

Employment Tax Matters

Payroll Year End

As the end of 2016 is approaching, now is a good time to prepare for the year-end. The paragraphs below outline some of the topics which are relevant.

Benefit in Kind (BIK)

Subject to certain exceptions, BIKs received from an employer are taxable. Company cars and employer paid medical insurance are amongst the most common BIKs. Prior to payroll year end, employers should:

- Ensure backup documentation in relation to BIK is included in the payroll records
- Review BIK calculations
- Put any necessary adjustments through payroll prior to year end

Illness benefit

Illness benefit is a payment made by the Department of Social Protection (DSP) to an employee, subject to certain conditions, who cannot work due to illness. PAYE must be collected on taxable illness benefit, whether paid to an employee or mandated to an employer, through the PAYE system. PRSI or USC is not due on illness benefit.

The DSP use Revenue's ROS in-box facility to provide employers with notifications of taxable illness benefit. There can be delays in notifications being sent to the ROS inbox. Where employers outsource their payroll function, they should pass on the notification letters to their agent for payroll inclusion. Any illness benefit relating to 2016 which has not been already included in the 2016 payroll should now be included, and taxed where necessary.

Pension limits

Relief is available from PAYE for employee contributions to Revenue approved pension schemes. The maximum amount of pension contributions in respect of which an individual may claim tax relief may not exceed the relevant age-related percentage of the individual's earnings in the year, as set out below:

Age	% of Earnings
Up to 30 Years	15%
30 but less than 40	20%
40 but less than 50	25%
50 but less than 55	30%
55 but less than 60	35%
60 years and over	40%

Earnings are capped at €115,000 for employee pension contribution purposes.

Employees who wish to maximise tax relief for pension contributions through payroll by making an AVC should notify Payroll / HR now.





Online interaction with Revenue

Jobs and Pensions is an online service that allows customers register their new job (or private pension) with Revenue.

A tax credit certificate (TCC) will then issue to both the employer and employee.

The Jobs and Pensions service replaced the paper Form 12A, which is no longer in use.

Please [click here](#) for further information.

Revenue have also introduced a new mobile app to its suite of online services. RevApp is a mobile app, provided by Revenue to help manage tax affairs "On the Go" and is available to download from both the Apple App Store and the Google Play Store – [click here](#)

Tax reclaim deadline

Tax reclaims must be made within 4 years of the relevant year end. A claim for 2012 must be filed by 31 December 2016.

Week 53

Where 31 December is the 53rd pay day in 2016, the employer should apply an extra week's standard rate cut off point and tax credit to employees on a week one basis.

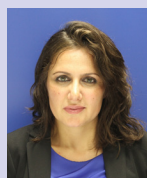
A similar process can be followed where an employer has a 27th fortnightly or a 14th four weekly payroll.

Employee who leaves on 31 December

All employees in employment on 31 December should receive a P60. Where an individual ceases employment on 31 December, that individual should receive both a P45 and a P60.

Contact us

If we can assist you or your employees on either of the above matters please do not hesitate to contact your usual KPMG contact or any member of the employment tax team.



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