Charity News

Spring 2024

Introduction

We are delighted to bring you our Spring 2024 edition of Charity News, in which we look at a number of matters currently of interest to charities and not-for-profit organisations.

With the enactment of the Charities Amendment Bill expected in 2024, we outline in our first article some of the anticipated modifications in this Bill, along with other developments and insights, including amendments to FRS 102. The article also provide some interesting charity sector statistics published by the CRA.

Our tax update provides details on the impact of the new Enhanced Reporting Regime (ERR) for expenses and certain benefits which came into effect on 1 January 2024, and highlights the changes and the impact on employers.

As we move forward into the digital age with VAT, our next article provides a summary of how the e-invoicing and DRR proposals will work and highlights the significant impact it will have on processes and systems over the coming years.

Paying people accurately and fairly has never been more important. There's also an increased focus on pay equity, adequacy and transparency driven by legal requirements such as CSRD, the EU Pay Transparency Directive (PTD) and Gender Pay Gap reporting as well as organisations' own ESG strategies. Our fourth article provides a useful understanding of the different terms used, how they interact with each other, and what the new legislations mean for your organisation.

Finally, with the EU Whistleblowing Directive now a requirement for employers with 50 or more 'workers', and applies to unincorporated as well as incorporated entities, our last article provides a useful six step employer checklist, as well as sharing some of the findings from the largest global study on occupational fraud.

We hope you find this issue is helpful in comprehensively updating you on recent developments, as well as highlighting ways to ensure your organisation can equip itself to manage risks and remain compliant.

If you would like to discuss any of the issues discussed in this newsletter, or any other challenges that your organisation may be facing, please contact your regular PwC contact or any of our not-for-profit team noted on page 15.

We would also like to take the opportunity to wish you and your organisation every success for 2024.

Mairead Connolly
Head of PwC not-for-profit Taxation team

Aisling Fitzgerald
Head of PwC not-for-profit Assurance team

Contents

Update on Charity regulatory environment 3

Topical Tax matters 6

VAT in the Digital Age (ViDA) 8

Pay - equity, adequacy and transparency 9

Employer obligations under the EU Whistleblowing Directive 13

Our PwC not-for-profit team 15

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Update on Charity regulatory environment

The regulatory environment for charities in Ireland continues to evolve, and while there is still no definitive date for the enactment of the Charities Amendment Bill 2022, we are expecting this to take place during 2024. We understand that the Bill was scheduled for second stage debate in the Dail on 23 January 2024, so clearly it is progressing. I have set out below an overview of some of the recent key regulatory and compliance developments and I have also provided some insights on what lies ahead over the next year to 18 months.

Charities Amendment Bill 2022 and Accounting & Reporting Regulations for Charities

Since the publication of the heads of terms of the Charities Amendment Bill 2022, in April 2022, the Charities Regulatory Authority (CRA) has published a guidance document titled: “Overview of the proposed Charity Financial Accounting Regulations and Charities SORP”. This document is available for download on the CRA website, and it provides a useful narrative around the proposed changes to the Charities Act. It is well worth reading, as it allows users to properly plan and prepare for the changes which lie ahead. It also explains the purpose of the Accounting and Reporting Regulations and how these will interact with the Bill when it is enacted. We envisage that the Bill will be enacted, and the Accounting and Reporting regulations will be released simultaneously, as in essence these two documents are highly interrelated and the changes to primary charity legislation requires the release of the Accounting Regulations in order to give full effect to the legislation changes.

Key accounting changes in the Charities Bill/Accounting & Reporting Regulations

1	Charities which are companies will not be able to avail of small company filing exemptions (which they avail of under Company Law)
2	Exemption thresholds significantly lower under Charity law
3	Full set of Charity SORP accounts required to be prepared and audited for all charities with gross income or expenditure > €250k
4	All charities will have to file with CRA and CRA will have legal right to publish accounts

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

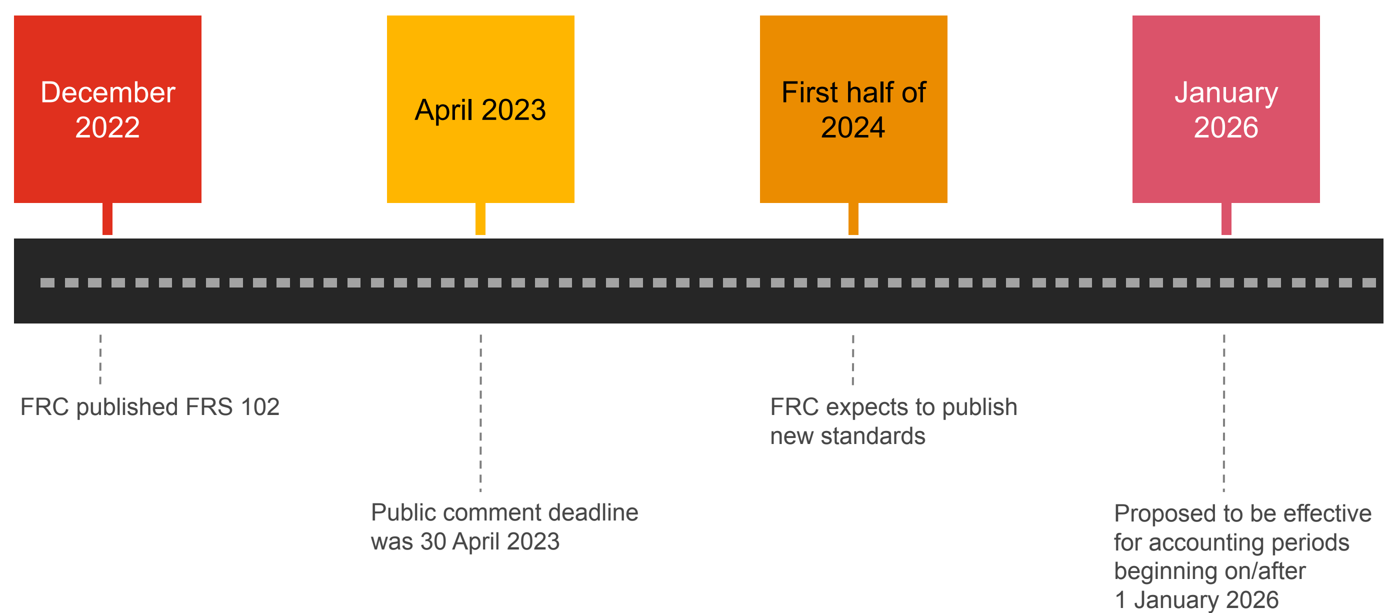
Our PwC not-for-profit team

Other accounting developments coming down the line - FRS 102 and Charity SORP

FRS 102 changes in progress

It is important for all those dealing with Charity accounts to know that "Charity SORP" is a layer on to FRS 102, and not a standalone accounting framework. FRS 102 is the primary accounting framework, so charities which comply with SORP need to comply with FRS 102 in the first instance, and they then need to comply with the additional presentation and disclosure requirements for charities which are set out under the relevant SORP.

FRS 102 revision timeline



FRS 102 is currently going through a major overhaul by the Financial Reporting Council in the UK. Draft revisions to FRS 102 were open for public comment until 30 April 2023. That document showed proposed significant amendments to FRS 102 affecting revenue recognition, lease accounting, and a number of other incremental improvements and clarifications. We expect feedback from that consultation process to be incorporated into the final draft standard, which is likely to be published some time this year, with a view to it being effective for accounting periods commencing on or after 1 January 2026.

Charity SORP changes

In addition to the changes to FRS 102, a complete overhaul of Charity SORP and other SORPs - such as Higher Education SORP and Housing SORP - are also underway by the SORP making body in the UK. Dan Chan, a member of our PwC UK Charities team sits on that SORP making committee as one of the accounting professions representatives. We hope to have Dan live at our next not-for-profit event in PwC Dublin in April this year, so watch out for your invitation to that event in due course to hear more on this.

Our understanding is that the SORP committee are currently considering the various updates to FRS 102 and the impact that they will have on the SORP and in particular the elements of FRS 102 in relation to leasing, which will mean that all leases will ultimately end up on a charities Balance Sheet. This will give rise to substantial change in how charities account for leases, and will make the accounting treatment much more like the IFRS accounting treatment for leases.

We are expecting lots of other updates to SORP disclosures also. But there are some areas also where we would like to see changes or updates, which are unlikely to feature in the next version of SORP. We know from our own experience here in Ireland with charities who have early adopted the SORP, that the performance model of accounting for income recognition required by the SORP presents challenges for many HSE/Government funded organisations. The challenges arise from the fact that the performance model of accounting in the SORP requires the recognition of income even if not spent in the year, sometimes resulting in accounts showing a surplus for the year, with knock-on reduction in funding in the following year. An exception to this is when there are explicit performance conditions attaching to grant income which provides a mechanism for charities to effectively defer recognition of income to a future period when the performance conditions have been fulfilled.

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

However we all know from experience that these kind of performance conditions are not always clearly set out in practice in agreements with funders, which can result in an anomaly in respect of when income is recognised. Based on what we currently know, there are no plans at present to address this in the latest version of SORP.

Other Guidance Documents and Regulatory Developments

The CRA have been quite active over the last year to 18 months in relation to the whole area of compliance, and they have also provided on their website lots of useful guidance and best practice documents which should be of interest to charity trustees and staff who are endeavouring to ensure their charities meet their governance and compliance obligations. Some of the documents of particular interest which are available on the CRA website include:

1 Crisis Management for Charities

2 Credit card controls for charities

3 Guidance document for charities on fundraising through clothing label and clothing bank collections

4 Guidance on winding up a charity

5 Guidance on protecting your charity from cyber crime

Many of these guidance documents were commissioned and issued by the CRA on the back of various issues which have arisen in other charities and are very helpful to charities who want to ensure their controls and procedures in place in relation to these areas follow best practice guidance.

A **snapshot** from the Regulators Compliance report issued in 2023 in relation to the Charity Sector 2022 statistics

In addition to issuing various guidance documents, the Charity Regulator publishes an annual report each year including key statistics relating to the sector for the preceding year. The 2023 report from the Regulator contains a number of interesting statistics. I have included some of the main statistics and insights from that report below:

Recent statistics on the Charity Sector*

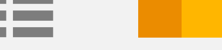
- Over **11,506** charities on the Register as of December 2022
- Only **59%** of charities filed an annual report on time during 2022
- **163** new charities registered in 2022
- Estimated **76,321** charity trustees at end of March 2023
- By the end of 2022, a further **14%** of charities had filed annual reports with the Regulator, bringing the total number of reports submitted to **73%**
- Continuous monitoring of declarations of compliance and in 2022 the sampling found that **65%** of the "fully compliant" declarations were accurate
- Increase in number of concern letters to CRA – **642** concerns were raised with the Regulator in 2022; 566 of these have been closed
- **6** new Guidance Notes published by the Charities Regulator
- An estimated **648,000** people volunteer with an Irish charity
- **89%** of adults made a donation to a charity in past 12 months, but marked decline in the number of those that were a "financial" donation (drop from 74% to 59%)
- Most common form of "financial" donation was the purchase of a lottery/raffle ticket
- **80%** of adults have not considered becoming a charity trustee AND 4 in 10 charities find "attracting new trustees" to be one of their greatest challenges

* Statistics above taken from 2023 Annual Report of the Charities Regulator; and "Irish Attitudes towards the Charity Sector" – Amárach Research Report commissioned by the Charities Regulator

As you will see from the data and statistics, the CRA are continuing to monitor compliance with annual filing deadlines for accounting information and compliance with the governance code, and we expect that the level of monitoring will continue to increase in the years ahead as the changes to the Charities Act become law and as Charity SORP becomes mandatory.

Aisling Fitzgerald
Assurance Director

aisling.fitzgerald@pwc.com
+353 87 842 8584



Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Topical Tax matters

New Enhanced Reporting Regime (“ERR”) for Expenses and Certain Benefits

A new era of transparency in employee expenses and benefits has begun, as the Enhanced Reporting Requirements come into effect from 1 January 2024. This regime requires employers to report certain expenses and benefits provided to employees and directors on a real time basis.

What’s changing?

The new rules require employers to file a specific electronic return with Revenue on or before any payment or reimbursement of reportable benefits to an employee occurs.

The reportable benefits currently covered by the provisions include the following:

- Vouched and unvouched travel and subsistence payments;
- Vouchers and trivial benefits covered by the small benefits exemption; and
- Remote Working per-diems of €3.20 per day.

This Enhanced Employer Reporting (EER) return, although separate from any payroll filings, will follow similar real-time reporting principles. All required information will need to be collated prior to payment or delivery of a reportable benefit.

It may be the case, particularly in the not-for-profit landscape, that directors are not on the payroll, but do have reasonable expenses reimbursed. It is noteworthy in this context that ERR applies to directors as well as to employees. The payment of the above to directors, most likely in practical terms to be travel and subsistence, are reportable under ERR.

Expenses paid directly by the employer to hotels, airlines or other travel providers in relation to travel and subsistence expenses incurred for business purposes are not in scope for ERR reporting currently. For a reporting requirement to arise under ERR in relation to travel and subsistence, the employer must reimburse the employee for the travel and subsistence expenses incurred by the employee (whether on a vouched or allowable flat rate basis).

Expenses of travel and subsistence incurred on company credit cards and settled by the employer are not in scope of ERR reporting either.

What do employers need to do?

Employers are required to submit details of the above categories of expenses and benefits using the Revenue Online Service. This submission must be made by the employer on, or before, the payment date to the employee. As such, if multiple expense reimbursement payments are made during the month, multiple returns will be required, on or before each date on which a reportable benefit /expense reimbursement is provided.

Though not an exhaustive list, the submission must include, per employee:

- employee details / PPSN (If no PPSN is available, the employer must provide the employee’s address, date of birth and Employer Reference instead),
- date of payment,
- tax year, and
- employee ID (Revenue will provide a facility within ROS for employers to look up the Employment ID for employees, using the employee’s PPSN).

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Employers can make their real time ERR submissions in the following ways:

1. By employer file upload manually through ROS. Revenue has confirmed that the ROS ERR system can accept JSON or XML file formats;
2. Manual entry of details into ROS by the employer, using a specific ERR portal; or
3. Using an ERR software package which files directly to ROS, e.g. an add-on to an existing package provided by an employer's payroll software provider or expense software provider (if available).

Why is this important?

Importantly, ERR does not change the taxation treatment of the above items.

However, introduction of this reporting measure will provide Revenue with real-time information about the disbursal of tax-free payments and expenses, and the provision of tax-free benefits. This will enable more focused payroll tax interventions by Revenue, and furnish the Department of Finance with more comprehensive information for tax policy purposes.

It's also worth noting that there could be VAT implications where personal payments/benefits have been incorrectly classified as tax-free business expenses for payroll purposes.

Conclusion

In conclusion, the new Enhanced Reporting Requirements represent a significant shift in the reporting landscape for Irish employers. It is therefore crucial that employers understand these changes and take necessary steps to ensure compliance.

We can help your organisation to understand and prepare for the Enhanced Reporting Requirements. Some of the ways in which we have been working with organisations include:

- Guidance on what is reportable, the rules around taxable and non-taxable benefits;
- Review of organisations' current policies and practices around the reportable categories of payments;
- Analysis of the organisation's data;
- Supporting with management of the data sources to support compliance requirements;
- Bespoke training workshops with your internal stakeholders; and
- ERR Reporting on your behalf on an outsourced basis.

Please do contact me or your usual PwC contact if you have questions in relation to ERR.

Mairead Connolly
Tax Partner

mairead.connolly@pwc.com
+353 86 817 7450

VAT in the Digital Age (ViDA)

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

The ViDA legislative proposals address issues in a number of areas. The proposals which will be most relevant are e-Invoicing and a new Digital Reporting Requirement (DRR). There is a third strand of the proposals which looks at the taxation of transportation and accommodation platforms.

The new proposals (if adopted) will introduce new reporting requirements but should also help to harmonise the requirements across the EU, which should ease the compliance burden. Both the e-invoicing and DRR proposals will have a significant impact on processes and systems and as such the ViDA proposals should be considered as part of your IT strategy over the coming years. The proposals on the taxation of transportation and accommodation platforms would be limited in impact to platform operators and are therefore not considered further in this article.

E-invoicing

The e-invoicing proposals seek to change the definition of an e-invoice such that all e-invoices will be in a standardised, structured form that can be issued and received by businesses across the EU electronically. It has been proposed that EU member states will be allowed to mandate e-invoicing without EU approval from 1 January 2024 onwards, with e-invoicing becoming the norm as from 1 January 2028. It has also been proposed that, as of 1 January 2028 intra-EU invoices shall be issued no later than 2 working days following the chargeable event. Summary invoices will no longer be permitted.

Digital Reporting Requirement (DRR)

The DRR strand of the proposals works in tandem with e-invoicing to replace the current recapitulative statements (VIES / Intrastat) with an EU wide digital reporting framework. This will be achieved by adding data elements to mandatory invoice content and a requirement to report transactional level information. New data fields will also be added for the detection of fraud. Reporting of information on intra-Community acquisitions will no longer be optional for EU member states which will lead to additional reporting requirements in Ireland. It has been proposed that the above DRR requirements will be implemented by 2028.

Ongoing Consultation

The above proposals are yet to be approved and it is currently expected that each of the deadlines set out above will be extended by 12 months. There is also a proposal at EU level to extend the 2 day deadline for the issuance of an invoice to 8 days.

In conjunction with the ViDA proposals, Irish Revenue are embarking on a journey to develop and modernise the current VAT reporting system in Ireland. Revenue have launched a public consultation on how Ireland can use technological advances to modernise its VAT reporting mechanisms.

This initial consultation runs from 13 October 2023 to 31 January 2024 and will focus on the modernisation of Business to Business (B2B) and Business to Government (B2G) VAT reporting, supported by e-invoicing. The initial consultation does not consider Business to Consumer (B2C) transactions.

How we can help

If you would like to understand the impact of ViDA on your organisation, we would be pleased to discuss with you in more detail.

Tim Simpson
Tax Director

tim.x.simpson@pwc.com
+353 87 448 6913

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Pay – equity, adequacy and transparency

Recent years have seen high levels of inflation and, as a result, an increased focus on levels of pay. There's also an increased focus on pay equity, adequacy and transparency driven by legal requirements such as the Corporate Sustainability and Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the EU Pay Transparency Directive (PTD) and Gender Pay Gap reporting as well as organisations' own ESG strategies.

Our Winter 2022 newsletter covered gender pay gap reporting as well as ESG, CRSD and CSDDD. These areas are interrelated and continue to evolve. Therefore, it is useful to recap on these issues as well as highlighting new areas such as the EU Pay Transparency Directive. Each of these are concerned with pay in some form be it from an adequacy, equity or transparent perspective and it is helpful to understand the different terms and how they interact with each other.

The table across summarises the various aspects of pay to be considered.

What are the various legal requirements in relation to employees' pay?

Legislation	Level of pay	Pay equity	Pay transparency	Description	Legal requirement
National Minimum Wage (NMW)	✔			Employees are entitled to a minimum wage (some exceptions)	Mandatory under the the National Minimum Wage Act 2000
Living Wage	✔		✔	The living wage is a wage which makes possible a minimum acceptable standard of living	Not a legal requirement at the moment but: - CSRD requires commentary on adequate pay - NMW being gradually increased to a 'living wage' as defined by the Irish Government
Gender pay gap reporting			✔	Based on comparison of pay for males and females	Mandatory for employers with 250+ employees; 150 from 2024 and 50 from 2025
Equal Pay		✔		Provides for equal pay for like work. It is against the law for employers to discriminate based on 9 different grounds	Yes - under the Employment Equalities Act
EU Pay Transparency Directive		✔	✔	Includes a range of measures spanning recruitment policies, pay transparency and equity	Not currently a legal requirement; to be implemented by 2026

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

National Minimum Wage (NMW)

In Ireland, the National Minimum Wage is the minimum amount that an employer can legally pay their employees. The current national minimum wage rate is €12.70 per hour (from 1 January 2024).

The rules around the NMW are complicated:

- Different rates apply to those under 20 years of age or undergoing study/training during working hours;
- Time spent on standby needs to be included (need to adhere to the rules as to what constitutes working hours);
- Sleepovers count as working hours;
- Adjustments if board and lodgings are provided;
- Need to distinguish between reckonable and non-reckonable pay;
- Special rates for certain sectors (e.g. cleaning, security and early learning and childcare sectors).

Many charities and not-for-profit organisations may have a workforce which is more complicated than a typical private company and will need to ensure that employees are all actually receiving the NMW. Having a ‘headline’ hourly pay of €11.30 per hour may not capture the various issues.

The NMW is a legal requirement and employers must keep all records to show that the requirement is being complied with.

Living Wage

The **Living Wage for the Republic of Ireland*** is an evidence-based rate of pay that is grounded in social consensus and establishes the cost of a Minimum Essential Standard of Living in Ireland today. Unlike the national minimum wage to date, the Living Wage is based on the cost of living and is calculated by taking into account the cost of living, including housing, food, clothing, transport, health care, and other basic needs. For 2023/24 the Living Wage for the Republic of Ireland is **€14.80**.

The Living Wage is not currently legally binding, but it is considered a voluntary commitment by employers to pay their employees a fair wage. However, it is planned that a **National Living Wage** will replace the National Minimum Wage from 2026. The National Living Wage will be set at 60% of the median wage in any given year which gives an indicative rate of **€13.82** per hour for 2024.

Organisations should be considering the Living Wage from a number of aspects:

- How it should be defined for their circumstances;
- How it compares to current rates of pay and any cost implications of the proposed increases;
- Whether all employees should immediately receive at least the National Living Wage (rather than waiting until 2026);
- If required to report under the CSRD, or choosing to report voluntarily under the CSRD, then organisations will be responsible for both measuring and reporting on the state of a number of ESG metrics including whether employees are paid an ‘adequate wage’.

* As defined and calculated by the Living Wage Technical Group (LWTG) www.livingwage.ie

- The Social aspects of ESG are generally not as progressed within organisations as those relevant to the Environment and Governance, although they have been gaining prominence in recent years. This is reflected within the CSRD - as detailed in the draft European Sustainability Reporting Standards (ESRS) S1 Own Workforce (November 2022). Disclosure Requirement S1-10 - Adequate wages which states:

  “The undertaking shall disclose whether or not all workers in its own workforce are paid an adequate wage, in line with applicable benchmarks. And if not, which type of workers do not receive an adequate wage and what percentage of its own workforce is paid below the adequate wage."

- Even if not required, Charities and not-for-profits may consider reporting in line with CSRD to demonstrate transparency; improve reputation and trust; and gain access to funds by disclosing non-financial performance in line with the CSRD regulation.

Many charities and not-for-profits already pay their employees a living wage and being able to verify and disclose this will build on their commitment to its employees and be complementary to the purpose of their organisation.

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Gender pay gap reporting

The gender pay gap is the difference between the average hourly wages of men and women in an organisation, regardless of their seniority.

The gender pay gap is not the same as equal pay; even if an employer does not have an equal pay issue, a gender pay gap may still exist. For example, the majority of lower-paid roles in an organisation may be filled by women.

2023 saw the second year of mandatory gender pay gap reporting in Ireland for employers with 250 or more employees. This number reduces to 150 in 2024 and 50 for 2025.

For employers who have yet to start reporting their gender pay gap, preparing early is key. Understanding the legislation and involving all the relevant stakeholders are the initial steps. The level of analysis involved should not be underestimated.

Equal Pay

Employment equality legislation provides for equal pay for like work. It is against the law for employers to discriminate based on gender, civil status, family status, age, disability, sexual orientation, race, religion, or membership of the Traveller community.

The right to equal pay is one of the terms that must be part of the contract of employment.

EU Pay transparency Directive

The EU Pay Transparency Directive is a new legislation that aims to address the root causes of the gender pay gap and economic empowerment of women. It came into force on 7 June 2023 and will impact all organizations with workers in any EU member state, including Ireland. States have 3 years to implement it meaning that Ireland must implement the Directive by June 2026.

The Directive requires greater transparency in a number of critical areas, such as gender pay gap reporting and equal pay. Organizations above a certain employee threshold will be required to publish gender pay gap figures externally. Where a pay gap of 5% or more is found in any category of worker and other criteria are not met, a joint pay assessment must also be completed.

Recruitment will also be impacted, as organizations will be required to provide information on pay (e.g. pay bandings) as part of the recruitment process and will no longer be able to ask candidates about current pay to determine offers.

Employers with more than 50 workers must provide workers with information on what criteria are used to determine pay and pay progression. Workers will also have the right to request information on the average pay level of workers doing similar work to them, broken down by sex. This must be provided within 2 months of request.

While local implementation may vary, the Directive suggests that the requirements listed above may apply, not only to employees, but also apply to other worker types (e.g. contractors and gig economy workers).

To ensure a smooth transition from a legal, operational, and strategic perspective, organizations should start preparing now. The measures under the Directive are extensive and we expect it will take a number of years to prepare for it.

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

EU Pay transparency Directive – the detail

Recruitment

- Job vacancy notices and job titles should be written in a gender neutral way
- Recruiters should not be able to obtain or ask about information the current pay or pay history of their employees
- Applicants have a right to receive a pay range expectation based on gender-neutral criteria

Right to information

- Employees have the right to receive information on their individual and average pay levels, broken down by gender and worker categories
- Information must be received in a timely manner
- Employees should be made aware of where to find information on pay on an annual basis, and how to request it

Reporting

- Companies should report on multiple data points regarding the gender pay gap:
  - the median and average gender pay gap
  - the proportion of female and male workers receiving variable components
  - the proportion of female and male workers in each quartile pay band
  - the gender pay gap between workers by categories of workers, broken down by ordinary basic wage or salary and variable components
- The report should be communicated to the authorities and published by the company at their discretion

Correct or justify pay inequality

- If there is a >5% unjustified difference the pay inequality must be corrected within 6 months, or justified on the basis of objective, gender-neutral criteria
- Otherwise a joint pay assessment must be conducted with workers' representatives
- Assessment then made available to all workers, their representatives, labour inspectorate and monitoring body

Burden of proof

- The burden of proof on pay discrimination is now with the employer
- States can introduce rules that are more favorable to claimants
- Employers must respond to any claims and provide proof in a timely manner

Legal action

- Employers are required to compensate workers if pay discrimination is proven
- Sanctions for the infringement of this directive will be defined by Member States
- States must instate laws that protect workers and their representatives from dismissal if they exercise their rights on equal pay

Conclusion

Paying people accurately and fairly has never been more important. Whilst the ESG and CSRD agendas are focussed on disclosures and transparency, the starting point for organisations should be the fundamentals of paying a fair wage, ensuring equality across its employees and being transparent at all stages. Getting these right means that complying with the various legislative requirements should be a more straightforward process.

If you would like further information on any aspects of pay governance and how they impact your organisation, please get in touch.

Anna Kinsella
Pensions Group Director

anna.kinsella@pwc.com
+353 87 967 0910

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Employer obligations under the EU Whistleblowing Directive

Is your organisation compliant in 2024?

Introduction

17 December 2023 marked the deadline for Irish employers in the private and public sectors with 50 or more 'workers' to comply with new protected disclosures legislation. Organisations are now legally required to have **formal internal reporting channels and procedures** to allow 'workers' to make protected disclosures of 'relevant wrongdoings'.

This follows the transposition of the EU Whistleblowing Directive into Irish law through the Protected Disclosures (Amendment) Act 2022, which came into force on 1 January 2023 for employers with 250 or more employees.

This new Irish legislation goes further than just protecting employees. The definition of 'workers' has been extended to include, among others, job applicants, volunteers, former employees, contractors, shareholders and directors.

What should you do?

Legal entities operating in the not-for-profit sector must establish and maintain a confidential internal reporting channel for workers who wish to make written and/or oral protected disclosures. You must also designate a suitable and impartial internal or external competent person to receive the protected disclosures and diligently follow up thereon, and provide workers with information on the confidential reporting process.

The internal reporting channel must:

- be secure;
- ensure the confidentiality of the identity of the reporting person;
- acknowledge receipt of the disclosure within seven days;
- involve diligent follow-up by a designated impartial person;
- have reasonable timeframes to provide feedback, not exceeding three months; and
- ensure the provision of clear and easily accessible information to workers.

Employers with an existing group-wide reporting channel will also be required to operate local reporting channels at the subsidiary level.

Helpfully, the legislation permits for a company's internal reporting channel to be operated by an **external third party**. The benefits of using such an approach are that it will help ensure adherence to reporting obligations, promote confidence in the reporting process, preserve the independence of the process, and encourage your employees to speak up internally, rather than externally, about wrongdoing in your workplace.

Your six-step employer checklist

1. Do you know if, and how, the legislation applies to your company or group of companies?
2. Have you appointed an internal person or project team to implement the reporting channel's infrastructure?
3. Have you decided on the type of reporting channel you will use? Is it a digitally enabled solution? Do you want to facilitate both written and oral reporting?
4. Have you drafted a policy and procedure for receiving and processing protected disclosures?
5. Does your policy and procedure provide clear guidance on the distinction between interpersonal grievances and protected disclosures?
6. Do you have both group-wide and local (i.e. subsidiary) entity reporting channels?

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

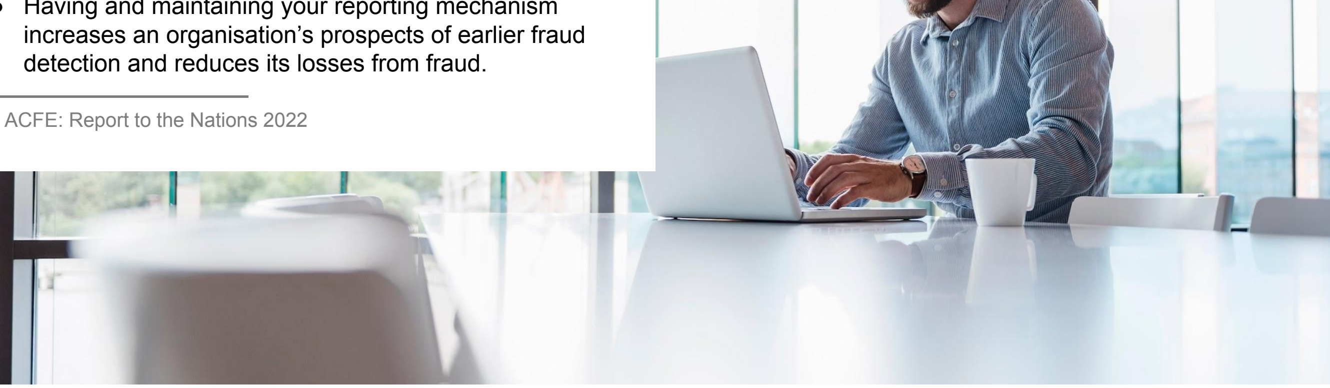
Our PwC not-for-profit team

Did you know?

The largest global study on occupational fraud carried out by the Association of Certified Fraud Examiners[1] found that:

- Web-based reporting is now the most widely used type of internal reporting channel;
- Tip-offs are the most effective way of identifying wrongdoing (i.e. fraud) in the workplace; and
- Having and maintaining your reporting mechanism increases an organisation's prospects of earlier fraud detection and reduces its losses from fraud.

[1] ACFE: Report to the Nations 2022



How can we support you?

Here at PwC, we are able to offer an effective and economical single software solution to our clients while ensuring no loss of control for our clients as regards the action(s) taken following receipt of such disclosures from workers.

We can provide a cloud-based software solution that:

is cost-effective, secure, accessible from any mobile device;

simplify the reporting channel for you and your workers;

supports legal compliance by ensuring reports are acknowledged and dealt with within the statutory timeframes; and

ensures conflicts of interest are avoided within your organisation.

If you would like further information on your statutory requirements, or to request a no-obligation demo of our software solution, please get in touch.

Eoghan Linehan
Forensic Services Director

eoghan.linehan@pwc.com
+353 86 312 4475

Sara Frankowska
Forensic Services Associate

sara.a.frankowska@pwc.com
+353 87 113 1438

Introduction

Update on Charity regulatory environment

Topical Tax matters

VAT in the Digital Age (ViDA)

Pay - equity, adequacy and transparency

Employer obligations under the EU Whistleblowing Directive

Our PwC not-for-profit team

Our PwC not-for-profit team

Mairead Connolly
Tax Partner
mairead.connolly@pwc.com
+353 86 817 7450

Aisling Fitzgerald
Assurance Director
aisling.fitzgerald@pwc.com
+353 87 842 8584

Andy Banks
Risk Assurance Partner
andy.j.banks@pwc.com
+353 87 997 8831

Fiona Gaskin
Trust and Transparency Solutions Partner
fiona.m.gaskin@pwc.com
+353 86 771 3665

Ciara Whelan
Tax Director
ciara.whelan@pwc.com
+353 87 629 7480

Angela Devaney
Assurance Director
angela.devaney@pwc.com
+353 87 617 6028

Andy Colloby
Risk Assurance Senior Manager
andrew.x.colloby@pwc.com
+353 87 360 0156

Munro O'Dwyer
Pensions & Investments Partner
munro.odwyer@pwc.com
+353 86 053 6993

Ruth O'Malley
Tax Senior Manager
ruth.omalley@pwc.com
+353 87 185 6195

Rose-Marie McNamara
Assurance Director
rose-marie.mcnamara@pwc.com
+353 86 410 2942

Pat Moran
Cybersecurity Partner
pat.moran@pwc.com
+353 86 380 3738

Anna Kinsella
Pensions Group Director
anna.kinsella@pwc.com
+353 87 967 0910

Tim Simpson
Tax Director
tim.x.simpson@pwc.com
+353 87 448 6913

Fiona Walsh
Assurance Senior Manager
fiona.walsh@pwc.com
+353 86 859 5870

Fiona Barry
Entity Governance & Compliance Senior Manager
fiona.barry@pwc.com
+353 87 616 5216

Ellen Roche
Executive Search & Reward Director
ellen.roche@pwc.com
+353 87 637 0812

Michael McDaid
Advisory Partner
michael.j.mcdaid@pwc.com
+353 86 604 6325

Nikita Shetty
Audit Manager
nikita.shetty@pwc.com
+353 87 103 7063

Jacqueline Conroy
Entity Governance & Compliance Senior Manager
jacqueline.conroy@pwc.com
+353 87 280 4814

Eoghan Linehan
Forensic Services Director
eoghan.linehan@pwc.com
+353 86 312 4475

www.pwc.ie

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with over 360,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.ie.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

© 2024 PwC. All rights reserved.