

GMS Flash Alert

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Ireland – Enhanced Reporting Requirements Update

Ireland’s “Enhanced Reporting Requirements” (abbreviated as “ERR”) came into effect in Ireland from 1 January 2024. The introduction of a six-month period of leniency in December 2023 has meant that there are no consequences (i.e., penalties) for those employers that are not in compliance with the requirements during the period ending 30 June 2024.¹ This concession was introduced to recognise that it would take employers time to implement the new requirements.

While not yet formally published by Irish Revenue, it was confirmed to KPMG on a recent call with Revenue officials that an extension to this period of leniency until 31 December 2024 is being granted, meaning that there will be no compliance interventions (and therefore penalties for non-compliance) in respect of ERR throughout 2024.

WHY THIS MATTERS

ERR is a new reporting obligation designed to give Revenue greater visibility in respect of certain non-taxable benefits and expenses, with the objective of improving employer compliance in this regard (i.e., that such benefits/expenses have been correctly categorised as “non-taxable” based on the relevant legislation/guidance). For many employers, this additional employment tax reporting requirement may be an onerous compliance obligation.

Whilst the extension to the period of leniency until 31 December 2024, is a positive development, employers should still be attempting to adhere to the requirements from 1 July 2024, in order to satisfy Revenue’s expectations, and reduce the risk of a broader PAYE compliance intervention.

Next Steps

Revenue is however keen to distinguish between the two six-month periods as follows:

- 1 January 2024 – 30 June 2024: Whilst Revenue recommends that employers bring all ERR filings up to date for this period, in the absence of any compliance interventions, there should be no specific implications if employers do not.
- 1 July 2024 – 31 December 2024: There is an “expectation” employers submit returns during this period. And whilst Revenue again cannot impose penalties on those that do not comply with ERR in this period too, they have suggested that failure to do so will increase the likelihood of the employer being subjected to a broader PAYE risk review, on the basis that it demonstrates potential weaknesses with internal processes/controls.

As such, with 1 July 2024 fast approaching, it is important that employers review their processes in respect of ERR, to make sure that they can comply with the requirements and that they can meet Revenue’s expectations.

More Details

ERR came into effect in Ireland from 1 January 2024.² As part of this new requirement, employers are now obliged to file an additional electronic return with Revenue on or before any payment or reimbursement of reportable, non-taxable benefits to an employee occurs. The reportable benefits covered by the provisions are currently:

- remote Working per-diem of €3.20,
- vouched and unvouched travel and subsistence payments, and
- vouchers and trivial benefits covered by the Small Benefits Exemption (“SBE”).

Further details regarding the requirements can be found at this KPMG in Ireland [website](#).

Below we have summarised some key points based on our experiences and observations over the first few months since ERR was introduced:

- In most instances, employers appear to be generally comfortable with the items that need to be reported under ERR, and processes have been established to enable this data to be collected efficiently. For example, in the case of travel and subsistence expenses, employers have mapped the various expense categories within their expense management systems to align with the various sub-categories under ERR (i.e., travel vouched, travel unvouched, etc.).
- The Small Benefit Exemption (“SBE”) category, as expected, is presenting the biggest reporting challenge for some, due to the strict real-time reporting requirement – such benefits often come from multiple sources and stakeholders, making the collation of this information difficult, and real-time reporting even harder. Some employers have revised their application of the SBE to help simplify reporting and/or to aid compliance. For example, given the relevance of the timing of the benefits, some are now providing vouchers in January (rather than December), to help ensure that the provision of other low-value benefits throughout the year does not jeopardise the applicability of SBE to higher-value awards.

KPMG INSIGHTS (cont'd)

- The reporting piece itself is not straightforward, and in many cases, employers are having to look to external solutions for support in this regard. The three options for reporting are:
 1. **Manually inputting the data via Revenue Online Services “ROS.”** This option is suitable where the number of reportable benefits is low. However, in most cases, this is a temporary solution, and is not sustainable for most employers.
 2. **Using payroll software to report the data.** The level of support varies by software provider, and in many cases, this approach is only viable where expenses are reimbursed via payroll, which is often not the case.
 3. **Using a direct feed from the expense management system (e.g., Concur) to Revenue.** This is the preferred solution where possible, as once implemented, it requires little manual intervention, and should enable employers to better comply with the real-time reporting aspect of the requirements. In practice, however, there are some limitations with this approach. For example, certain mandatory fields may not be contained within the expense management system (e.g., PPSN), and gaps where not all reportable items are captured in the expenses system e.g., gift vouchers qualifying for SBE.

Given that each option can have limitations, some employers have developed (or are in the process of developing) bespoke solutions to aid reporting. In many cases, this often involves the use of third-party software (e.g., Alteryx) to develop a converter file that can facilitate bulk uploads, i.e., to convert an Excel template into the required XML or JSON format. Some employers are having to rely on two or more options to make sure all categories are captured.

- As alluded to above, compliance with the real-time reporting requirement is proving difficult for many, with some employers updating their expense-management process to facilitate compliance (e.g., moving from daily reimbursements to weekly/monthly). Others have simply accepted that they will be unable to comply with this onerous requirement and are instead aiming to capture/report items in a reasonable timeframe. Given we are still within the period of leniency (and will be until 31 December 2024), it is not yet clear how Revenue will view such practical approaches.
- Additional consideration may be required in the case of mobile employees – certain relocation expenses (e.g., relocation flights) may be reportable, and the reporting requirements may vary depending on the mechanism for reimbursing expenses, i.e., reimbursed in the home country, host country, or by a third party (e.g., relocation provider).

If companies need support with ERR, both from employment tax and tax technology perspectives, they should reach out to their usual qualified tax professionals or a member of the tax team with KPMG in Ireland (see the Contacts section).

FOOTNOTES:

1 For related coverage, see [GMS Flash Alert 2023-228](#), 30 November 2023.

2 See Irish Revenue's Tax and Duty Manual on Enhanced Reporting Requirements at: <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-38/38-03-33.pdf> .

Also see Revenue's webpage "[Enhanced Reporting Requirements \(ERR\)](#)."

And see Revenue's "[Enhanced Reporting Requirements: Frequently Asked Questions](#)" (last updated May 2024).

Contact us.

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