefit Exemption

- From 1 January 2025, you can give employees up to five small benefits, tax-free, each year. These benefits must not be in cash, and the combined value of the five benefits cannot exceed €1,500.
- If more than five benefits are given in a year, only the first five benefits may qualify for the tax exemption. Unused allowance amounts cannot be carried over.

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Additional Information:

3. Travel and subsistence

- You can pay your employees' expenses when they travel on business journeys.
- You can also pay subsistence if employees are working away from their normal place of work.
- You can repay your employees when they use their private cars, motorcycles or bicycles for business purposes.

Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Additional Information:

3. Travel and subsistence

Reimbursement rates - Use of private vehicles:

You can repay your employees when they use their private cars, motorcycles or bicycles for business purposes.

This payment can be made, tax free, by the amount of business kilometres travelled. You can either:

- use the current schedule of Civil Service rates
- use other rates not higher than Civil Service rates
- repay the actual cost of the travel to your employee.



Topic 4: Revenue Compliance:

(b) Enhanced Reporting Requirements (ERR):

Additional Information:

3. Travel and subsistence

Subsistence expenses:

You may repay your employee expenses for their subsistence costs while they are temporarily away from their normal place of work.

For absences within the State this payment can be made, tax free, by either:

- using the current schedule of Civil Service subsistence rates
- use other rates not higher than Civil Service rates
- repay the actual cost of the travel to your employee.

Topic 4: Revenue Compliance:

Reflection:

1. Do you think PAYE Modernisation and ERR have enhanced the payroll process?
2. What are the main advantages from the point of view of the employee and employer?
3. Have you any first-hand experience of PAYE Modernisation and / or ERR?

Topic 4: Revenue Compliance:

(c) Payslips and Record-Keeping:

Employers must, under law, give employees itemised payslips on each payday. As previously mentioned, the payslips must include gross pay, deductions, and net pay. It is a straightforward action but one that is necessary for transparency and legal reasons.

Keeping accurate payroll records is also a key component of payroll compliance in Ireland. As mentioned, these records need to be kept for a minimum of six years and should contain payroll submissions, employment agreements, tax details, and social insurance information. If Revenue decides to conduct an audit of your company, accurate records will prevent you from suffering penalties.

Topic 4: Revenue Compliance:

(d) Minimum Wage and Working Time:

Currently, Ireland operates a national minimum wage that is periodically reviewed.

Employers should pay all workers—full-time, part-time, or temporary—at or above this level except where exempt.

They also must adhere to working time rules, such as minimum periods of rest, paid annual leave, and restrictions on weekly working time.

Topic 4: Revenue Compliance:

(e) Statutory Leave and Benefits:

As already covered, Irish employment law requires a number of paid and unpaid leaves. These are annual leave, public holidays, maternity and paternity leave, and sick leave. The payroll process must take these benefits into consideration and pay leave correctly. Discrepancies in dealing with leave or benefits can result in non-compliance and even court disputes.

(f) Terminations and Final Pay:

When an employee leaves an organisation, whether through resignation or termination, final pay must be processed correctly and promptly. This includes outstanding wages, unused annual leave, and statutory redundancy pay, if applicable. There is a requirement to submit final payroll information to Revenue, ensuring their departure is properly documented.

Topic 4: Revenue Compliance:

(g) Staying Compliant with Local Changes:

Why payroll compliance in Ireland is a challenging process is that legislation and regulations evolve each year, sometimes halfway through the year. From fresh tax bands to revised PRSI rates, being up to date with the system and process is crucial. Non-compliance even unintentionally can mean fines and retros.

Topic 4: Revenue Compliance:

(h) Record Keeping:

Revenue requires that all employers must keep records relating to all employees for whom PAYE/PRSI contributions are paid.

The following details must be recorded to demonstrate that employee entitlements are being properly recorded:

- Employer Registration Number.
- Name, Address and PPSN of each employee.
- Payroll details – gross to net reports, copies of payslips showing all income categories and deductions made for PAYE, PRSI, USC, LPT etc.

Topic 4: Revenue Compliance:

(h) Record Keeping:

In Addition, the Following must also be kept:

- Terms of employment for each employee showing start and end dates of employment within any income tax year.
- Holiday and bank holiday entitlements for each employee.
- Hours of work for each employee including starting and finishing times and lunch times.

Topic 4: Revenue Compliance:

(h) Record Keeping:

These records for a period of six years after the end of the income tax year to which they refer

They must, on request, be made available for inspection by authorised officers of the Revenue Commissioners or of the Department of Social and Family Affairs.

The records can be kept either on a manual or computer system. The Revenue authorities are in the process of phasing out the current tax deduction cards.

Topic 4: Revenue Compliance:

(i) Revenue Audits:

A Revenue audit is where tax returns are compared to tax records.

There are generally three reasons for which they can decide to audit you:

- Screening tax returns - this is where they look at your returns and compliance history for any patterns or trends. This is the most common method of selecting a business or taxpayer for audit.
- Projects on business sectors - Revenue might focus on a particular business sector, trade or profession when choosing businesses or taxpayers for audit.
- Random selection - a small number of audit cases are selected using this method.

Topic 4: Revenue Compliance:

(i) Revenue Audits:

If they select you for an audit, the business will be given written notice 21 days in advance. This letter will include:

- the date and time of the audit
- the accounting period that will be audited
- whether the audit will focus on one issue or several issues.

Topic 4: Revenue Compliance:

(i) Revenue Audits:

A Revenue audit usually involves the following steps:

- The Revenue Auditor explains the purpose of the audit and indicates how long it will take.
- The business is given the opportunity to make a disclosure if they suspect they have avoided paying some tax.
- Then the books and records are examined.

Topic 4: Revenue Compliance:

(i) Revenue Audits:

A Revenue audit usually involves the following steps:

- If returns are largely correct, the business will be informed as soon as this is certain.
- If returns need to be adjusted, the auditor will discuss this with the business and provide written notification.
- The business will have a final interview where they will be asked to agree on the total settlement.
- After this agreement they should pay the auditor who will give you a receipt.

Topic 4: Revenue Compliance:

(i) Revenue Audits:

Common triggers for Revenue audits in employment tax:

Real-time payroll reporting under PAYE Modernisation enhances transparency meaning errors or inconsistencies identified may prompt Revenue interventions.

Reviewing of PAYE returns due to anomalies in compliance history can give indications of potential compliance issues:

- Late filing of PAYE returns.
- Late payment of payroll taxes
- Amending of PAYE returns.



Topic 4: Revenue Compliance:

(i) Revenue Audits:

Common triggers for Revenue audits in employment tax:

In addition, benefits and expenses issues may be highlighted.

A lot of focus by Revenue in this area of:

- Unreported or incorrectly taxed benefit in kinds e.g., preferential loans, health insurance, company cars.
- Expense claims and unvouched expenses.
- Incorrect travel claims - travel to/from work.
- ERR reporting (Enhanced Reporting requirements) – From 1 January 2024.

Topic 5: Payroll Systems and Processes:

Introduction:

As with many aspects of modern business, the payroll process has been greatly enhanced by the availability of software to automate the task.

With the often complex nature of calculating the various statutory deductions, specific to each employee, the use of a system ensures calculations are carried out in an efficient and accurate manner.

Many systems are off the shelf and can adapt to the requirements of the business.

Topic 5: Payroll Systems and Processes:

Introduction:

Most, if not all, businesses and organisations now have computerised their payroll systems.

A number of businesses, however (particularly those with a large workforce), sub-contract their payroll to an agency or bureau.

The Revenue Commissioners are encouraging employers to computerise their records, and are giving them as much assistance as possible.

The online service (ROS) was set up to achieve this aim. A number of off-the-shelf payroll packages are available at competitive prices at present, which is encouraging for employers.

Topic 5: Payroll Systems and Processes:

Introduction:

The advantages of a computerised payroll system over a manual one include the following:

Speed — information is processed much faster using a computerised system.

Accuracy — it is rare that mistakes are made using a computerised payroll system unless the operator enters the information to be processed incorrectly.

User-friendliness — most packages are easy to learn and operate. However, success depends on the user's knowledge of how the PAYE system works in the manual format.

Topic 5: Payroll Systems and Processes:

Introduction:

Reporting — computerised payroll packages enable users to produce reports such as departmental analysis, gross to net figures, employee payment history, cash analysis and timekeeping and attendance reports. These reports are useful for managerial staff in any organisation or business

Confidentiality — senior management can allow or deny access to some or all of the information of an organisation's employee records (using password protection), thus ensuring privacy

End-of-term returns — computerised payroll systems enable companies to produce payroll files in a matter of seconds compared to hours perhaps for a manual system.

Topic 5: Payroll Systems and Processes:

Software:

Payroll Software Systems are a type of Database that ensures the details required for both the employee and the tax authorities are administered correctly and efficiently.

Payroll software automates most calculations and often integrates directly with Revenue for submissions.

Typically, whichever product is chosen, they will facilitate PAYE Modernisation reporting, generate payslips automatically and integrates with accounting software.

Topic 5: Payroll Systems and Processes:

Software:

Ultimately whichever Payroll Software provider is used they will ensure these compliance tasks are achieved.

There are a number of packages available in the Irish market with specification appropriate to running the payroll in 2026 including calculation of statutory deductions, Auto Enrolment, Enhanced Reporting Requirements and PAYE Modernisation (RPNs and PSRs).

Topic 5: Payroll Systems and Processes:

Software:

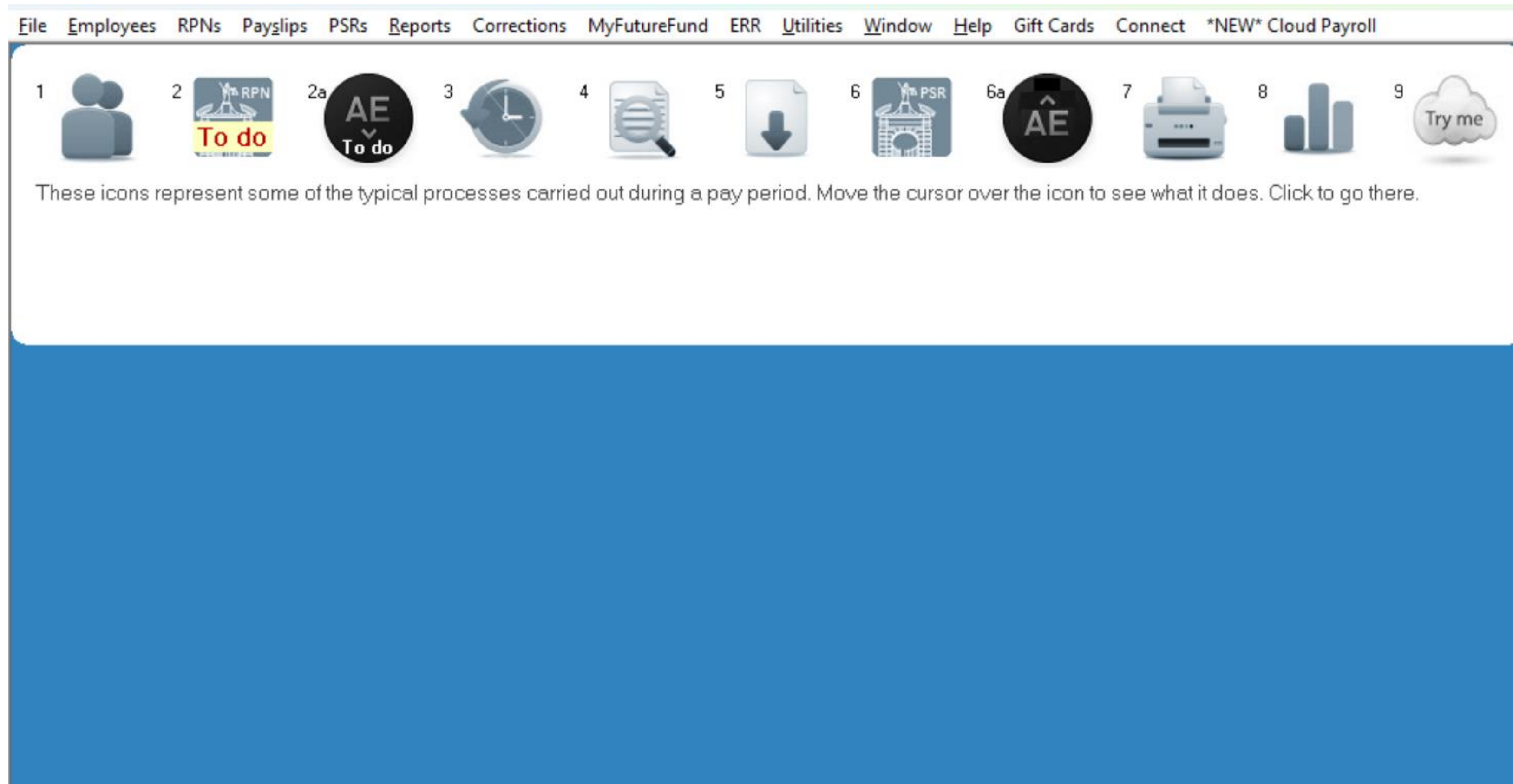
The user interface may differ but fundamentally the same workflow will be replicated.

Screen / Icon driven processes ensure a user-friendly experience to complete the payroll process in a productive, accurate and efficient manner.

The type of Software providers include BrightPay, Thesaurus, Sage 50 Payroll, Quickbooks, Big Red Book Payroll and Xero Payroll.

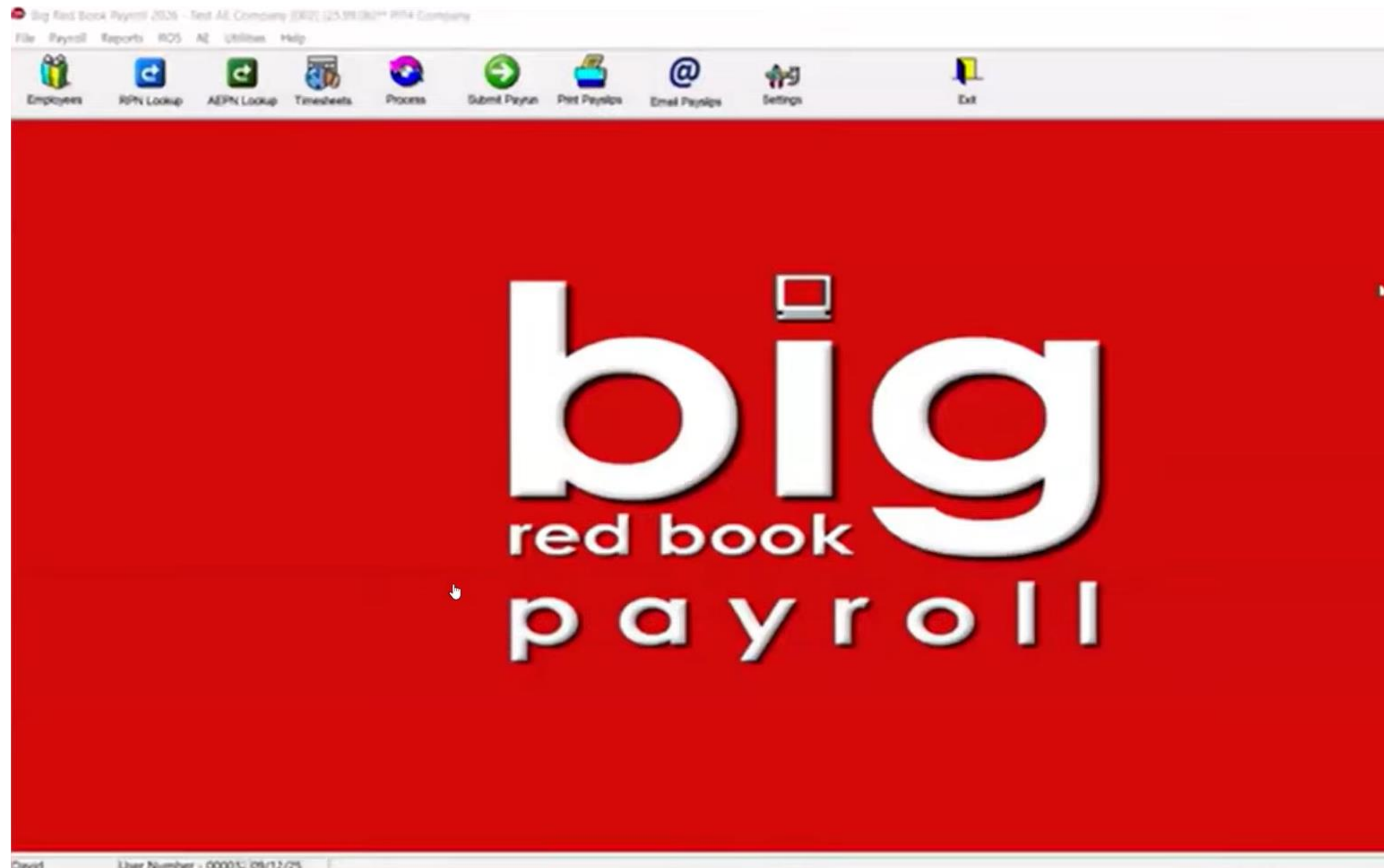
Topic 5: Payroll Systems and Processes:

Software: Examples of Opening Screen Interfaces – Thesaurus



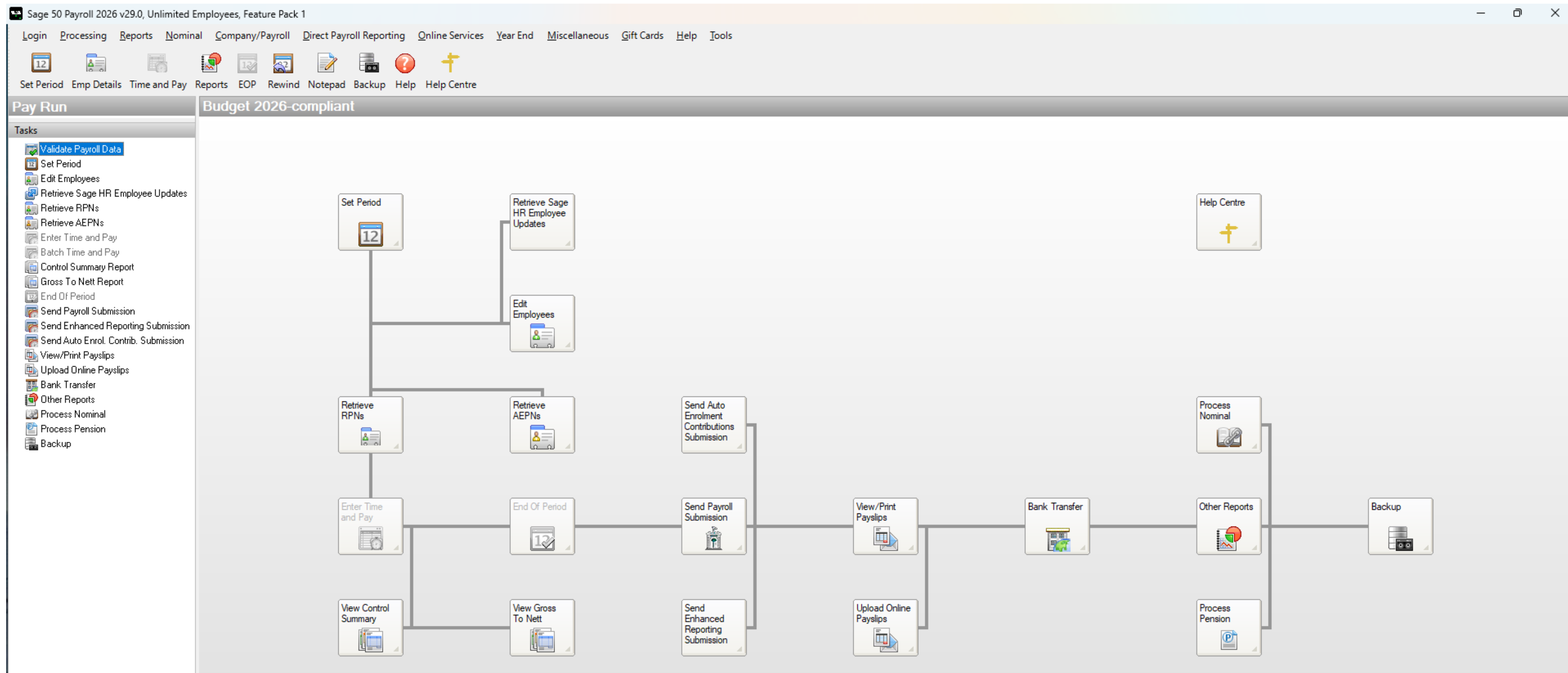
Topic 5: Payroll Systems and Processes:

Software: Examples of Opening Screen Interfaces – Big Red Book Payroll



Topic 5: Payroll Systems and Processes:

Software: Examples of Opening Screen Interfaces – Sage 50 Payroll



Topic 5: Payroll Systems and Processes:

Payroll Software and Other Functions:

As well as the important process of calculating and returning payroll information, Payroll Software can also facilitate a number of HR functions:

- Record and Track Annual Leave
- Record and Track Sick Leave
- Monitor Other types of leave (Maternity, Parental, Parents, Paternity etc.)
- Record and monitor Timesheet Details
- Provide information of CSO returns
- Ensure adherence to National Minimum Wage Legislation.

Topic 5: Payroll Systems and Processes:

Payroll Software and Other Functions:

As well as the important process of calculating and returning payroll information, Payroll Software can also facilitate a number of Accounting functions:

- Record payroll costs
- Produce Departmental Analyses
- Cash Flow and payments records
- Tax and compliance reports



Topic 5: Payroll Systems and Processes:

Payroll Software and Other Functions:

As well as the important process of calculating and returning payroll information, Payroll Software can also facilitate a number of Banking functions:

- Maintain banking records
- Produce individual or batch files for processing payroll payments
- Provide historic information for planning future cash flows

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

The Home screen shows nine icons at the top of the screen.

There is a logic to the Icons from a data entry and payroll process point of view:



These icons represent some of the typical processes carried out during a pay period. Move the cursor over the icon to see what it does. Click to go there.

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

Icon 1: Add and Amend Employee Details:

1  2  2a  3  4  5  6  6a  7  8  9 

Click here to [Add and Amend Employee Details \(Weekly\)](#)

Personal Details | Revenue Details | Additions | Deductions | Departments | Mid Year Cumulatives | HR Details | CSO

Surname First Name  Changing a surname?

Address

Eircode

Date of birth (ddmmyyyy)

Tick if director ☐

Department

PPS Number ID ☐

Works number (if applicable)

Hourly Rate 0.00

Weekly Pay 0.00

Details for payslip emailing

Email address:

Password:

Warning: If no password is entered, the email payslip will not be password protected. Thesaurus Connect passwords are set by the employee when invited to join Connect.

Tick if employee can access Thesaurus Connect ☐

Short memo

Benefits are entered in "Update Employee Benefits" in the Employees menu

Pay Method ☒ Cash ☐ Cheque ☐ Credit Transfer

Credit Transfer Details

Bank

Branch

Sort Code

A/C Number

Credit Union Ref (if applicable)

BIC and IBAN? 

BIC/IBAN (if Irish sort code and a/c number not known) - click here

Close

New

Update

Reset

Print

Print List

View RPNs

Leaver Rejoining?

Total number of employees

14

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

Icon 2: Revenue Payroll Notification (RPN) Downloads

Relevant employee details in RPN

Surname	Forename	PPS No	ID	Week one	Taxable Pay	PAYE	Annual	Annual	USC Pay	USC	USC	USC	0.5%	USC	2%	USC	4%	USC		LF
				Basis	to date	to date	Tax Credit	COP	to date	to date	Exempt	Rate	COP	Rate	COP	Rate	COP	Rate		
Healy	Germaine	3815255F	1	No	0	0	3750.24	42016	0	0	No	0.5	12012	2	25760	4	70044	8		
O'Doherty	Nina	8236016C	1	No	0	0	3750.24	42016	0	0	No	0.5	12012	2	25760	4	70044	8		
Nolan	Amos	5245319U	1	No	0	0	3750.24	42016	0	0	No	0.5	12012	2	25760	4	70044	8		
Flanagan	MacKenzie	4193816Q	1	No	0	0	3750.24	42016	0	0	No	0.5	12012	2	25760	4	70044	8		
Dunne	Darrel	5069711P	1	No	0	0	3750.24	42016	0	0	No	0.5	12012	2	25760	4	70044	8		

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:
Icon 2a: Autoenrollment Downloads from NAERSA

Retrieve AEPNs and update employees

?

x

AEPNs have been retrieved and updated for all employees listed below. The AEPN file date/time stamp is
19-01-2026 10:57:17

Surname	First Name	PPS number	EmploymentID	ee%	er%	Enrolment date	A
Flanagan	Melvin	3997903K	1	1.5	1.5	2026-01-01	1
Lyons	Cadman	4298181I	1	1.5	1.5	2026-01-01	1
Lynch	Bethany	9347644L	1	1.5	1.5	2026-01-01	1
Magee	Stewart	9276061Q	1	0	0		1
O'Keeffe	Tyrone	4661996F	1	1.5	1.5	2026-01-01	1

Please note that you may see AEPNs for employees who are no longer employed by you. This will not result in any MyFuture Fund deduction unless that employee at some stage receives a post cessation payment from you.

Copy

An alphabetically sorted list is available when printing

Print

Close

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

Icon 3: Enter Hours, Overtime, Etc

1

2

2a

3

4

5

6

6a

7

8

9

Weekly Input - Byrne Carl

Click here to enter

Pay Details

Additions

Deductions

SSP

Carl, Byrne

Week No. 6

Tick if employee is leaving

Hourly Pay Details

Hourly rate

Standard hours

Time and a third

Time and a half

Double time

Other Overtime

Description

Rate

0.00

0

0

0

0

0.00

Weekly Basic

Holiday pay

Weeks holidays (being paid in advance)

Total Pay

Notional Pay on Benefits (click to view)

Include a note on the employee's payslip as set out below

1200.00

0.00

0

1200.00

0.00

Close

Update file

Zeroise Options

For All employees

Hours/overtime only

Above + basic pay

Above + Adds/Deds (excl. normal pension)

Above + normal employee pension

Holidays Due

Back

Next

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

Icon 4: Create Payroll Overview

(Taxable gross excludes notional pay)						Hours	Taxable	Net	Payment		Hours	Taxable	Payment
		(if appl.)	Gross	Pay		(if appl.)	Gross				(if appl.)	Gross	
Malachi Brown	xxx		475.00	418.70	418.70							0.00	0.00
Rachel Keane	xxx		1750.00	1107.82	1107.82							0.00	0.00
August McCarthy	xxx		780.00	622.38	622.38							0.00	0.00
Britanni O'Neill	xxx		1034.00	753.19	753.19							0.00	0.00
Stella White	xxx		867.00	667.18	667.18							0.00	0.00
Total			4906.00	3569.27	3569.27							0.00	0.00

Double Click on an employee to "Quick Edit"

Html

Preview Week No.

Email

Process

Print

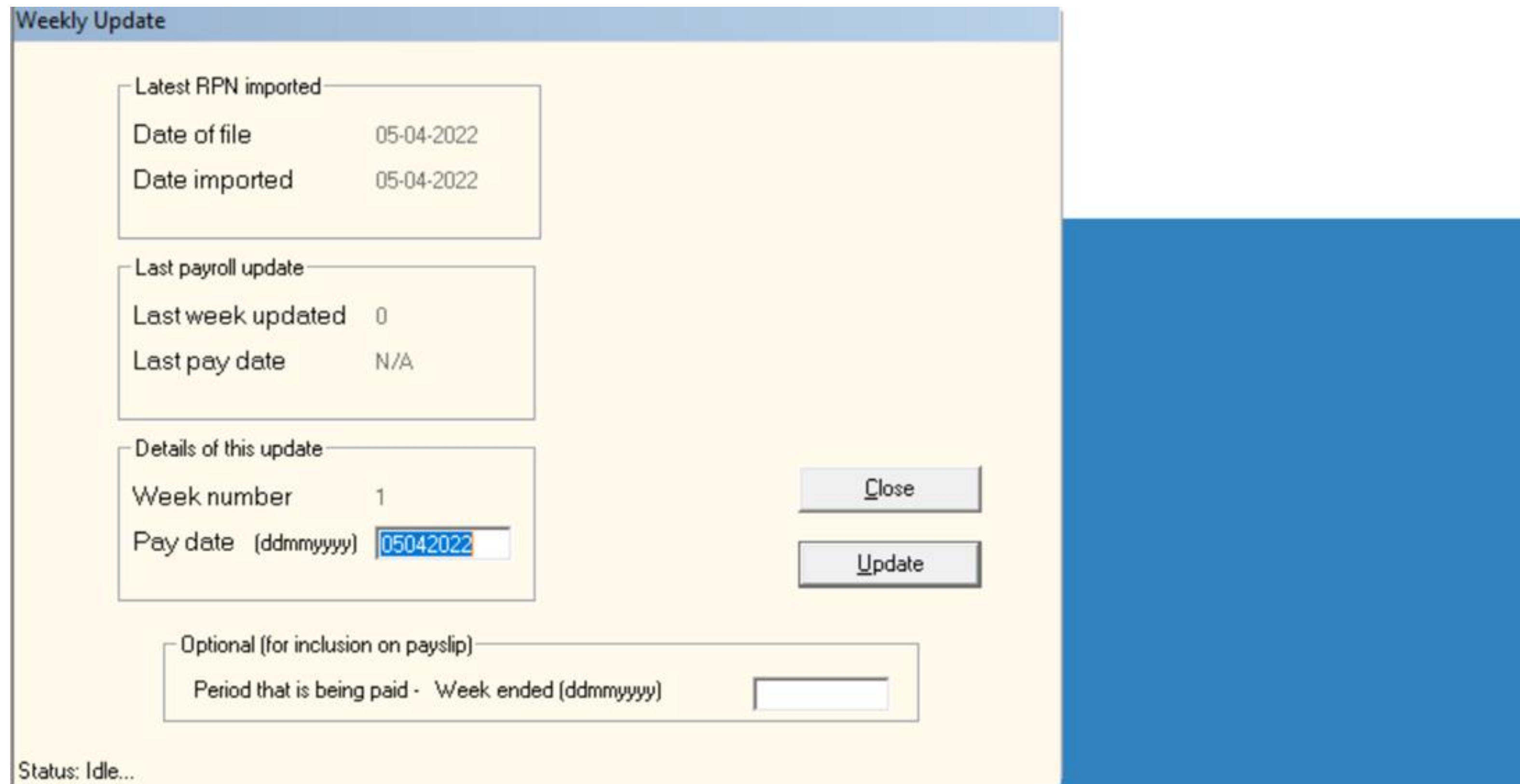
Copy

Close

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

Icon 5: Create File for Submission to Revenue:



Weekly Update

Latest RPN imported

Date of file	05-04-2022
Date imported	05-04-2022

Last payroll update

Last week updated	0
Last pay date	N/A

Details of this update

Week number	1
Pay date (ddmmyyyy)	05042022

Optional (for inclusion on payslip)

Period that is being paid - Week ended (ddmmyyyy)

Close

Update

Status: Idle...

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:
Icon 6: Payroll Submission Request (PSR)

Payroll Submission Request (PSR)

Pay Period: Week 1

PSR prepared and ready for submission

PSR Summary

PAYE	974.10
USC	166.39
PRSI	544.98
LPT	0.00
	1685.47

View

Submit PSR to Revenue

Response from Revenue

Close

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:
Icon 6a: Upload Autoenrollment File to NAERSA

AE Contributions File

Prepare Contribution File

Details

First name	Surname	PPSN	Id	grossPay	ee	er
Melvin	Flanagan	3997903K	1	257.00	3.86	3.86
Cadman	Lyons	4298181I	1	117.00	1.76	1.76
Bethany	Lynch	9347644L	1	286.00	4.29	4.29
Tyrone	O'Keeffe	4661996F	1	730.00	10.95	10.95

View Contribution File

Summary

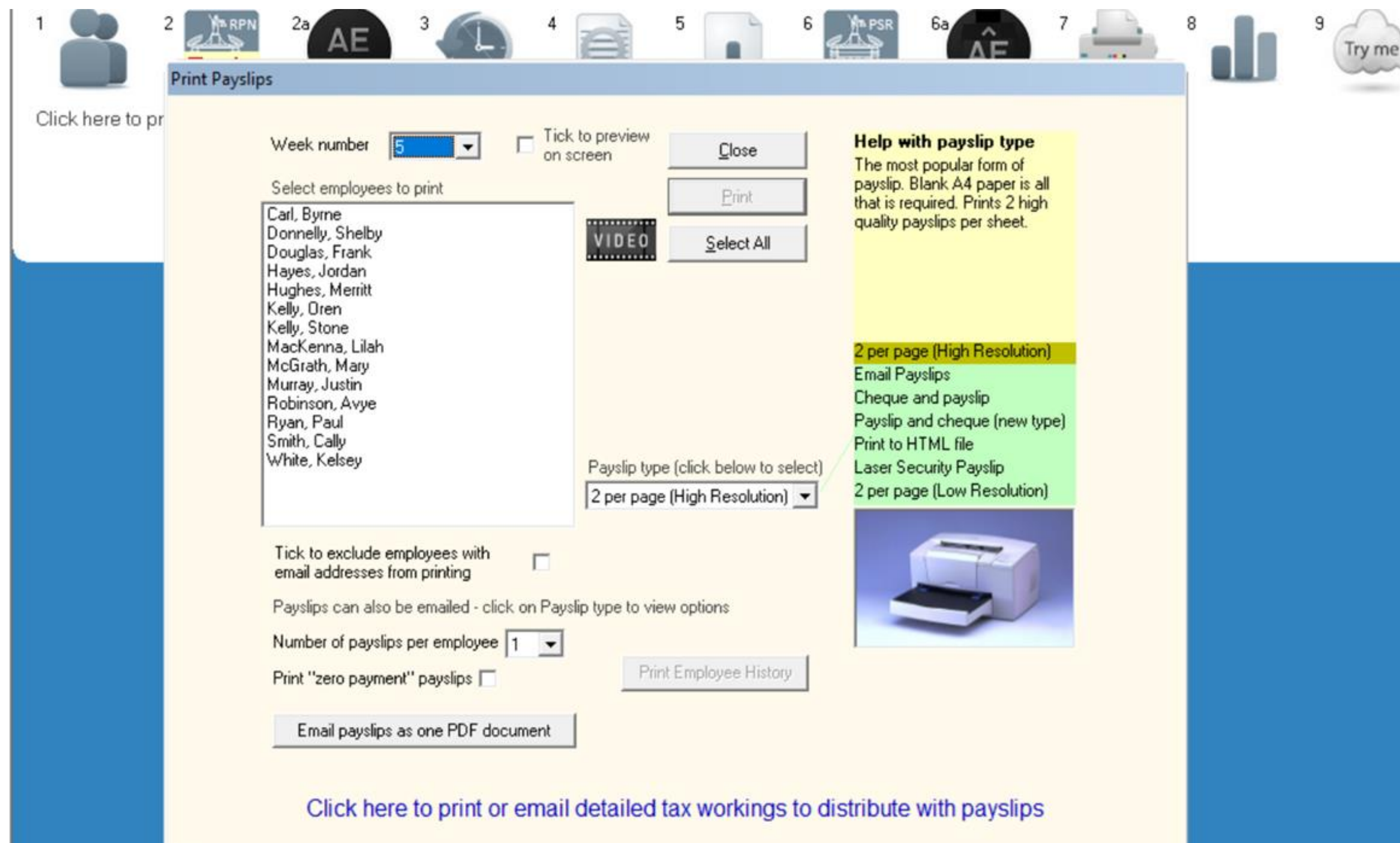
Total EE	20.86	Number of enrolled employees	4
Total ER	20.86		
EE + ER	41.72		

Send file to NAERSA

Topic 5: Payroll Systems and Processes:

End to end Workflow Illustrated with Thesaurus Payroll:

Icon 7: Print Payslips



1  2  2a  3  4  5  6  6a  7  8  9 

Click here to print

Print Payslips

Week number ☐ Tick to preview on screen

Select employees to print

- Carl, Byrne
- Donnelly, Shelby
- Douglas, Frank
- Hayes, Jordan
- Hughes, Merritt
- Kelly, Oren
- Kelly, Stone
- MacKenna, Lilah
- McGrath, Mary
- Murray, Justin
- Robinson, Avey
- Ryan, Paul
- Smith, Cally
- White, Kelsey

Payslip type (click below to select)

☐ Tick to exclude employees with email addresses from printing

Payslips can also be emailed - click on Payslip type to view options

Number of payslips per employee

☐ Print "zero payment" payslips

Help with payslip type
The most popular form of payslip. Blank A4 paper is all that is required. Prints 2 high quality payslips per sheet.

2 per page (High Resolution)
Email Payslips
Cheque and payslip
Payslip and cheque (new type)
Print to HTML file
Laser Security Payslip
2 per page (Low Resolution)



[Click here to print or email detailed tax workings to distribute with payslips](#)

File Employees RPNs Payslips PSRs Reports Corrections MyFutureFund ERR Utilities Window Help Gift Cards Connect *NEW* Cloud Payroll

Pat Murphy Ltd.		Taxable	Allowable	Taxable						Non-Tax	Non-Allow				Notional	Total		
(Total pay excludes notional pay)		Total pay	Additions	Deduction	Gross	PAYE	PRSI ee	USC	LPT	Net pay	Additions	Deduction	AE - ee	Payment	PRSI er	Pay	Pension	AE - er
Week 1																		
	Melvin Flanagan	257.00	0.00	0.00	257.00	0.00	0.00	1.68	0.00	255.32	0.00	0.00	3.86	251.46	23.13	0.00	0.00	3.86
	Bethany Lynch	286.00	0.00	0.00	286.00	0.00	0.00	2.26	0.00	283.74	0.00	0.00	4.29	279.45	25.74	0.00	0.00	4.29
	Cadman Lyons	117.00	0.00	0.00	117.00	0.00	0.00	0.59	0.00	116.41	0.00	0.00	1.76	114.65	10.53	0.00	0.00	1.76
	Stewart Magee	1817.00	0.00	0.00	1817.00	480.65	76.31	69.03	0.00	1191.01	0.00	0.00	0.00	1191.01	0.00	0.00	0.00	0.00
	Tyrone O'Keefe	730.00	0.00	0.00	730.00	69.08	30.66	12.92	0.00	617.34	0.00	0.00	10.95	606.39	82.13	0.00	0.00	10.95
Week 1	Totals	3207.00	0.00	0.00	3207.00	549.73	106.97	86.48	0.00	2463.82	0.00	0.00	20.86	2442.96	141.53	0.00	0.00	20.86

Html

From week

1

To week

1

Email

OK

Print

Copy

Close

☐ Tick for summary
☐ Print overall totals on
☐ Exclude zero paid employees
☐ Include Date/Time stamp on printout

Topic 5: Payroll Systems and Processes:

Reflection:

1. What efficiencies are demonstrated in using a computerised payroll system?
2. What other benefits will the finance department realise by using computerised systems in general?



Topic 6: Revenue Reporting & Compliance Activities:

There are two aspects of the overall payroll process where there is a direct interface between the system and the Revenue website.

These links are a demonstration of PAYE Modernisation:

- 1) Revenue Payroll Notifications (RPNs)
- 2) Payroll Submission Reports (PSRs)



Topic 6: Revenue Reporting & Compliance Activities:

Once this information is imported into the payroll system, the correct information is included for the purpose of calculating PAYE and USC.

The previous employment information (if applicable) is also available.

This ensures that when the employee's payroll is processed, the correct status, tax credits, standard rate cut-off point and USC bands are applied. In addition, if Local Property Tax is payable, this will be adjusted using this link.

It also ensures that where a cumulative basis of calculating tax is applied, the correct information from previous employment is included.

This ensures accuracy of calculating the statutory deductions.

Topic 6: Revenue Reporting & Compliance Activities:

When the payroll is completed, the details are uploaded to the Revenue website using the Payroll Submission Report (PSR).

By choosing the appropriate link, the transfer of all payroll details from the system to the Revenue is carried out.

This ensures real-time reporting of all pay and deductions specific to the employee (again, the identifier is the PPS number).



Topic 6: Revenue Reporting & Compliance Activities:

As well as the direct link to software, manual recovery of RPNs and updates of PSRs can be done manually for employers not using payroll software.

The intention of PAYE Modernisation though was to encourage the use of software in the payroll process.

Given the relatively low cost of subscribing to payroll software, this should be an achievable objective of all employers.

Topic 6: Revenue Reporting & Compliance Activities:

Returns and payment due dates:

1) Returns

When the monthly statement is available, employers will have the option to:

View the statement

- Accept the statement
- If you identify errors, make amendments necessary to your payroll submission.
- If no action is taken, then the statement will automatically be deemed as the return by the 14th of the following month.



Topic 6: Revenue Reporting & Compliance Activities:

Returns and payment due dates:

2) Payment due dates:

Payment due dates for employers remain the same.

Quarterly and annual remitters will now have a monthly statement issued by Revenue which become their monthly return. Quarterly and annual remitters will now have to file monthly returns, but the payment due date will remain the same.

Topic 6: Revenue Reporting & Compliance Activities:

Tips on how to prevent errors:

Although it is likely mistakes will be made from time to time, there are ways to avoid them.

- Run the RPN prior to each payroll run.
- Always check to make sure the details provided are included in the payroll.
- Attention to detail at all times – even though the process may be repetitive, there may be differences to the previous run.
- “Sense check” the information that you are processing – if it doesn’t look right, ask questions.
- Always be aware of reporting and submission deadlines.

Topic 6: Revenue Reporting & Compliance Activities:

Tips on how to prevent errors:

In summary, the payroll process is very important from a compliance, reporting and duty of care point of view.

We need to ensure at all times what is processed and recorded is correct, complete and timely – employees are relying on this for their own personal financial circumstances.

Returns and payments to the Revenue is equally important and ensuring these are made in the correct manner can reduce the chances of a Revenue Audit.

A large, faint, circular watermark logo is centered in the background. It features the letters 'CMG' in a bold, sans-serif font, surrounded by concentric circles and a stylized, maze-like pattern.

Thank you

Questions??