Starting in Business

A Revenue Guide

Revenue

June 2007

Revenue Mission

To serve the community by fairly and efficiently collecting taxes and duties and implementing import and export controls.

Revenue

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This guide does not attempt to cover every issue which can arise in starting up a new business, nor does it aim to give an interpretation of the legislation involved. If you find this guide does not answer all of your questions or if you have additional concerns please contact your nearest Revenue office.

The Objectives of Revenue are to:

- Maintain public confidence in Revenue through efficient and customer-orientated operation
- Maximise voluntary compliance and deter evasion and avoidance
- Optimise staff performance and development
- Use resources efficiently, effectively and properly

Revenue

Introduction

One of the concerns people have when setting up a business is the various taxes that will have to be paid and returns that will have to be made to Revenue. Many people go from a situation of having paid tax by deduction under the PAYE system, to having to account for and pay their own tax annually. In addition they may have to account for VAT and/or PAYE/PRSI on a regular basis.

In setting up a business you are likely to ask questions such as:

How do I register for Tax?
What income do I pay tax on?
How do I meet my Pay and File obligations?
How do I deduct PAYE from my employees?
What rate is VAT charged at?
What records do I need to keep?

How can Revenue help you?

The aim of this guide is to make the tax system easier to understand and to answer many of the basic questions people ask in relation to tax when setting up a business. While nobody likes paying tax, we will show you in this guide how you can eliminate some of the form filling and reduce some of the "red tape" associated with making returns and paying tax. While we have tried to cover all the issues involved, you may need further information on tax matters or on the completion of forms. If so, you can access Revenue's website **www.revenue.ie** or contact your nearest Revenue office - a list of these is supplied in **Appendix 3** of this Guide.

Revenue On-Line Service

Revenue On-Line Service (ROS) is Revenue's secure interactive internet-based facility and is the most effective way for you, as a Revenue customer, to:

- File your Returns and make payments,
- Obtain details of your Revenue account,
- Calculate your tax,
- Claim repayments,
- Conduct your business on-line 24 hours a day, 365 days of the year.

You can access **ROS** through Revenue's website **www.revenue.ie**. See **Chapter 10** of this Guide for further details on **ROS**.

Contacting Revenue

Revenue's tax and customs operations are primarily built around clearly-defined regions each comprising a county or counties. Each region in turn is made up of a number of Revenue districts.

Business customers have all of their tax and duty affairs dealt with in the Revenue district where the business is managed and controlled. PAYE customers are dealt with in the Revenue district where they reside. Company directors are assigned to the same Revenue district as the company in which the main directorship is held.

A 'Contact Locator' on Revenue's website **www.revenue.ie** enables customers to speedily ascertain appropriate Revenue district contact details applicable to themselves. These include telephone number, e-mail and postal address, fax number and the appropriate office for personal callers. These details may be easily accessed by customers who are only required to key in their PPS Number or Company Tax Reference Number.

Alternatively, a full listing of all Revenue offices can be found in the telephone directory under State Directory. (See also **Appendix 3**, on page 35 of this Guide.)

Revenue Information Leaflets

Information Leaflets and Guides are available on Revenue's website **www.revenue.ie,** from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 (Republic of Ireland only), [available 24 hours a day], or from any Revenue office.

Your Rights as a Taxpayer

In your dealings with the Revenue Commissioners you are entitled to be treated with courtesy and consideration at all times. The Customer Service Charter sets out the principles by which we, in Revenue, operate.

Other entitlements include:

- You will be presumed to have dealt with your tax affairs honestly,
- Your tax affairs will be treated in the strictest confidence.

A copy of the Customer Service Charter is included at the back of this booklet.

Revenue's Customer Service Standards

There are Revenue Customer Service Standards that you should be aware of. They illustrate the level of service delivery Revenue's customers can expect. The aim of these standards is to provide services to compliant taxpayers which are efficient, speedy and cost effective.

A leaflet, **Revenue Customer Service Standards**, is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Freedom of Information

The Freedom of Information Act (FOI) Act 1997 gives members of the public statutory rights, i.e:

- A legal right to access information held by public bodies,
- A legal right to have official information relating to you amended where it is incomplete, incorrect or misleading,
- A legal right to obtain reasons for decisions affecting you.

Access to information under the Act is subject to certain exemptions and involves specific procedures and time limits.

Revenue makes much information routinely available to the public. Such information continues to be available without the need to use the FOI Act.

Further information on the FOI Act 1997 is available on Revenue's website **www.revenue.ie**.

1 Registering for Tax

How do I register for Tax?

You should advise Revenue when you start in business. You can do this by completing the appropriate registration form which is available from Revenue's website **www.revenue.ie**, from Revenue's Forms & Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office. The registration forms are:

Form TR1: this registration form is for Individuals/Sole Traders, Partnerships, Trusts or Unincorporated Bodies requiring to register for:

- Income Tax,
- VAT,
- Employer's PAYE/PRSI,
- Relevant Contracts Tax (as a Principal Contractor).

Form TR2: this registration form is for Companies (including foreign companies) requiring to register for:

- Corporation Tax,
- Employer's PAYE/PRSI,
- VAT,
- Relevant Contracts Tax (as a Principal Contractor).

Form PREM Reg: this registration form is for Persons or Companies requiring to register as an Employer for PAYE/PRSI purposes only and who are already registered for Income Tax (either as self-employed or as an employee) or Corporation Tax.

Once registered for tax purposes you should access the **Revenue On-Line Service (ROS)** through Revenue's website **www.revenue.ie** and familiarise yourself with the many features of **ROS** as it is the most effective way for you as a Revenue customer to deal with your tax affairs. For details of what **ROS** has available for you see **Chapter 10** of this Guide.

New Business Visit

Shortly after registration you **may** receive a "New Business Visit" from a Revenue official. Any difficulties or queries will be dealt with and general assistance will be given to help you comply with your tax obligations.

What if I decide to employ someone?

If you decide to employ someone you must register as an employer for PAYE/PRSI (see **Chapter 7**).

Note:

If you set up a company, the company must register as an employer and operate PAYE/PRSI on the pay of directors even if there are no other employees.

Am I obliged to register for VAT?

You must register for VAT if you are a taxable person (see **Chapter 6**) and your annual turnover exceeds or is likely to exceed the limits prescribed by law for registration. With effect from **1 March 2007** the following limits apply:

- **€70,000 in respect of the supply of goods**,
- **€35,000 in respect of the supply of services**.

(Prior to that date the limits were €55,000 in respect of the supply of goods and €27,500 in respect of the supply of services.)

You may also be obliged to register for VAT if:

- You receive certain taxable services from abroad, for example advertising services, banking, financial and insurance services, services of consultants, etc. (See the comprehensive **Guide to Value Added Tax** for a full list of these services.),
- You are a foreign trader doing business in the State.

If your annual turnover is less than the limits set out above you may elect to register for VAT.

You should register for VAT even before starting to supply taxable goods or services, if it is clear that the limits will be exceeded when the trade or business starts.

What tax number will I use?

Before you complete any of the above registration forms you must have a Personal Public Service Number (PPS Number).

You may already have a PPS Number if you are an Irish National and any one of the following:

- Were born in Ireland after 1971,
- Registered for tax since 1979,
- Are/were in receipt of Social Welfare Benefit payment,
- Were issued with a Social Services Card.

Otherwise, you must register with the Department of Social and Family Affairs by:

- Calling in person to any Social Welfare Local Office or Social Welfare Branch Office. (A list of these offices can be found in the Government Departments section of the phone directory.),

  and

- Completing a PPS Number application form, Form REG 1,

  and

- Presenting documentary evidence as requested in the application form to verify your identity.

You will be notified of your PPS Number by the issue of a letter from the Department of Social and Family Affairs.

If you set up a company the company will be given a separate registration number. As a director of the company you will retain your own PPS Number for your personal tax affairs.

A married couple setting up a business together will require separate individual PPS Numbers.

Can I keep the Income Tax relating to my business separate from my employment?

If you already have a PAYE employment, you can pay the income tax due on your business activities separately. On the other hand, if you are in employment and also have a small business with a low turnover and if the income from the business is relatively small, you can arrange to have the tax due on your business deducted under PAYE by reducing your tax credits and standard rate cut-off point.

Where you have a small business and you also have a PAYE employment it will be necessary to submit only one Return of Income for the tax year to cover all sources of income.

Can I keep the tax relating to my business separate from my spouse's tax?

YES. You and your spouse can decide which method of assessment is best suited to your circumstances. For further information on the tax treatment of married persons you should obtain **Leaflet IT2 Taxation of Married Persons** which is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

What is Relevant Contracts Tax?

Relevant Contracts Tax (RCT) is a tax deduction system whereby a Principal Contractor:

- deducts tax at 35% from payments to Subcontractors for whom he/she does not hold a relevant payments card, and
- maintains a record of payments to all Subcontractors regardless of whether he/she holds a relevant payments card for them.

Principal Contractors in the construction, forestry or meat processing industries must operate RCT on payments to Subcontractors.

I intend operating as a Principal Contractor, do I have to register now?

Yes. All Principal Contractors must be registered with Revenue.

A Principal who fails to register with Revenue and makes payments without deduction of tax may become liable for the tax that should have been deducted. Penalties may also be applied for the non-operation of RCT.

How do I notify Revenue?

Notification must be made on either of the following registration forms:

- **Form TR1** - for individuals,
- **Form TR2** - for companies, (see separate note on page 4 on these Forms), or
- **Form P33** - if you are already registered with Revenue for IT, CT or VAT.

Revenue will subsequently give notice to you that you have been registered as a Principal Contractor.

These forms are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

I intend to operate as a Subcontractor. What arrangements should I make to keep my tax affairs in order?

All Subcontractors should be registered as self-employed with Revenue. If you intend to employ workers, you will need to register as an Employer for PAYE/PRSI purposes. If your turnover will exceed the limits set out on page 5 of this Guide you must also register for VAT. If you intend to further subcontract any part of your contracts, you should also register as a Principal Contractor.

A Subcontractor who satisfies certain conditions may qualify for a Certificate of Authorisation, a **Form C2**. This certificate allows a Principal Contractor apply to Revenue for permission to make payments gross to the Subcontractor. Subcontractors may apply for a C2 using **Form RCT 5**. A photograph and a signature must also be submitted with a **Form PC 5(a)**. Form PC5(a) is **not** available online, but may be requested from your local Revenue office. Form RCT5 is available on Revenue's website **www.revenue.ie**, or from your local Revenue office.

Where can I get further information on RCT?

Further information is available in the following Relevant Contracts Tax guides:

- **IT 63 – Guide for Principal Contractors,**
- **IT 64 – Guide for Subcontractors.**

These guides are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

In addition to the above guides, further information is available on Revenue's website in the section 'Information for Individuals' under the heading 'Construction Industry Project'. Included in this section is a new RCT flier titled:

- **Main Tax Obligations for Contractors in the Construction Sector - Principal and Subcontractors – Checklists**

2 Income Tax

Who pays Income Tax?

Income Tax is payable by individuals on income earned in the tax year. As an employee tax is deducted from your salary through the PAYE system. As a self-employed person you are responsible for paying your own tax through the Self-Assessment system. The tax year begins on 1 January and ends on 31 December.

On what income do I have to pay tax?

You will pay tax on the annual profits or gains from your trade or profession and on any other income you might have. If your annual accounts are normally made up to a date other than 31 December, you will be taxed on the profits of your accounting year, e.g. if your accounts are prepared for the twelve months ending on 6 July, the profits for this period will be taken as your profits for the tax year. Further information on commencement or cessation of your business, accounting dates, etc. can be found in **Chapter 4.**

You will also pay tax on any other income you receive such as Investment Income, Rental Income, etc. This tax is based on the income earned in the tax year, i.e. from 1 January to the following 31 December.

How will I know what tax I have to pay and when to pay it?

As a self-employed person you will be taxed under the Self-Assessment system.

There is a common date for the payment of tax and filing of returns, i.e. **31 October**. This system, known as **"Pay and File"**, allows you to file your return and pay your tax at the same time.

Pay and File System

The **Pay and File** system provides the facility for you, **on a single date - 31 October,** to:

- Pay your estimate of tax (Preliminary Tax) for Income Tax for the current tax year,
- File your tax return for the previous tax year for Income Tax and Capital Gains Tax,
- Pay any balance of Income Tax due for the previous tax year,
- Pay in full the Capital Gains Tax due on disposals made between 1 January and 30 September of the current tax year, (see separate note on page 10 under Capital Gains Tax).

The single due date, 31 October, will allow you to pay and file at the one time. This date is referred to as the **specified return date.**

If you file your income tax return early Revenue will issue a final tax assessment for the relevant tax year in time to pay your actual liability. This will save you having to do the calculations and you will have certainty in the amount of tax you have to pay, including Preliminary Tax for the current year. This should be paid to the Collector-General, to arrive **on or before 31 October**. See **Chapter 8** for further information on "**Paying Your Tax and Keeping Things Simple**".

You can also file your Income Tax return and pay your tax on-line using the **Revenue On-Line Service (ROS)**, which will provide an instant, accurate and timely calculation of your tax liability. See **Chapter 10** for more information on **ROS**.

Alternatively, you can compute your own liability to Income Tax and submit your completed Income Tax return form together with any payment that may be due **on or before 31 October**.

Examples

On-going Business

In the year 2006 you must:

- Pay Preliminary Tax for the tax year 2006 on or before 31 October 2006,
- File your tax return for the tax year 2005 after 1 January 2006 but no later than 31 October 2006,
- Pay any balance of tax due for the tax year 2005 on or before 31 October 2006.

New Business

You started in business on 1 July 2006 during the tax year 2006.

Payment and Return Filing dates will be as follows:

- Preliminary Tax for 2006 due on or before 31 October 2006,
- Preliminary Tax for 2007 due on or before 31 October 2007,
- Balance of tax due for 2006 must be paid on or before 31 October 2007,
- Tax returns for 2006 and 2007 to be submitted on or before 31 October 2008.

Note:

While you will not be charged interest if you do not pay any Preliminary Tax in the year you commence in business, it is recommended that you pay Preliminary Tax as near to your final liability as you can estimate, to avoid cash flow problems that paying several amounts of tax in a short period can cause. As can be seen from the above example you may have a considerable amount of tax to pay on 31 October 2007 if Preliminary Tax was not paid in October 2006.

You should file your return early, on or before 31 August, to allow Revenue to calculate your final liability thereby enabling you to know the amount(s) due on the due date, 31 October. Submitting your return form early will not result in Revenue seeking payment of tax before it's due.

Preliminary Tax - Income Tax

What is Preliminary Tax?

Preliminary Tax is your estimate of the income tax payable for the year and must be paid by 31 October. It includes PRSI and Health Contribution as well as Income Tax. The amount of Preliminary Tax you must pay to avoid a charge to interest is the lower of:

- 90% of your final liability to tax for the current tax year, or
- 100% of your liability to tax for the immediately previous year, or
- 105% of your final liability to tax for the year preceding the immediately previous year. This option is only available where you authorise the Collector-General to collect tax by Direct Debit. The 105% rule does not apply where the tax payable for the pre-preceding year is Nil.

The minimum Preliminary Tax payable is summarised in the following table:

Tax Year	2006	2007	2008
100% rule	100% of 2005 liability	100% of 2006 liability	100% of 2007 liability
Direct Debit	105% of 2004 liability	105% of 2005 liability	105% of 2006 liability

For the 90% rule see the following example on how to calculate Preliminary Tax.

How do I calculate my Preliminary Tax?

In the following example you will not know the final liability for 2006 until after 31 December 2006. For the purposes of calculating Preliminary Tax, €6,500 is shown as the estimate of final liability for 2006.

Example:

Tax liability for the 2004 year of assessment	= €6,350
Tax liability for the 2005 year of assessment	= €7,620
Tax liability for the 2006 year of assessment (est.)	= €6,500

Calculation of Preliminary Tax for 2006:

90% of the liability for 2006	= €5,850
100% of the liability for 2005	= €7,620
105% of the liability for 2004	= €6,667

In the above example, to avoid an interest charge for 2006, the minimum amount which must be paid by 31 October 2006 is €5,850. However, if the estimated final liability of €6,500 is lower than the actual final liability for 2006, you will be liable to an interest charge on the difference between the 90% figure of €5,850 and the actual final liability amount.

Where you wish to use the 100% rule when calculating your Preliminary Tax but you have not yet received an assessment for the previous year by 31 October, you will have to calculate the tax liability for the tax year for which the return is being made. The Preliminary Tax due will be based on **your** calculations.

How do I pay my Preliminary Tax by Direct Debit?

On-going Business

You can make arrangements with the Collector-General to pay your Preliminary Tax by Direct Debit. This scheme is designed to spread the burden of payment of Preliminary Tax throughout the tax year. Information **Leaflet CG9 (DD) Preliminary Tax - Income Tax** gives further information and also contains an application to join the Direct Debit Scheme.

New Business

There is a clear advantage in regular payments of tax from the outset in order to avoid building up a liability when your first tax returns are made.

Accordingly, in order to help new business you may commence deductions from 1 January resulting in 12 monthly payments or you may join in any month up to May to meet the minimum eight payments required.

Again, **Leaflet CG9 (DD) Preliminary Tax - Income Tax** available on Revenue's website **www.revenue.ie** or from any Revenue office gives more detailed information. Alternatively, you can contact the Collector-General's Division by phoning LoCall 1890 20 30 70 or e-mail cgdd@revenue.ie

Will I be notified of my obligation to pay Preliminary Tax?

YES. If you are on Revenue's records as a self-employed person you will receive a Pay and File Reminder letter.

These letters are generally issued around the end of September each year. **However, it is your responsibility to pay sufficient Preliminary Tax even if you do not receive such a letter.**

What should I do if I get a Pay and File Reminder letter?

Remember that the letter that you receive from Revenue serves mainly as a reminder to you of your obligation **to calculate and pay** your Preliminary Tax.

If for any tax year you consider that you are not going to have a tax liability, you should enter a single '0' in the relevant field on the Preliminary Tax Payslip and return it to the Collector-General. Do not enter "NIL", or return a blank Statement of Net Liabilities. Don't forget, however, that even if you have no income tax to pay, you may still have a liability for PRSI and Health Contribution, which are included in your Preliminary Tax.

What rate of PRSI and Levies will I have to pay?

The Class S rates for 2006 are:

Self-Employed (Class S):	**5%**
(Minimum contribution €253)	
(includes 2% Health Contribution)	
Health Contribution:	**2%**

(This is not payable where your income for the year is less than €24,960, or where you hold a 'full' medical card.)

Note:
For 2007 et seq an additional 0.5% Health Contribution has been introduced on earnings exceeding €1,925 per week (equivalent to €3,850 per fortnight and to €8,342 per month

What happens if I don't pay my Preliminary Tax on time?

If you don't pay your Preliminary Tax by 31 October, if you don't comply with the terms of the Direct Debit arrangement authorised by the Collector-General, or if the amount of Preliminary Tax you pay is too low, you will have to pay an interest charge. The effect of non-payment or payment of an inadequate amount, is that the full tax liability for the year becomes due on 31 October. Interest at the rate of just under 10% per annum, is payable on all late payments of tax.

Top-Up Payments

A measure of relief is available where:

- You have filed your return by 31 October,
- The return contains all material facts necessary to make a correct assessment,
- You have not received an assessment by 31 October, and
- You have paid an amount of tax on or before the specified return date (31 October), which is inadequate.

Where the tax paid on or before 31 October is less than the liability for the tax year in question by not more than 5%, subject to a maximum of €3,175, the additional tax for that year will be due and payable on or before the following 31 December. Where the tax paid is less than the liability by not more than €635, the 5% test will not apply and the additional tax will be due and payable on or before 31 December.

Where you make a payment of additional tax for the preceding year in these circumstances and make a further payment of Preliminary Tax for the current year by 31 December in the tax year, so as to come within the scope of the 100% rule, the additional Preliminary Tax will be deemed to have been paid by the Preliminary Tax due date, i.e. 31 October.

Example

You submit your 2005 tax return on 27 October 2006. You have calculated your liability for the 2005 to be €20,000. You have already paid Preliminary Tax of €17,000 for 2005.

You now wish to make payment of Preliminary Tax for 2006 by reference to the 100% rule and make the following payments:

Income Tax 2005 balance	€3,000
Preliminary Tax 2006 (100% rule)	€20,000
Total Payment	€23,000

However, when your assessment for 2005 issues, your liability turns out to be €21,000. Since the difference is less than 5% of the liability, i.e. €21,000 @ 5% = €1,050, the additional tax is due on or before 31 December 2006.

If you wish to avail of the 100% rule you should make the additional payment of €1,000 by the 31 December. This is deemed to have been made on 31 October 2006.

As a result, you would need to make the following payments before 31 December 2006:

Additional tax due for 2005	€1,000
Additional Preliminary Tax for 2006	€1,000
Total Payment	€2,000

Returns

When must I make my Tax Return?

Under the Self-Assessment system, you have a legal duty to make a tax return. It is your own responsibility to see to it that you get, complete and file your tax return on time. (See **Pay and File System**, on page 6 of this Guide.)

The **Revenue On-Line Service (ROS)** offers the quickest, easiest and most convenient way for you to file your tax return (and pay your tax liability) as it provides an instant calculation of your liability. More detailed information on **ROS** is given in **Chapter 10** or you can contact the ROS Information Desk at LoCall 1890 20 11 06.

You should send in your tax return as soon as possible after the end of the tax year, i.e. you should send in your tax return for 2006 as soon as possible after 1 January 2007. If you do not intend to file your tax return electronically through **ROS** and you want Revenue to calculate your Income Tax liability for you, to assist you in paying the correct amount by **31 October**, you should file your tax return as early as possible, at least two months in advance of the due date or earlier. This can be important when it comes to calculating your Preliminary Tax for the following year. **If you want Revenue to calculate your tax liability for you in time to meet your Pay and File obligations, file your return early.**

Your tax return together with payment of any outstanding liability must be sent to the Collector-General's Division by 31 October, after the end of the tax year, i.e. your tax return for the year 2006 must be sent to the Collector-General's by 31 October 2007. The address to which the form should be sent will be shown on the return.

The return for the tax year in which a new business is set up can be made with the return for the following tax year, if you or your spouse were not carrying on another business during the year in which the new business was set up.

What happens after I've made my Tax Return?

Your Inspector will issue a notice of assessment in accordance with your return. This will show your total tax liability for the tax year. The Preliminary Tax paid by you will be credited against your total liability and, provided you paid adequate Preliminary Tax, any additional tax due should be paid on or before the 31 October following the year of assessment. If you have overpaid your tax it will be refunded to you.

What happens if I do not submit my Return on time?

Failure to submit your tax return by 31 October after the end of the tax year will result in a surcharge being added to your final tax bill for the year. The surcharge is:

- 5% of the tax up to a maximum of €12,695 where the return is made within two months of the return filing date,
- 10% of the tax up to a maximum of €63,485 where the return is made more than two months after the return filing date.

Where a new business is set up the surcharge will not be imposed if the return for the first tax year is made by the return filing date for the following tax year.

Example - New Business

You commence in business on 1 July 2006, i.e. during the tax year 2006.

- A surcharge will not be imposed if your return for 2006 is submitted by 31 October 2008.
- A surcharge of 5% of the tax up to a maximum of €12,695 will apply if your return is received between 1 November 2008 and 31 December 2008.
- A surcharge of 10% of the tax up to a maximum of €63,485 will apply if your return is received after 31 December 2008.

What is the Tax Clearance Scheme?

The purpose of the Tax Clearance scheme is to ensure that Government contracts, grants and state licences are only given to individuals and businesses who are tax compliant. Applications for most categories of Tax Clearance Certificates should be sent directly to your Revenue office. A full list of Revenue offices is available in **Appendix 3** of this Guide.

All applicants should note that their tax affairs must be fully up-to-date before a Tax Clearance Certificate will be issued.

You can also apply on-line for a Tax Clearance Certificate on Revenue's website **www.revenue.ie** under 'Electronic Services'.

When do I pay my Capital Gains Tax liability?

The tax year is divided into two periods for Capital Gains Tax payment purposes:

- 'initial period' - 1 January to 30 September,
- 'later period' - 1 October to 31 December.

The tax arising in respect of gains in the 'initial period' must be paid on or before 31 October in that year and the tax due on gains in the 'later period' is payable on or before 31 January following the end of the year of assessment.

Example

For 2006, the due date for paying CGT is determined by the date the asset is disposed of, as follows:

- Disposals between 1 January and 30 September 2006 ('initial period') – CGT due 31 October 2006,
- Disposals between 1 October and 31 December 2006 ('later period') – CGT due 31 January 2007.

Indexation relief on disposals will apply for the period of ownership of the asset up to 31 December 2002 only.

Where can I get more information on Capital Gains Tax?

There are two Guides available on Capital Gains Tax:

- **Leaflet CGT 1 - Guide to Capital Gains Tax**,
- **Leaflet CGT 2 - Capital Gains Tax - A Summary of the Main Features.**

Both Guides are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Where can I get more information on completing Tax Returns and Pay and File?

A year specific **"Guide to Completing Tax Returns"** is published each Income Tax year after the issue of Return of Income Form 11/Form 11E.

A **Pay and File** leaflet is also published by Revenue.

Both Guides are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

3 Taxable Profits

How do I calculate my taxable profits?

You calculate your taxable profits by deducting allowable business expenses from your turnover.

What is my turnover?

Your turnover is the gross amount of income earned by your business before deducting any business expenses, i.e. total amounts earned from sale of goods or provision of services.

If you are registered for VAT your turnover figure should exclude VAT.

What happens if my business makes a loss?

If you make a loss on your business activities you can either:

- Set off the loss against other taxable income (if you have any),

  or

- Carry the loss forward to be set against future profits of your business.

You must indicate on your tax return how you wish the loss to be used.

What expenses can I claim for?

You can claim for any business expense, which you have incurred in order to earn your profits. These expenses are normally referred to as revenue expenditure. Revenue expenditure is your day to day running costs and covers such items as:

- Purchase of goods for re-sale,
- Wages, rent, rates, repairs, lighting and heating, etc.,
- Running costs of vehicles or machinery used in the business,
- Accountancy fees,
- Interest paid on any monies borrowed to finance business expenses/items,
- Lease payments on vehicles or machinery used in the business.

If you are registered for VAT the expenses you claim should be exclusive of VAT.

What about pre-trading expenses?

A business, whether incorporated or not, can claim for certain pre-trading expenses when calculating the trading income. A deduction is available for pre-trading expenses which:

- Are incurred in the three years prior to commencement of the trade or profession,
- Would not normally be allowable.

Examples of pre-trading expenses are:

- Accountancy fees,
- Advertising costs,
- Costs of feasibility studies,
- Costs of preparing business plans,
- Rent paid for the premises from which the business operates.

The allowable amounts are treated as having been incurred at the time the business commences. Allowable amounts cannot be set off against income other than income from that business but can be carried forward and set against future profits of the business.

What expenses can I not claim for?

The general rule is that **you cannot claim for any private expenses,** i.e. :

- Any expense, not wholly and exclusively paid for the purposes of the trade or profession,
- Any private or domestic expenditure, e.g. your own wages, food, clothing (except protective clothing), Income Tax, etc.,
- Business entertainment expenditure, i.e. the provision of accommodation, food, drink or any other form of hospitality.

You cannot deduct **capital expenditure** in calculating your taxable profits, however, you can claim what are known as **Capital Allowances** on certain expenditure and these are discussed later in this section.

What about Food and Subsistence Expenses?

It is a long established principle that the cost of meals taken at the place of business is not allowable for tax purposes. In addition, expenses incurred on meals consumed away from the place of business are, in general, not wholly and exclusively laid out for the purposes of the trade or profession since everyone must eat in order to live. Costs of meals may be allowable where a business by its very nature involves travelling, as in the case of self-employed long distance lorry drivers, or where occasional business journeys outside the normal pattern are made.

Where a business necessitates one or more nights away from home reasonable accommodation costs incurred while away from home may be deducted. The cost of meals taken in conjunction with overnight accommodation may also be deducted. Where long distance lorry drivers spend the night in their cabs rather than taking overnight accommodation, the costs of their meals may be deducted.

It is important to note that only expenses actually incurred and for which receipts are available may be claimed. Receipts must be retained for production in the course of a Revenue audit of the business.

What about expenses, which are partly for business and partly private?

Where expenditure relates to both business and private use, only that part which relates to your business will be allowed. Examples of such expenditure are rent, electricity and telephone charges where the premises involved is used partly for business and partly for private purposes. These expenses will need to be apportioned to exclude the private use.

What about motor expenses?

You can claim a deduction for the running expenses of a vehicle used for business purposes. When you use a vehicle for both business and private purposes, a split of both the Capital Allowances (Wear and Tear) and running expenses has to be made. To ensure that this split can be properly calculated, you will need to keep records of your total mileage for the year and the total number of miles travelled for business purposes. **Journeys between your home and regular place of work are treated as private and not business.**

What if I lease an asset for business use?

If you lease an asset for business use, you can claim a deduction for the lease payments as a business expense. If the leased asset is a motor vehicle and the list price is more than €24,000, the allowable amount will be restricted as follows:

$$\text{Leasing charges} \times \frac{€24{,}000}{\text{Retail price of vehicle}}$$

What is Capital Expenditure?

Expenditure is regarded as "capital" if it has been spent on acquiring or altering assets, which are of lasting use in the business, for example, the purchase or alteration of business premises, or the cost of plant, machinery or vehicles. You **cannot** deduct the cost of this type of expenditure in arriving at your taxable profit.

You **can**, however, claim Capital Allowances on capital expenditure incurred on items such as office equipment, business plant and machinery, vehicles and certain buildings (for example, industrial buildings). Capital Allowances take account of the wear and tear on these items and are deducted from your profit figure before you are taxed on it.

How are Capital Allowances calculated?

Wear and Tear Capital Allowances on Plant and Machinery (including motor vehicles) is calculated on a straight-line basis at a percentage of the net cost. The net cost is the cost less any grants and any VAT, which can be reclaimed.

Depending on when you purchased the item of plant or machinery, the rate of depreciation may vary as follows:

- Expenditure incurred on or after 4 December 2002 Wear and Tear is calculated at 12.5% of the net cost,
- Expenditure incurred between 1 January 2001 and 3 December 2002 Wear and Tear is calculated at 20% of the net cost,
- For plant and machinery purchased prior to and including 31 December 2000 Wear and Tear is calculated on the basis of 15% for the first six years and 10% for the seventh year.

Example of Capital Allowances

Net cost of plant and machinery purchased on 1 January 2006 is €30,000 (including €26,000 for a motor vehicle).

Wear and Tear computation

Cost	€27,000
Wear and Tear 2006 to 2013 (12.5% each year) =	€3,375

The full €27,000 is allowed against your profits over eight years.

For private motor vehicles, Wear and Tear is calculated at a rate of 12.5% per annum of the net cost. **The net cost, however, is restricted to €24,000 for all cars**. The Capital Allowances as calculated will be apportioned to exclude any private use.

The restriction by reference to cost of €24,000 does not apply to a car in use as a taxi or in a car hire business. The annual rates of Wear and Tear on such cars is 40% on a reducing balance basis.

Further information on calculating Capital Allowances can be obtained in Revenue's **"Guide to Completing Tax Returns"** which is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from your local Revenue office.

How will my tax be calculated?

First, you must calculate your net profit, and then deduct any allowances and reliefs to which you are entitled to arrive at your taxable income. The following example illustrates the steps involved:

Calculation of Net Profit

		€
Sales		120,000
Less Business Expenses:		
Purchases	70,000	
Wages	7,000	
Light & Heat	800	
Rent	1,500	
Insurance	800	
Total Business Expenses		80,100
Net Profit		39,900

Note:

- If you are registered for VAT, the above figures will be exclusive of VAT.
- You are liable for Income Tax and PRSI on your net profit after the deduction of any Capital Allowances.

Income Tax Computation 2006

		€
Net Profit		39,900
Less		
Capital Allowances		2,000
		37,900
Calculate tax:	32,000 x 20%	6,400
	5,900 x 42%	2,478
		8,878
Tax Credit:		
Single Person's tax credit		1,630
Total Tax		7,248
PRSI	37,900 x 3%	1,137
Health Contribution	37,900 x 2%	758
Total Liability to Tax, PRSI and Health Contribution		€9,143

If you require further information regarding allowances, reliefs and tax credits available under PAYE you should contact your **Revenue PAYE LoCall Service** as set out in **Appendix 3** of this Guide. Details of personal tax credits and rate bands are contained in **Leaflet IT 1**, which is updated annually.

Planning for Retirement

What tax relief is available?

If you are only starting in business, retirement may be the last thing on your mind. However, the longer you are paying into a pension fund the greater your retirement income is likely to be.

Retirement Annuity Contract (RAC)

In addition to PRSI payments, which go towards providing a Social Welfare pension on retirement, you can make provision for your personal pension/retirement income by taking out a Revenue-approved **Retirement Annuity Contract**. You can also make contributions under a Revenue-approved policy providing for a lump sum on death before a certain age. This is known as a **Life Policy.** Tax relief, subject to certain restrictions, is available at your highest income tax rate on premiums paid under both. The overall aggregate annual tax relief, i.e. for both a Retirement Annuity Contract and a Life Policy is 15% of Net Relevant Earnings, i.e. earnings from self-employment after deducting any losses or Capital Allowances. In all cases tax-deductible contributions will be calculated by reference to a maximum earnings figure of €254,000 (2006 earnings limit)*, where actual income in any year exceeds this amount.

The percentage of net relevant earnings, which qualify for tax relief is as follows:

Age	% of Net Relevant Earnings
Under 30 years	15%
30 to 39 years	20%
40 to 49 years	25%
50 to 54 years	30%
55 to 59 years	35%
60 years and over	40%

If your income comes wholly or mainly from a specified sporting occupation, i.e. athlete, badminton player, boxer, cyclist, footballer, golfer, jockey, motor racing driver, rugby player, squash player, swimmer or tennis player, you will be able to contribute 30% of your earnings each year, irrespective of your age.

*With effect from 2007 the existing 'earnings' ceiling of €254,000 for the purposes of tax relief on contributions to a pension product will be indexed in line with an earnings factor.

Example:

Your profits from the business are €25,000 in 2006. This figure of €25,000 is also your Net Relevant Earnings. You are aged 35 and paid €2,000 in contributions to a pension fund approved by Revenue.

If your tax rate is 42% the tax relief on the pension payment is €840 (€2,000 x 42%). Therefore, the net payment to the pension fund by you is reduced to €1,160 (€2,000 – €840).
If your tax rate is 20% the tax relief on the pension payment is €400 (€2,000 x 20%). Therefore, the net payment to the pension fund by you is reduced to €1,600 (€2,000 – €400).

Information on how you can choose to use the proceeds of your pension fund can be found in **Leaflet IT 14 New Pension Options** which is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Personal Retirement Savings Account (PRSA)

Contributions paid into a **Personal Retirement Savings Account** will benefit from tax relief at an individual's highest income tax rate. The percentage of Net Relevant Earnings (i.e. earnings from a trade, profession, office of employment after deducting any losses, Capital Allowances, or expenses) which may be claimed as a deduction in respect of PRSAs are set out in the following tables:

Table A

Contributions to an Occupational or Statutory Scheme and to a PRSA linked to such a scheme (PRSA - AVC).

Age	% of Net Relevant Earnings
Under 30 years	15%
30 to 39 years	20%
40 to 49 years	25%
50 to 54 years	30%
55 to 59 years	35%
60 years and over	40%

These limits will apply to the combined total of the employee contributions to the PRSA and the Occupational/Statutory Pension Scheme.

Table B

Contributions [employee's plus employer's (if any)] to a PRSA only

Age	% of Net Relevant Earnings
Under 30 years	15%
30 to 39 years	20%
40 to 49 years	25%
50 to 54 years	30%
55 to 59 years	35%
60 years and over	40%

The 30% limit will apply, irrespective of age, if your income comes wholly or mainly from a specified sporting occupation, i.e. athlete, badminton player, boxer, cyclist, footballer, golfer, jockey, motor racing driver, rugby player, squash player, swimmer, or tennis player.

An earnings cap of €254,000 (2006 earnings limit)* will apply also to PRSAs, as with Retirement Annuity Contracts. For example, if an employee aged 40 earns €300,000 in 2006. The maximum allowable contribution will be €63,500 (using **Table B**).

*With effect from 2007 the existing 'earnings' ceiling of €254,000 for the purposes of tax relief on contributions to a pension product will be indexed in line with an earnings factor.

An employee in non-pensionable employment will be entitled to tax relief on a contribution of €1,525 paid even if this exceeds the normal income-based limit. For example, if an employee aged 23 earns €9,525, the percentage of Net Relevant Earnings would be €1,429. However, the employee would be entitled to relief of €1,525.

Earnings as a proprietary director or proprietary employee of an investment company are not relevant earnings.

The tax relief is non-transferable between spouses in line with existing rules for RAC and Occupational Pension Scheme contributions.

Employers are obliged, under the Pensions Act 1990, as amended, to sign up with a PRSA provider to provide access to a Standard PRSA for "excluded employees". See **Chapter 7** for information on "**Employers PRSA obligations to Employees"** on page 24 of this Guide.

Contributions made by an employer to a PRSA on behalf of an employee are treated as a Benefit-in-Kind of the employee. Such contributions are treated for tax relief purposes as if made by the employee.

Contributions to both an RAC and a PRSA

Contributions to an RAC and a PRSA should be aggregated when calculating the maximum tax relief allowable.

For example, a person aged 55 who gets tax relief on 25% of their earnings on contributions to an RAC may contribute an extra 10% to PRSA's making up 35% tax relief in aggregate.

Certificates PRSA 1, PRSA 1(Net Pay), PRSA 2 AVC (Net Pay)

Relevant Certificate(s) will be available from the PRSA Provider as follows:

- **PRSA 1 Certificate -** This certificate will be issued to individuals taking out a PRSA product not linked to an Occupational or Statutory Pension Scheme. **There will be no income tax relief due on contributions made to this type of PRSA if the individual is a member of an Occupational or Statutory Pension Scheme *unless* he or she has other relevant earnings against which the relief may be allowed.**
- **PRSA 1 (Net Pay) Certificate -** This certificate will be issued to employees and directors who are not members of an Occupational or Statutory Pension Scheme.
- **PRSA 2 AVC (Net Pay) Certificate -** This certificate will be issued to employees and directors taking out a PRSA AVC product which is linked to an Occupational or Statutory Pension Scheme.

4 Basis of Tax Assessments

What income will be included in my assessment?

Your assessment to tax for any year is normally based on your actual income earned in the tax year, i.e. from 1 January to the following 31 December.

If your income consists of profits from a trade, profession or vocation, and your annual accounts are normally made up to a date other than 31 December your assessment will be based on the profits of your accounting year which ends in the tax year.

Example:
If your accounts are prepared for the twelve months ending on 30 September, the profits for the period to 30 September 2006, will be taken as your profits for the tax year 2006.

The amount assessed in respect of any other income, e.g. Investment Income, Rental Income, is based on the actual income earned in the tax year, i.e. from 1 January to 31 December.

What accounting date should I use?

It is up to you to decide the date to which you prepare your accounts. You can prepare your accounts from the date your business started to:

- The following 31 December (i.e. the end of the tax year),

  or
- The date which is twelve months after the date on which you started,

  or
- Some other date appropriate to your business.

Most businesses work out their profits once a year, usually to the same date each year, and this is called your accounting year.

However, you are always assessed on your profits for a twelve month period with the possible exception of the year of commencement of the business and the year of cessation of the business.

How am I taxed in my start up years?

There are special rules for taxation of profits in commencement years:

First Year:
You are taxed on the profits of the trade, profession or vocation from the date your business commenced to the following 31 December.

Second Year:
You are taxed on the profits of a twelve month period, ending in the second tax year. Generally, you are taxed on the basis of the profits for the first year of trading. Where accounts are made up to a number of dates within the second year, special rules apply. You will be taxed on the profits of the twelve months to the latest accounting date ending in the tax year or on the profits of the tax year. Where no accounts are made up to a date within the tax year, you are taxed on the profits of the tax year.

Third Year:
You are taxed on the profits of your accounting year in that tax year.

Second Year Excess
If the actual profits of the second year from 1 January to the following 31 December are less than the profits assessed the excess will be deducted from the profits to be charged for the following year (the third year). When you are sending in your tax return for the third year, you must ask Revenue to reduce the profits to be taxed in the third year by the amount of the excess.

Example:

Commencing Business

You start in business on 1 July 2006.

Your results for the first three years are as follows:

Year ended

30/6/2007	Profit	€17,000
30/6/2008	Profit	€15,000
30/6/2009	Profit	€16,000

You will be taxed as follows:

2006 - **First Year:**
Profits from 1/7/2006 to 31/12/2006 take six months of your first twelve months profits:
€17,000 x 6/12 = €8,500

2007 - **Second Year:**
twelve months profits up to 30/6/2007 = €17,000

2008 - **Third Year**:
Profits to 30/6/2008 = €15,000

Calculation of excess for second year:

Profits taxed in second year		€17,000
Actual profits of second year (1 January 2007 to 31 December 2007)		
six months of the year ended 30/6/2007 = €17,000 x 6/12 =	€8,500	
six months of the year ended 30/6/2008 = €15,000 x 6/12 =	€7,500	€16,000
Second year excess		€1,000

Since the profits for the second year (€16,000) are less than the amount assessed (€17,000) the excess for the second year, i.e. €1,000, will be deducted from the profits taxable in the third year as follows:

Profits assessable	€15,000
Less second year excess	€1,000
Assessable	€14,000

Note:

The claim in respect of the second year excess must be made in writing to Revenue no later than 31 October following the third year of assessment [i.e. in the above example the claim must be made by 31 October 2009].

What happens if I am in business with someone else?

If your business is set up as a partnership, there are special rules used to calculate the taxable profits. The total profit of the partnership is calculated and is then divided between the partners in accordance with whatever profit-sharing agreement they have made. Each individual partner's tax liability will then be calculated using the same rules that apply to self-employed people working on their own.

What happens if I need to change my accounting date?

As your business develops you may find that your original accounting date is inconvenient. For instance, it may coincide with a time when your business is at its busiest. In these circumstances you will be allowed to change your accounting date to a more suitable date. **However, any change in accounting dates should be advised to your Revenue office and you are obliged to review the preceding year and pay any additional tax due for that preceding tax year, at the same time as you are paying the tax due for the current year. The following example sets out the position.**

Example:

A trader who usually makes up accounts for the year ended 30 June changes his accounting period to 31 December. The first accounts for the new period are for the 18 months ending 31 December 2006.

Tax Year 2006: The basis period for the year 2006 is the year ended 31 December 2006. The trader will, therefore, be assessed on profits of the year ended 31 December 2006. The due date for payment of tax for this year, provided the trader has complied with the Preliminary Tax rules, is 31 October 2007.

Tax Year 2005: The preceding year must be reviewed in accordance with Section 65(3) Taxes Consolidation Act 1997.

Where the profits of the year ended 31 December 2005, i.e. the **corresponding period** to the basis period for the tax year 2006, exceed the profits of the year ended 30 June 2005 [the original basis period for 2005] the basis period for 2005 is changed to the **corresponding period.**

The additional tax due for 2005 as a result of the revision is due on 31 October 2007 [the due date for the 2006 tax]. This additional tax is payable whether or not the assessment for 2005 has been amended.

The additional tax is not taken into account in calculating the minimum Preliminary Tax payment required for 2006.

Worked Example:

Assume in the example above the profits as adjusted for tax purposes were as follows:

Year ended 30 June 2005	€50,000
Period 18 months ended 31 December 2006	€105,000

Tax Year 2006:

The basis period is the year ended 31 December 2006

Profits = €105,000 x 12/18	€70,000
Assume tax liability after tax credits, etc. =	€20,000
Assume Preliminary Tax paid 31 October 2006 =	€18,000 [100% rule]
Income Tax due 31 October 2007 =	€2,000

Tax Year 2005:

The original basis period was the year ended 30 June 2005

Profits =	€50,000
Assume tax liability after tax credits, etc. =	€18,000

Profits of **corresponding period** [Year ended 31 December 2005]	
Profits six months ended 30 June 2005 = €50,000 x 6/12 =	€25,000
Profits six months ended 31 December 2005 = €105,000 x 6/18 =	€35,000
Total profits year ended 31 December 2005 =	€60,000
Already assessed	€50,000
Additional profits to be assessed =	€10,000
Tax @ [say] 42%	€4,200
Payments due on or before 31 October 2007	
Income Tax 2006	€2,000
Income Tax 2005 [additional] [Section 65(3) TCA 1997 revision]	€4,200
Preliminary Tax 2006 [assume 100% rule used]	€20,000
Total:	€26,200

Note :

The Preliminary Tax payment for 2006 [based on the original 2005 liability] is not rendered insufficient by the additional tax payable for 2005 due to the *Section 65(3) TCA 1997* revision.

Are there special rules for taxation of profits in the final years?

YES. Where a trade, profession or vocation ceases permanently, the following rules apply in relation to the assessments for the final years.

Last Year:

You will be taxed on the profits of your business from 1 January in the final year to the date your business ceases.

Second-Last Year:

You will be taxed on the higher of the following figures:

- The profits of the twelve month period ending on the normal accounting date in the second-last tax year,

  or

- The profits of the twelve month period from 1 January to the following 31 December in the second-last tax year.

5 Taxation of Companies

How is a Company Taxed?

Companies pay Corporation Tax (C.T.). This tax is charged on the company's profits, which include both income and chargeable gains. A company's income for tax purposes is calculated in accordance with Income Tax rules. Chargeable gains are calculated in accordance with Capital Gains Tax rules.

What happens if the Company makes a loss?

If you are trading through a company, any losses arising cannot be off-set against any other personal income you might have. The losses may be off-set against the company's trading income for the same and immediately preceding accounting period on a euro for euro basis. Any unused trading loss may be off-set against the company's non-trading income, e.g. investment income, rental income but **only on a value basis.** For example, if the company has an un-used trading loss of €100,000 and investment income of €100,000 the company can get relief for the loss at the rate of 12.5% against the liability on the investment income. Tax due on the investment income is €25,000 and the company can get loss relief of €12,500 leaving a net liability of €12,500. Any un-used trade loss is carried forward against future profit only.

Does Self-Assessment apply to Companies?

YES. The Self-Assessment system applies to companies.

Preliminary Tax – Corporation Tax

For accounting periods ending in 2006 and subsequent years the Preliminary Tax due for the accounting period is due one month before the period end, but no later than day 21 of that month. To avoid a charge to interest, the Preliminary Tax paid must be 90% of the final liability for the accounting period, but no later than day 21 of that month. Balance due nine months after the accounting period end, but no later than day 21 of that month.

The Corporation Tax liability threshold for treatment as a small company was increased from €50,000 to **€150,000** effective from Preliminary Tax payment dates arising after **6 December 2006**. New or start-up companies with a Corporation Tax liability of **€150,000** or less for their first accounting period will not be required to pay Preliminary Tax in respect of that first accounting period and will instead be required to pay their final Corporation Tax liability for that accounting period at the same time as they are required to submit their tax returns (nine months after the end of the accounting period but no later than day 21 of that month).

If the Preliminary Tax is paid late or the amount paid is too low, interest will be charged at a rate of just under 10% per annum, on the balance of tax due.

Returns

A company must submit a return (**Form CT1**) no later than nine months from the end of the accounting period to which the return relates or by day 21 of the ninth calendar month if earlier. Any balance of tax will be due at the same time as the Return Form.

(See **Pay and File System,** on page 7 of this Guide)

The **Revenue On-Line System (ROS)** is the easiest and quickest way to meet your business tax and self-assessment obligations. Form CT1 can be filed electronically once the company is registered with **ROS**. More detailed information on **ROS** is given in **Chapter 10** or you can contact the ROS Information Desk at LoCall 1890 20 11 06.

If the company fails to submit a tax return on time, a surcharge will be imposed. The surcharge is the same as for income tax, i.e:

- 5% of the tax up to a maximum of €12,695 where the return is made within two months of the return filing date.
- 10% of the tax up to a maximum of €63,485 where the return is made more than two months after the return filing date.

There are also restrictions on the use the company can make of certain reliefs and allowances if the return is not submitted on time.

What is the rate of Corporation Tax?

There are two rates of Corporation Tax:

Trading Income:

- 12.5% unless the income is from an excepted trade* in which case the rate is 25%

Non-Trading Income*:

- 25% (e.g. investment income, rental income)

* Excepted trades include certain land dealing activities, income from working minerals and petroleum activities

How do I go about setting up a company?

If you wish to set up a company you should consider talking to an accountant and/or solicitor first. **Companies must be registered with the Companies Registration Office, 14 Parnell Square, Dublin 1.** Once a company is registered it is a separate legal entity from the persons who formed it.

Further information on the registration of a company, including the electronic filing of Company Registration Office (CRO) forms, can be accessed on the CRO website **www.cro.ie**

What is the Seed Capital Scheme?

The **Seed Capital Scheme** provides a refund of tax already paid by an individual who sets up and takes employment in a new qualifying business.

If you are an employee, an unemployed person or were made redundant recently and are interested in starting your own business you may be entitled to avail of the tax refund available under the **Seed Capital Scheme**.

Under this scheme an employee, who leaves employment and invests by means of shares in a company, which carries on a new business, may be entitled to claim a refund of income tax paid in previous years. An unemployed person may also avail of this facility. See Information **Leaflet IT15 The Seed Capital Scheme: Tax Refunds for New Enterprises**, which is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

If I set up a Company, how will I be taxed as a director?

If you set up a company, the company will be obliged to register for and operate PAYE/PRSI on your salary as a director.

How will I be taxed on dividends received from the Company?

You will have to pay income tax on any dividends received by you. However, you will get credit for Dividend Withholding Tax deducted by the company.

6 Value Added Tax (VAT)

What is VAT?

Value Added Tax (VAT) is a consumer tax. It is collected by VAT registered traders, on their supplies of goods and services.

You as a trader pay VAT on goods and services acquired for the business and charge VAT on goods and services supplied by the business. The difference between the VAT charged by you and the VAT you were charged must be paid to the Collector-General. If the amount of VAT paid by you exceeds the VAT charged by you, the Collector-General will repay the excess. This ensures that VAT is paid by the ultimate customer and not by the business.

The following example shows how the VAT system works and demonstrates the amount each person in the chain is obliged to pay to the Collector-General. It also shows that the consumer pays €5,445 for the finished product of which €945 is VAT.

If you are involved in buying or selling goods within the EU you will need more detailed information and should refer to Revenue's comprehensive **"Guide to Value Added Tax"** which is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

What is a taxable person?

A taxable person for VAT purposes is an individual, (other than an employee), a partnership, company, etc. who supplies taxable goods and services, in excess of the above limits, in the course of or in the furtherance of business. A person who engages in the acquisition of goods from other Member States of the EU in excess of **€41,000** or receives certain taxable services from abroad is also regarded as a taxable person.

	Sale of Goods			VAT		
	Sale Price (excluding VAT)	**Add VAT @ 21%**	**Total Cost to Purchaser**	**VAT Charged**	**Credit for VAT Paid**	**Net VAT paid to Revenue at each stage**
Manufacturer	1,000	210	1,210	210	0	(210 - 0) = 210
Wholesaler	1,700	357	2,057	357	210	(357 - 210) = 147
Distributor	3,000	630	3,630	630	357	(630 - 357) = 273
Retailer	4,500	945	5,445	945	630	(945 - 630) = 315
Total VAT payable to Revenue						**€945**

Who must register for VAT?

You must register for VAT if you are a taxable person and your annual turnover exceeds or is likely to exceed the limits prescribed by law for registration. With effect from **1 March 2007** the following limits apply:

- €**70,000 in respect of the supply of goods**,
- €**35,000 in respect of the supply of services**.

(Prior to that date the limits were €55,000 in respect of the supply of goods and €27,500 in respect of the supply of services.)

(For the purposes of deciding if a person is obliged to register, the turnover including VAT may be reduced by an amount equivalent to the VAT borne on purchases of stock for resale.)

You must also register for VAT if you receive taxable services from abroad or if you are a foreign trader doing business in the State other than supplying goods for installation or assembly in the State.

When should I register for VAT?

You should register for VAT even before starting to supply taxable goods or services, if it is clear, based on your projections, that the limits will be exceeded when the trade or business starts.

Is registration limited to taxable persons?

NO. If your annual turnover does not exceed the limits set out above you may elect to register for VAT. This may be beneficial in certain circumstances, for example:

- If you are supplying goods or services to other registered persons you can pass on a VAT credit,
- If you are supplying zero-rated goods, e.g. food, you can claim any VAT incurred on purchases and business expenses.

How do I register for VAT?

To register for VAT you must complete a registration form:

- **Form TR1** if you are an Individual/Sole Trader or a Partnership, or
- **Form TR2** if you are trading as a company.

These forms are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

What rate is VAT charged at?

Standard rate of VAT - 21% (from 1/1/2003)

This applies to all goods and services that are not exempt or liable at the zero or reduced rates.

Reduced rate of VAT - 13.5% (from 1/1/2003)

This apples to certain fuels, buildings and building services, certain newspapers, live poultry, etc.

Farmer's flat rate addition – 5.2% (from 1/1/2007)

This applies to VAT registered traders on purchases from non-VAT registered farmers

Reduced rate of VAT - 4.8% (from 1/1/2005)

This apples to livestock, greyhounds and the hire of horses.

Zero-rated goods and services:

These include exports, certain food and drink, oral medicine, certain books, etc.

Exempted goods and services:

These include financial and medical activities.

An extensive listing, which shows the rate of VAT applicable to over 2,500 goods and services is available on Revenue's website **www.revenue.ie**, or if you need further information on the rate at which VAT is charged on goods or services please contact your local Revenue office.

What is the difference between exemption and zero-rating?

If you supply zero-rated foods or services, for example, a book shop or food store, you can claim a repayment of VAT, subject to certain restrictions, on your taxable business expenses (e.g. shop fittings, cash registers). If you supply exempt goods or services only (e.g. a doctor or insurance services) you cannot claim a repayment of VAT on taxable purchases (e.g. office equipment).

What if I am a retailer and I sell goods which are liable at different rates of VAT?

There are certain "Retail Schemes" available whereby you can estimate the VAT on your sales based on your purchases. Details of these approved schemes and examples are given in a booklet, **Schemes for Retailers**, which can be obtained from your local Revenue office.

When must I account for and pay VAT?

If you are registered for VAT the Collector-General will send you a form VAT3 every two months.

You must complete this form giving details of:

- VAT charged by you for the period,
- VAT incurred by you for the period,
- VAT due to Revenue or repayable to you,
- Goods supplied to/received from other Member States of the EU.

In addition, an annual return of trading details, i.e. sales and purchases, is required. This return will form part of one of the bi-monthly VAT3's issued to you by the Collector-General.

The **Revenue On-Line Service (ROS)** provides the facility to electronically file the bi-monthly VAT3 and Annual Return of Trading Details and make payments. More detailed information is given in **Chapter 10** of this Guide or you can contact the ROS Help Desk by phoning LoCall 1890 20 11 06 or view information on and get direct access to ROS on Revenue's website **www.revenue.ie**.

You must send the completed VAT3 form and any VAT payable to the Collector-General not later than day 19 of the month after the end of the two month period in question, i.e. the VAT return for the period January/February must be submitted by 19 March. If you do not have a VAT liability for a particular two month period, the VAT3 should be returned marked zero. Do not write 'Nil' on any line.

With effect from **July 2007**, for smaller businesses, the frequency of filing VAT returns, currently six per year, is reduced:

- For businesses with a yearly liability of €3,000 or less, the option of filing returns on a half-yearly basis will be available,
- For businesses with a yearly liability between €3,001 and €14,000, the option of filing returns every four months will be available.

Can I make my Returns annually?

YES. You can arrange to pay your VAT through the direct debit scheme and make an annual return/declaration of liability. A **Single Direct Debit** instruction can be used for VAT and PAYE/PRSI. (A separate instruction is required for income tax.) There is a more flexible direct debit option for seasonal business, which allows for payment of varying amounts each month to coincide with the seasonal nature of the business. Information **Leaflet CG 7 – Direct Debit – PAYE/PRSI & VAT** gives further information and includes an application/instruction for direct debit. This leaflet is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, by writing to the Office of The Revenue Commissioners, Collector-General's Division, Direct Debit Unit, Sarsfield House, Francis Street, Limerick, by e-mail at cgdd@revenue.ie, or from any Revenue office.

How do I claim a VAT repayment?

If the VAT incurred by you exceeds the VAT charged by you in any two-month period you will be due a repayment of VAT. You should complete the VAT3 form issued to you and return it to the Collector-General to claim the repayment of VAT due to you. VAT repayments are paid directly by electronic transmission to a bank or building society account nominated by you so it is necessary to provide the Collector-General with details of the bank or building society account to which you wish to have the repayment sent. You can do this on the VAT3 form.

For further information on VAT Repayments telephone LoCall 1890 25 26 25.

Must I keep special records for VAT purposes?

You must keep your books and records in such a way that your VAT position can be clearly established. This will not generally involve keeping separate records for VAT purposes. See **Chapter 9** for details.

In addition to having Books of Account, which are properly written up and balanced on a regular basis, you must also keep all invoices, credit and debit notes, receipts, vouchers and all other supporting documentation relevant to establishing your VAT position.

These records must be available for inspection by an authorised Revenue officer.

How long must I keep records?

You must keep records for **six** years unless Revenue advises you otherwise.

What about VAT in other EU Member States?

Irish VAT registered businesses who make supplies of goods or services in other Member States of the EU may be required to register for VAT in those Member States. It should be noted that a trader does not need to have an establishment in a Member State to be required to register for VAT there.

Irish VAT registered traders who are charged VAT in other Member States of the EU may, subject to whatever conditions are laid down by that Member State, be entitled to a refund of the VAT charged on those expenses.

Details of the addresses for enquiries in connection with registration requirements and refunds in other Member States of the EU are available on request from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Where can I get more information on VAT?

There are two guides available on VAT:

- A simplified version, **IT 49 - VAT for Small Businesses,**
- A more comprehensive version, **Guide to Value-Added Tax**.

Both of these guides, together with a large range of VAT Information Leaflets and Statements of Practice, are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

7 Employer's PAYE/PRSI

Must I register as an employer for PAYE/PRSI if I employ staff?

YES. You must register for PAYE/PRSI if you pay:

- €8.00 per week equivalent to €36.00 a month or more, to an employee who has only one employment,
- €2.00 per week equivalent to €9.00 a month or more, to an employee who has more than one employment.

A company must register as an employer and operate PAYE/PRSI on the pay of directors even if there are no other employees.

How do I register for PAYE/PRSI?

To register for PAYE/PRSI you must fill in:

- **Form TR1** if you are an Individual/Sole Trader or a Partnership, **or**
- **Form TR2** if you are trading as a company, **or**
- **Form PREM Reg** if you are already registered for Income Tax (either as self-employed or as an employee) or Corporation Tax.

These forms are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Forms TR1 and **TR2** can also be used to register for VAT, as explained in the previous Chapter. When you fill in the form and return it to Revenue, you will receive confirmation of your registration as an employer, a registered number for PAYE purposes and detailed information regarding the operation of PAYE/PRSI.

What happens if I fail to register as an Employer?

If you become an employer and fail to register for PAYE/PRSI purposes, Revenue will compulsorily register you. You will have to pay the PAYE and PRSI which you should have deducted from your employees and paid over to the Collector-General. Interest is payable on the unpaid tax and PRSI at a rate of just under 10% per annum, from the date on which it should have been paid.

When must I account for and pay PAYE/PRSI?

The total of:

- The tax deducted from the pay of all employees less any tax refunded to them,

  plus

- The total PRSI contributions (the amount deducted from employee's pay plus the amount payable by the employer),

must be paid to the Collector-General before day 14 of the month.

For example, if the deductions were made between 1 May and 31 May, payment to the Collector-General should be made between 1 June and 14 June.

A **Form P30 Bank Giro/Payslip** will be issued to you each month. The figures for total tax and total PRSI contributions should be entered on the form together with the gross total which will equal the amount of the payment. If you do not have any PAYE/PRSI liability for a particular month, the Form P30 should be returned marked 'zero'. Do not enter 'Nil'.

The **Revenue On-Line Service (ROS)** provides the facility to transmit monthly Forms P30 electronically once you have registered as a ROS customer. Details on how to become a ROS customer are given in **Chapter 10**.

A simplified payment arrangement was introduced on 1 April 2006 for those employers where the total PAYE/PRSI payments for the year are **€30,000 or less.** Under this new arrangement such employers will be able to make their PAYE/PRSI payments on a quarterly basis rather than monthly. **ROS** also provides a facility for quarterly return of Form P30. Employers **who do not wish to avail** of this arrangement should contact the LoCall 1890 70 70 71 Helpline.

The schedule for PAYE/PRSI payments for eligible employers will be as follows:

Tax Period	File and Pay
January - March	Quarterly P30 return and payment by 14 April
April - June	Quarterly P30 return and payment by 14 July
July - September	Quarterly P30 return and payment by 14 October
October - December	Quarterly P30 return **not** required - include payment for last quarter with your P35 by 15 February

See **Appendix 4** in this Guide for a Timetable of Important Tax Dates.

Taxable Benefits - PAYE/PRSI

As an employer you must operate PAYE, PRSI and Health Contribution deductions in respect of the taxable value of most Benefits-in-Kind and other non-cash benefits provided by you for your employees.

A comprehensive guide, **Employer's Guide to operating PAYE and PRSI for certain benefits**, is available on Revenue's website **www.revenue.ie,** from Revenue's Forms and Leaflets service by phoning LoCall 1890 306 706, or from any Revenue office.

Further information and assistance may be obtained from Revenue's Employer Helpline/BIK Helpline by phoning LoCall 1890 25 45 65.

Employers PRSA obligations to Employees

Employers are obliged, under the Pensions Act 1990, as amended, to sign up with a PRSA provider to provide access to a Standard PRSA for "excluded employees". "Excluded employees" are employees of an employer, who are:

- not offered an occupational pension scheme ("scheme"), or
- included in a scheme for death in service benefits only, or
- included in a scheme that does not permit the payment of additional voluntary contributions (AVCs), or
- not eligible to join the scheme and who will not become eligible to join the scheme for pension benefits within six months from the date they commenced employment.

There is no charge for signing up with a PRSA provider.

Employers may pay contributions into an employee's PRSA but are not obliged to do so.

Further information about PRSAs, including a list of all PRSA providers, can be obtained from the Pensions Board's website at **www.pensionsboard.ie** or by phoning LoCall 1890 65 65 65.

Can I make my PAYE/PRSI returns annually?

YES. You can arrange to pay your PAYE/PRSI through the **Direct Debit Scheme** and make an annual return/declaration of liability.

Further information on this scheme and Direct Debit mandate forms may be obtained by phoning LoCall 1890 20 30 70, by writing to the Office of The Revenue Commissioners, Collector-General's Division, Direct Debit Unit, Sarsfield House, Francis Street, Limerick or from any Revenue office.

What do I have to do at the end of the Tax Year?

At the end of the tax year you must complete end of year **Forms P35, P35L,** and **P35L/T** which will be sent to you by the Collector-General. These forms must be returned by 15 February. Employers who do not lodge their returns on time may cause their employees unnecessary difficulty and delay when claiming social welfare benefits.

- **Form P35** is a declaration that the details of tax and PRSI being returned are correct.
- **Form P35L** is a list on which the employer makes the return of PAYE and PRSI particulars for each employee for the year.
- **Form P35L/T** is a return of PAYE and PRSI details for any employee for whom the PPS Number is not known.

If you wish to avail of the **Revenue On-Line Service (ROS)** facility to electronically file your P35s, you should refer to **Chapter 10** which gives full details of how to register for **ROS.**

You must also issue a Form P60 to each employee who was in your employment at 31 December. This form shows total pay, tax and PRSI contributions for the year ended 31 December. Blank Forms P60 will be sent to you by the Collector-General. Computer users will receive computerised Form P60 stationery.

ROS for Employees

A comprehensive range of on-line Self-Services for Employees is now available in **ROS:**

- View personal tax record,
- Claim a wide range of tax credits on-line,
- Apply for refunds of tax including health expenses,
- Request a review of personal tax (balancing statement/P21) for 2005 onwards,
- Re-allocate credits between spouses,
- Change personal address and update other personal information.

Find out more about PAYE Self-Service at **www.revenue.ie**

Revenue Job Assist

An employer who employs a person who has been unemployed for at least 12 months may qualify for a double deduction for wages and and employer's PRSI contribution for that employee in arriving at taxable income.. There are some conditions attaching to the scheme and these are outlined in **Leaflet IT59** which is available on Revenue's website **www.revenue.ie,** from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Is more detailed information available?

YES. A guide to the operation of the PAYE system for employers, IT50 - PAYE/PRSI for Small Employers is available on Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

8 *Paying your Tax and Keeping Things Simple*

Is there any simple way of paying my tax and reducing the number of forms that have to be completed?

We have introduced a number of ways in which you can pay your tax. The simplest of these methods is **Direct Debit** and if you pay your tax in this way you will only need to complete one annual return form in respect of each of the taxes.

What Tax can I pay by Direct Debit?

You can pay your Preliminary Tax (Income Tax), VAT, and/or Employer's PAYE/PRSI by way of Direct Debit.

How does Direct Debit work?

To avail of Direct Debit you must complete and sign a mandate which allows for agreed monthly deduction(s) from your bank account, for credit to your tax account(s). You remain in total control of the monthly amount(s) you have agreed to pay and the figure can be amended at any time by writing to:

Collector-General's Division,
Direct Debit Unit,
Sarsfield House,
Francis Street,
Limerick.
or email cgdd@revenue.ie

Direct Debit forms **CG7 (PAYE/PRSI & VAT)** and **CG9 (Income Tax)** are available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets service by phoning LoCall 1890 306 706, from Direct Debit Unit by phoning LoCall 1890 20 30 70, or from any Revenue office.

What are the advantages of paying my tax by Direct Debit?

Preliminary Tax (Income Tax)

By paying your Preliminary Tax by Direct Debit you can spread the payment over the tax year for which the tax is due. This is particularly suitable if you find it difficult to make one lump sum payment in October each year.

Employer's PAYE/PRSI and VAT

You will only have to fill in one annual return as follows:

- For PAYE/PRSI you will only need to fill in the Form P35 at the end of the year and you will not have to fill in Forms P30 on a monthly basis,
- For VAT you will only need to fill in one annual VAT3 form at the end of the year and you will not have to fill in VAT3's on a bi-monthly basis.

Further information on Direct Debit and application forms are available from the Collector-General's Division by phoning LoCall 1890 20 30 70, or from any Revenue office.

How else can I pay my tax?

The tax forms which you receive include customised payslips. These payslips contain details such as your registration number, the tax type and the tax period. Certain payslips allow you to pay your tax by **Single Debit Authority.**

Single Debit Authority

Single Debit Authority enables you to make once-off payments directly from your bank account by completing your bank details and a debit amount on payslips attached to:

- Income Tax Pay & File notices,
- Corporation Tax Pay & File notices,
- Capital Gains Tax Pay & File notices,
- Return of Income Form 11,
- Return of Income Form 11E,
- Return of Income Form CT1,
- Relevant Contracts Tax/Form RCT 30.

Payments through **Single Debit Authority**, similar to those made through the **Revenue On-Line Service** (see below), receive credit on the day of payment.

Revenue On-Line Service (ROS)

Revenue On-Line Service (ROS) provides you with the following methods of payment of tax:

- ROS Debit Instruction (RDI),
- Laser Card via ROS,
- On-Line Banking via ROS, for Income Tax and Capital Gains Tax only.

Further information on **Revenue On-Line Service** payment options is available in **Chapter 10** of this Guide.

Postal Payments

You can post your payment to the Collector-General's Division, Sarsfield House, Francis St., Limerick, using the pre-paid envelope enclosed with the Return Form. A payment receipt will be issued to you by return of post.

9 Keeping Books and Records

Am I obliged to keep records for tax purposes?

YES. You must keep full and accurate records of your business from the start. You need to do this whether you send in a simple summary of your profit/loss, prepare the accounts yourself, or, have an accountant do it. It is important for you to remember that the figures which are contained in your tax returns, your accounts, or your summary of profits/losses, must be correct. **The records you keep must be sufficient to enable you to make a proper return of income for tax purposes.**

You should bear in mind that you may need to keep accounts for reasons other than tax. For example, your bank may want to see your accounts when considering an application for a business loan.

What records must I keep?

The type of records you will need to keep will depend on the nature and size of your business.

The records kept must include books of account in which:

- All purchases and sales of goods and services**,**

  and

- All amounts received and all amounts paid out,

are recorded in a manner that will clearly show the amounts involved and the matters to which they relate.

All supporting records such as invoices, bank and building society statements, cheque stubs, receipts, etc. should also be retained.

What information will I need to prepare my accounts?

At the end of the accounting period you will need to have details of:

- Your business takings,
- All items of expenditure incurred, such as purchases, rent, lighting, heating, telephone, insurance, motor expenses, repairs, wages, etc.,
- Any amount of money introduced into the business and its source,
- The amount of any cash withdrawn from the business or any cheque(s) drawn on the business bank account, for your own or your family's private use (these items are normally referred to as drawings),
- Amounts owed to you by customers, showing the total amount owed by each debtor,
- Amounts owed by you to suppliers, showing the total amount you owe to each creditor,
- Stocks and raw materials on hand.

How should I record these transactions?

The manner in which your transactions are recorded will vary from a full 'double entry' book-keeping system if you want to keep precise control over all business matters, to some system which falls short of a double entry system in one or more respects. Whatever manner in which your books and records are kept they must be capable of showing the amount and source of:

- All income,
- All purchases and other outgoings.

Simply keeping the bank statements for the business is not enough – it does not fulfil your requirements to keep proper books and records.

Your accountant, if you have one, will advise you on a book-keeping system suitable to your circumstances. Examples of some typical books kept by a trader are set out on opposite page.

Example of Typical Books

Sample Sales Book

Date	Customer	Invoice No.	Total	VAT	21%	13.5%	Zero
1/9/06	J Black	701	1210	210	1000		
2/9/06	J Browne UK Ltd	702	2000	nil			2000
3/9/06	J Smith & Co.	703	3630	630	3000		

Sample Purchases Book (*Note)

						Goods for resale			Goods not for resale		
Invoice No.	Date	Supplier	Ref.	Total	VAT	21%	13.5%	Zero	21%	13.5%	Zero
1427	2/9/05	J Murphy	1	2420	420	2000					
2356	3/9/05	JBC Ltd	2	1210	210	1000					
7432	5/9/05	ABC Ltd	3	2270	270		2000				
11786	12/9/05	E.S.B.	4	1135	135					1000	

Sample Cash Book

Date	Source	Total	Debtor	Cash Sale	Misc	Cash Payments	Lodged
1/9/06	J Smith	1210	1210				1210
2/9/06	Cash Sales	2100		2100		100	2000
3/9/06	Revenue	150			150		150
6/9/06	J Browne	5000	5000				5000

Sample Cheque Payments Book

Date	Payee	Cheque No.	Total	Creditors	Wages	Petty Cash	Expenses
2/9/06	Wages/Salaries	12125	1716		1716		
2/9/06	J Murphy	12126	2420	2420			
3/9/06	JBC Ltd	12127	1210	1210			
4/9/06	Petty Cash	12128	300			300	
15/9/06	E.S.B.	12129	1135				1135

***Note**

In the case of small businesses, there is no need to keep a separate purchases book if a claim is made for VAT input credits on a cash paid basis. The cash/cheque payments books should show the VAT paid to suppliers separately.

What type of Accounts will I need to prepare?

You will need to prepare and retain accounts as follows:

- A **Trading Account** showing details of goods sold during the period and the cost of those goods, the difference being the gross profit/loss for the period,
- A **Profit and Loss Account** showing details of gross profit and the various expenses of the trade during the period, the difference being the net profit/loss of the business for the period,
- A **Capital Account** showing details of opening and closing capital, net profit/loss for the period, cash introduced and drawings,
- A **Balance Sheet** setting out details of the business assets and liabilities at the end of the period.

A Capital Account and Balance Sheet may not always be required, depending on the circumstances and level of your trading activities.

What accounts data do I submit?

Generally, you are no longer required to submit your self-employed business accounts with your return of income. You must still, however, prepare accounts as discussed above and then **extract** the relevant information from your accounts for entry in the ***Extracts From Accounts*** pages of the Return of Income, **Form 11** or **Form 11E,** as applicable.

However, where the income arises from a partnership individual partners are not required to complete the Extracts From Accounts pages in their personal Return. The Partnership files this information in the Partnership Tax Return - **Form 1 (Firms).**

How long must I keep records?

You must keep your records for **six** years unless Revenue advises you otherwise.

What happens if I fail to keep proper records?

Failure to keep proper records or failure to keep them for the necessary six years, where you are chargeable to tax, is a Revenue offence. If you are convicted of a Revenue offence you face a heavy fine and/or imprisonment.

Do I need to employ an Accountant?

In order to complete your tax returns and claim the various tax credits and reliefs due to you it is not necessary to employ an accountant or tax adviser. However, for specific advice on book-keeping and financial matters generally it would be in your own interest to engage an accountant or tax adviser. Revenue will normally correspond with your accountant, if you have one, and not with you.

10 Revenue On-Line Service (ROS)

(Access ROS via Revenue's website www.revenue.ie)

What is the Revenue On-Line Service (ROS)?

ROS is Revenue's secure interactive internet-based facility that allows you, as a Revenue customer, or your agent to:

- File Returns and make payments,
- Obtain details of your Revenue account,
- Calculate your tax,
- Claim repayments,
- Conduct your business electronically.

What are the benefits of using ROS?

The benefits of **ROS** include:

- On-Line calculation facilities,
- Simpler user friendly return forms,
- Prompt repayments,
- Secure 24 x 7 x 365 access,
- Instant acknowledgement,
- Effective and efficient use of time,
- Elimination of clerical error,
- Environmentally friendly.

What facilities does ROS provide?

ROS provides a quick and secure method for the electronic filing and payment, where appropriate, of:

- Income Tax Form 11 (Self-Employed Individuals),
- VAT (VAT3 & Annual Return of Trading Details),
- Employers Payroll Returns P30, P35 and P45(Parts 1 & 2) and P45 (Part 3) for new employees,
- Form CT1 (Corporation Tax Return),
- VIES and INTRASTAT Returns,
- Vehicle Registration Tax (Vehicle Birth Certificates and Registration forms),
- Relevant Contract Tax Returns (RCT30 and RCT35),
- Environmental Levy Returns,
- Dividend Withholding Tax Returns,
- Professional Services Withholding Tax Returns (F30 and F35),
- Special Saving Incentive Account Returns,
- Deposit Interest Retention Tax Returns,
- Life Assurance Exit Tax Returns,
- Investment Undertaking Tax Returns,
- Gift and Inheritance Tax Returns (IT38),
- VAT on eServices,
- EU Customs Transit Declarations,
- AEP Customs Import Declarations, Export Declarations and Excise Duty Entries
- Common Agricultural Policy Export Declarations,
- Betting Duty Returns.
- A facility where employers can download Tax Credit Certificates (P2Cs) via ROS. This data can be exported to the customers payroll system. Payroll agents can also download the P2C via ROS on behalf of their clients. For this the employer must be registered for ROS and have elected to receive P2Cs electronically,
- A facility for customers and agents to make CGT payments for IT-registered customers who are not yet registered for CGT.

Facilities are also available to order a statement of account and to access the Vehicle Registration Tax Calculator and Enquiry System.

You can view details of your Revenue account including such items as:

- Returns filed and due,
- Payments made,
- Refunds and Repayments,
- Charges and collection: details of tax due and paid.

Other features include:

- A secure mailbox housed on the ROS site where copies of all documents are kept. These can be accessed at any time using the search facility,
- Both on-line and off-line facilities. The off-line system allows you to complete the forms on your own PC without being logged on to the internet. Once the off-line form is complete simply log on to the ROS site and upload the completed form,
- There is a detailed Help system, as well as Frequently Asked Questions (FAQs) throughout the site,
- A LoCall Helpdesk to assist customers with queries,
- The system operates on most platforms and browsers,
- The system is compatible with screen reader technology for visually impaired customers,
- An access control system which allows you to control who in your business can carry out transactions on ROS.

How do I pay my tax using ROS?

There are currently three methods of making payments through ROS:

ROS Debit Instruction (RDI)

The Debit Instruction method requires you to complete a **ROS Debit Instruction (RDI)** in order to make payments for any of the taxes available in ROS. The RDI includes details of your bank account from which Revenue will collect amounts when instructed by you or your agent. Once the RDI has been set up on ROS, you or your agent acting on your behalf authorises the payment for the requisite amount and period. Each individual payment must be authorised by you or your agent.

Laser Card

The second payment method currently available in ROS is by way of laser card. When a payment is due and is being paid on-line, the details of your laser card are input and each individual payment is authorised by you or your agent.

On-line banking facility

An on-line banking facility was introduced, for the payment of Income Tax and Capital Gains Tax only, with Allied Irish Bank and Bank of Ireland.

For each of these payment methods only the exact amounts authorised by you or your agent on your behalf are deducted from your bank account. The requisite amounts are never deducted by Revenue in advance of the due dates, even where returns are filed early. If, for whatever reason, you do not wish to make a payment that is due or you are only making a partial payment, it is important to note that Revenue will not deduct the tax owed without authorisation from you. All payments made through ROS are acknowledged instantly and a receipt will be issued once the payment has been processed by Revenue.

How do I access ROS?

ROS can be accessed via Revenue's website **www.revenue.ie** . You can explore a number of features of ROS from the ROS homepage without any requirement to register.

How do I register for ROS?

ROS has a simple three-step registration process. From the ROS homepage click on 'Register' under the Self-Employed Individuals, Business and Practioners heading and follow the three step process. You will be issued with a Digital Certificate when you have completed the three steps. Your Digital Certificate enables you to access ROS and utilise its full range of services.

To ensure the security of the service, the registration process involves issuing correspondence via land mail. The whole process typically takes eight working days, so you should be sure to start the process well in advance of any filing deadlines that may apply.

Is ROS confidential and secure?

YES. You can be certain that information accessed or transmitted on the internet is secure. We have invested considerable time and expertise to safeguard the security of ROS. We are using the latest technologies to ensure a confidential and secure channel for the electronic filing of returns. Confidentiality and integrity of the data transmitted through ROS is assured.

Who can I contact with queries on ROS?

ROS Liaison Officers have been appointed in Revenue Offices throughout the country to assist with ROS related tax queries. If you require further information or assistance regarding ROS you should contact the ROS Liaison Officer in your local Revenue Office. You can view the full list of ROS Liaison Officers from the 'Help' link on the ROS Homepage which can be accessed via Revenue's website **www.revenue.ie**.

You can also contact the ROS Technical Helpdesk at LoCall 1890 20 11 06 or, for callers outside the Republic of Ireland +353 1 277 1178, who will answer your queries on any technical issues concerning ROS. You can also e-mail ROS at **roshelp@revenue.ie**

Employees

A comprehensive range of on-line Self-Services for Employees is now available in **ROS:**

- View personal tax record,
- Claim a wide range of tax credits on-line,
- Apply for refunds of tax including health expenses,
- Request a review of personal tax (balancing statement/P21) for 2005 onwards,
- Re-allocate credits between spouses,
- Change personal address and update other personal information.

Find out more about PAYE Self-Service at **www.revenue.ie**

11 Revenue Examination of Returns, Books and Records

What is a Revenue Audit?

A Revenue audit is an examination of your compliance with taxes and duties legislation and Revenue requirements.

Revenue audit covers the following types of tax returns:

- Income Tax, Corporation Tax or Capital Gains Tax returns, and/or
- Returns submitted in respect of VAT, PAYE/PRSI or Relevant Contracts Tax (RCT),
- Returns submitted in respect of Capital Acquisitions Tax,
- A statement of liability to Stamp Duties,
- Customs, Excise and VRT Declarations.

How are taxpayers selected for audit?

The main methods of selection of cases for audit intervention are as follows:

- Computerised Case Selection - based on risk analysis and profiling,
- Knowledge of industry practices affecting tax risk,
- Proactive system of intelligence gathering.

Projects on business sectors:

Revenue initiate a number of key projects aimed at tackling tax evasion in specific sectors. The projects are conducted to examine compliance levels in particular trades or professions. The projects look at many tax abuses in all levels of the sectors.

Random selection:

This is in addition to the aforementioned methods. It means that all taxpayers have a possibility of being audited. Each year, a small proportion of audit cases are selected using this method.

What advance notice will I be given?

Generally, 21days advance notice in writing is given. The notification letter shows:

- The name of the person who will carry out the audit,
- The date and time of the audit,
- The year(s), accounting period(s) or tax period(s) which are to be audited.

What form will the audit take?

Typically, an audit involves a series of steps, as follows:

- On arrival, the auditor identifies himself or herself to you and explains the purpose of the audit,
- You are given an opportunity to disclose to the auditor any inaccuracies in your tax return. Please refer to the *Code of Practice for Revenue Auditors* which sets out the benefits of making a *qualifying disclosure*,
- The auditor will examine your books and records to verify that the figures have been correctly calculated and that the returns and/or declarations for the different taxes or duties are correct,
- If the auditor finds the returns to be largely correct, as is often the case, you will be told so as soon as this becomes clear,
- If the auditor finds that adjustments are required, he or she will quantify the adjustments and the additional liability. The details of how the additional liability arises will be discussed with you and you will also be notified in writing,
- At the final interview, the auditor will ask for your agreement to the total settlement figure,
- Once agreed, the full amount should be paid to the auditor who will issue you with a receipt.

Will interest be due on any additional tax payable following the audit?

YES. The law provides for interest to be charged on tax underpaid where a taxpayer makes an incomplete or incorrect return. Interest is charged at the rate specified in the legislation.

Will I have to pay any penalties?

The law provides for monetary penalties to be charged, in addition to tax and interest, where specific breaches of tax law have occurred. Where underpayments of tax arise because of your neglect or fraud, penalties are charged. The *Code of Practice for Revenue Auditors* provides for mitigation of penalties in certain circumstances.

Will details of my audit settlement be published by Revenue?

Publication will only arise where **all** of the following circumstances apply:

- The amount of the settlement (including interest and any penalties) exceeds €30,000,
- Penalties charged are in excess of 15% of the tax,
- You did not make a full voluntary disclosure before the audit commenced.

However, you should note that the publication limit has been increased from €12,700 to €30,000 but only where all the tax included in the settlement is tax, the liability in respect of which arose as follows:

- either on or after 1 January 2005, or
- related to periods which commence on or after 1 January 2005.

If publication applies, your name, address, occupation and the total amount of the settlement will be published at the end of each quarter in Iris Oifigiúil*.

Where can I get further information on Revenue audits?

The ***Code of Practice for Revenue Auditors*** is available on Revenue's website **www.revenue.ie**, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

* Iris Oifigiúil is the weekly bulletin of Government notices and announcements.

Appendix 1

Summary of Forms which you may need to complete

Registration Forms

TR1	Tax Registration form for individuals, other than PAYE taxpayers, partnerships, trust or unincorporated bodies. To Register for Income Tax (Non-PAYE), Employer's PAYE/PRSI, VAT and, as a Principal Contractor, for Relevant Contracts Tax
TR2	Tax Registration form for Companies. To Register a Company for Corporation Tax, Employer's PAYE/PRSI, VAT and, as a Principal Contractor, for Relevant Contracts Tax
P33	Application for Registration as a Principal Contractor for RCT and for supply of Forms RCTDC (where previously registered for IT, CT and VAT)
Form PREM Reg	Tax Registration form for Persons or Companies requiring to register as an Employer for PAYE/PRSI purposes only and who are already registered for Income Tax (either as self-employed or as an employee) or Corporation Tax
Form 11F CRO	Statement of Particulars of a Company

Income Tax Forms

Form 11	Return of Income, Charges and Capital Gains and Claim for Tax Credits, Allowances and Reliefs for the Income Tax Year. The Form 11 includes "Extracts From Accounts" pages
Form 11 E	A shorter version of Form 11, this form also caters for small unincorporated businesses and farmers and includes "Extracts From Accounts" pages
Form 1 (Firms)	Return of Income and Capital Gains of a Partnership. Individual partners also have to make separate personal returns on Form 11. The Form 1 (Firms) includes "Extracts From Accounts Pages"

Capital Gains Tax Forms

Form CG1	Capital Gains Tax Return

Corporation Tax Forms

Form CT1	Corporation Tax Return for Companies
Form CT1 Supplement	Tonnage Tax Profits
Tonnage Tax 1	Tonnage Tax Form for election

Value Added Tax Forms

VAT 3*	Bi-Monthly VAT Return
VAT 3D	Trader's Record of VAT Returns
VAT 3G*	Bi-Monthly VAT Return (Irish version)
RTD	Annual Return of Trading Details

Employer's PAYE/PRSI Forms

Form P30*	Monthly Return by employer of PAYE/PRSI or Quarterly Return by employer where total PAYE/PRSI payments are €30,000 or less
Form P35	End-of-year PAYE and PRSI Return
Form P35L	Return of PAYE/PRSI particulars by an employer for each employee
Form P35L/T	Return of PAYE and PRSI details for any employee for whom the PPS number is not known

*Remember you can eliminate the need to complete these forms by electing to pay your VAT and PAYE/PRSI by direct debit. (See **Chapter 8** on page 25 of this Guide.)

Appendix 1 contd.

Relevant Contracts Tax Forms

Form RCT30 Form RCT30 is the monthly return made by the Principal Contractor, showing the gross tax deducted from uncertified Subcontractors during the income tax month. This form is issued to registered Principals and blank versions of this form are **not** available online.

Form RCT35/35L Form RCT35/35L is a two part form consisting of an annual declaration of gross payments and tax deducted (RCT35), together with a listing of all Subcontractors to whom payments were made whether tax was deducted or not.

Form RCT46 Form RCT46 is the application form for the RCT Payments Card (RCT 47).

Form RCT46A Where there are ongoing contracts at the end of the year, the Principal Contractor can make a bulk application to Revenue for payments cards on Form RCT46A.

Form RCT47 Form RCT47 is the RCT Payments Card. The Principal must hold this card before making any gross payments to the Subcontractor. Details of the payments are entered on the RCT47. Form RCT47 is year specific and must be returned to Revenue if requested. Otherwise the Principal retains the card in their records. This form is **not available online.**

Form RCT48 Form RCT48 is used to record payments to uncertified Subcontractors. The Principal retains the form.

Form RCT1 Form RCT1 is a joint declaration by Principal and Subcontractor that the contract is a Relevant Contract and not an employment. The Principal retains the form.

Form RCT5/ Form PC5(a) A Subcontractor completes Form RCT5, available online, when applying for a Certificate of Authorisation, Form C2. The Subcontractor's signature and photograph are entered on Form PC5(a). Companies and partnerships may nominate an individual user whose photograph and signature will appear on the card. Individuals who operate nationwide may also nominate an individual user. Form PC5(a) is n**ot** available online, but may be requested from your local Revenue Office.

Most forms are available on Revenue's website **www.revenue.ie.** All forms listed in Appendix 1 are available from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Appendix 2

Summary of Leaflets/Guides which may be of further assistance to you

Leaflets & Guides

IT 1	Tax Credits, Reliefs and Rates
IT 2	Taxation of Married Persons
IT 10	Guide to the Self-Assessment System for the Self-Employed
IT 14	New Pension Options - For the Self-Employed and Directors of Family Companies
IT 15	The Seed Capital Scheme: Tax Refunds for New Enterprises
IT 16	Third Party Returns (Automatic Return of Certain Information)
IT 19	Professional Services Withholding Tax
IT 49	VAT for Small Businesses - A Revenue Guide
IT 50	PAYE/PRSI for Small Employers - A Revenue Guide
IT 59	Revenue Job Assist - Information for employers
IT 61	A Revenue Guide to Professional Services Withholding Tax
IT 62	A Guide to Profit Sharing Schemes
IT 63	Relevant Contracts Tax (Construction, Forestry & Meat Processing Industries) – Guide for Principal Contractors
IT 64	Relevant Contracts Tax (Construction, Forestry & Meat Processing Industries) – Guide for Sub-Contractors
CGT 1	Guide to Capital Gains Tax
CGT 2	Capital Gains Tax - A Summary of the Main Features
CG 5	VAT Claims and Payments
CG 6	P35 End-of-Year Returns
CG 7	Direct Debit: PAYE/PRSI & VAT
CG 9	Direct Debit: Preliminary Tax – Income Tax
CG 11A	Tax Treatment of Employer Paid Medical Insurance Premiums
CG 16	Share Options
VAT	Guide to Value-Added Tax VAT for Small Business **(IT 49)** Information Leaflet No. 1/99 VAT Treatment of Foreign Firms doing business in Ireland
PAYE	PAYE/PRSI for Small Employers **(IT 50)** Employer's Guide to operating PAYE and PRSI for certain benefits
I.T.	Guide to Pay and File Guide to Completing Tax Returns

Statements of Practice

SP-IT/2/91	Self-Assessment Payment of Preliminary Tax and filing of Returns under current year basis of assessment.
SP-IT/1/92	Third Party Returns - Return of Certain Information
SP-IT/2/92	Preparation of Accounts for Revenue Purposes
SP-IT/1/93	Finance Act 1992 and Directors
CG1/99	Preliminary Tax - Income Tax - Payment by Direct Debit

Most leaflets and guides are available on Revenue's website **www.revenue.ie**. All leaflets and guides listed above are available from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 or from any Revenue office.

Appendix 3

List of Revenue Offices and Other Contact Details

A 'Contact Locator' on Revenue's website **www.revenue.ie** enables customers to speedily ascertain appropriate Revenue contact details applicable to themselves. These include telephone number, e-mail and postal address, fax number and the appropriate office for personal callers. These details may be easily accessed by customers who are only required to key in their PPS Number or Company Tax Reference Number.

Revenue Regions & District Offices	Address	Telephone
Dublin Region		
City Centre (Dublin city postal areas 1 & 2)	9/15 Upper O'Connell Street, Dublin 1	01 - 86 55 000
South City (Dublin City south of the Liffey excluding postal area 2)	85-93 Lower Mount Street, Dublin 2	01 - 64 74 000
North City (Dublin City north of the Liffey excluding postal area 1)	9/15 Upper O'Connell Street, Dublin 1	01 - 86 55 000
South County (Local Authority area)	Plaza Complex, Belgard Road, Tallaght, Dublin 24	01 - 64 70 700
Fingal (Local Authority area	Block D, Ashtown Gate, Navan Road, Dublin 15	1890 678 456
Dun Laoghaire/Rathdown (Local Authority area)	Lansdowne House, Lansdowne Road, Dublin 4	01 - 63 29 400
Central Revenue Information Office	Cathedral Street, Off Upr. O'Connell Street, Dublin 1	Personal callers only
Tallaght Revenue Information Office	Level 2, The Square, Tallaght, Dublin 24	Personal callers only
Dublin Regional PAYE LoCall Number for Employees 1890 33 34 25		
South West Region		
Cork East (includes City Centre, North City and North County east of the Mallow Road)	Gov. Offices, Sullivan's Quay, Cork	021 - 43 25 000
Cork County South West and South East of City	Gov. Offices, Sullivan's Quay, Cork	021 - 43 25 000
Cork County North West and South West of City	Gov. Offices, Sullivan's Quay, Cork	021 - 43 25 000
Limerick	River House, Charlotte's Quay, Limerick	061 - 21 27 00
Clare	Gov. Offices, Kilrush Road, Ennis, Co Clare	065 - 68 49 000
Kerry	Gov. Offices, Spa Road, Tralee, Co. Kerry	066 - 71 61 000
South West Regional PAYE LoCall Number for Employees 1890 22 24 25		
Border Midlands West Region		
Galway County	Hibernian House, Eyre Square, Galway	091 - 53 60 00
Galway/Roscommon (Galway City and Co. Roscommon)	Hibernian House, Eyre Square, Galway	091 - 53 60 00
Mayo	Michael Davitt House, Castlebar, Co. Mayo	094 - 90 37 000
Sligo (includes counties Sligo, Leitrim and Longford)	Gov. Offices, Cranmore Road, Sligo	071 - 91 48 600
Donegal	Gov. Offices, High Road, Letterkenny, Co. Donegal	074 - 91 69 400
Westmeath/Offaly	Gov. Offices, Pearse Street, Athlone, Co. W.meath	090 - 64 21 800
Louth	Gov. Offices, Millennium Centre, Dundalk, Co. Louth	042 - 93 53 700
Cavan/Monaghan	Gov. Offices, Millennium Centre, Dundalk, Co. Louth	042 - 93 53 700
Border Midlands West Regional PAYE LoCall Number for Employees 1890 77 74 25		
East South East Region		
Tipperary	Gov. Offices, Stradavoher, Thurles, Co. Tipperary	0504 - 28 700
Kilkenny (includes counties Kilkenny, Carlow and Laois)	Gov. Offices, Hebron Road, Kilkenny	056 - 7783700
Waterford	Gov. Offices, The Glen, Waterford	051 - 86 21 00
Wexford	Gov. Offices, Anne Street, Wexford	053 - 91 49 300
Kildare	Grattan House, Lower Mount Street, Dublin 2	01 - 64 74 520
Meath	Grattan House, Lower Mount Street, Dublin 2	01 - 64 74 688
Wicklow	4 Claremount Road, Sandymount, Dublin 4	01 - 63 16 500
East & South East Regional PAYE LoCall Number for Employees 1890 44 44 25		

Appendix 3 contd.

List of Revenue Offices and Other Contact Details

	Address	E-mail	Telephone
Collector-General's Division			
	Address	**E-mail**	**Telephone**
Employers Helpline/ BIK Helpline	Government Offices, Nenagh, Co. Tipperary	employerhelp@revenue.ie	LoCall 1890 25 45 65
Direct Debit Unit	Sarsfield House, Francis Street, Limerick	cgdd@revenue.ie	LoCall 1890 20 30 70
Customer Services	Sarsfield House, Francis Street, Limerick	cg@revenue.ie	LoCall 1890 20 30 70
	To contact the Collector-General's Division from outside the Republic of Ireland phone 00-353-61-48 80 00		
Accountant General's Branch (VAT Repayments)			
Accountant General's Branch	Gov. Offices, Kilrush Road, Ennis, Co. Clare		065 68 49 000 or LoCall 1890 20 20 33
VAT Repayments-Registered (for refunds to Registered persons)	Accountant General's Branch, River House, Charlotte's Quay, Limerick	regvat@revenue.ie	061 212 700 or LoCall 1890 25 26 25
VAT Repayments - Unregistered (for refunds to certain Irish claimants)	Accountant General's Branch, River House, Charlotte's Quay, Limerick	unregvat@revenue.ie	065 68 49 000 or LoCall 1890 25 24 49
VAT Repayments - Unregistered (for refunds to foreign traders)	Accountant General's Branch, River House, Charlotte's Quay, Limerick	unregvat@revenue.ie	00 353 61 212 799
Other Useful Numbers			
	Address	**E-mail**	**Telephone**
Revenue On-Line Service	Trident House, Blackrock, Co. Dublin	roshelp@revenue.ie	LoCall 1890 20 11 06 or 353 - 1- 27 71 178
Revenue's Forms & Leaflets Service	Telephone Service (24 - hour service)	custform@revenue.ie	LoCall 1890 306 706 or 353 - 1 - 67 44 050
Companies Registration Office	Parnell House, 14 Parnell Square, Dublin 1	info@cro.ie	LoCall 1890 22 02 26
	To contact Revenue from outside the Republic of Ireland phone 00-353-1-67 33 533		
Department of Social and Family Affairs			
	Address	**E-mail**	**Telephone**
Self-Employment PRSI Queries	Cork Road, Waterford	info@welfare.ie	051 - 35 60 00 or 01 - 70 43 000
Client Identity Services	Gandon House, Dublin 1	info@welfare.ie	01 - 70 43 281

Every care has been taken to ensure accuracy in the compilation of this list of contact numbers. However, some information is liable to change after publication. An up-to-date listing of all Revenue offices, contact numbers and e-mail addresses is available on Revenue's website **www.revenue.ie**

Appendix 4

Timetable of Important Tax Dates

Remember you can eliminate a lot of this form filling by electing for payment by direct debit and completing only one Annual Return for VAT and PAYE/PRSI.
(See Chapter 8 of this Guide.)

January

- Income tax return for the year which ended on the previous 31 December is issued by Revenue. The return should be completed and returned as early as possible, but no later than the following 31 October
- PAYE/PRSI P30 monthly return and payment due by 14 January
- PAYE/PRSI P30 quarterly return and payment for October - December due by 14 January
- RCT30 monthly return and payment due by 14 January
- VAT 3 return and payment for Nov/Dec due by 19 January
- Pay any Capital Gains Tax due on disposals made in the period 1 October to 31 December in the previous tax year by 31 January

February

- PAYE/PRSI P30 monthly return and payment for January due by 14 February
- P35 for the previous tax year should be submitted by 15 February
- RCT30 monthly return and payment due by 14 February
- RCT35 for the previous tax year should be submitted by 15 February
- Form P60 for the previous tax year must be given to employees by 15 February

March

- PAYE/PRSI P30 monthly return and payment for February due by 14 March
- RCT30 monthly return and payment due by 14 March
- VAT 3 return and payment for Jan/Feb due by 19 March

April

- PAYE/PRSI P30 monthly return and payment due by 14 April
- PAYE/PRSI P30 quarterly return and payment for January - March due by 14 April
- RCT30 monthly return and payment due by 14 April

May

- PAYE/PRSI P30 monthly return and payment due by 14 May
- RCT30 monthly return and payment due by 14 May
- VAT 3 return and payment for March/April due by 19 May

June

- PAYE/PRSI P30 monthly return and payment due by 14 June
- RCT30 monthly return and payment due by 14 June

July

- PAYE/PRSI P30 monthly return and payment due by 14 July
- PAYE/PRSI P30 quarterly return and payment for April – June due by 14 July
- RCT30 monthly return and payment due by 14 July
- VAT 3 return and payment for May/June due by 19 July

August

- PAYE/PRSI P30 monthly return and payment due by 14 August
- RCT30 monthly return and payment due by 14 August
- File your tax return for the previous tax year, if you wish Revenue to calculate your final liability before Pay & File due date (31 October), by 31 August

September

- PAYE/PRSI P30 monthly return and payment due by 14 September
- RCT30 monthly return and payment due by 14 September
- VAT 3 return and payment for July/August due by 19 September
- Preliminary Tax letters will begin to issue. This serves as a reminder that Preliminary Tax must be paid by 31 October

October

- PAYE/PRSI P30 monthly return and payment due by 14 October
- Quarterly P30 return **not** required - include payment for last quarter with your P35 by 15 February
- RCT30 monthly return and payment due by 14 October
- Pay current year Preliminary Tax by 31 October
- File your tax return by 31 October (issued the previous January). Failure to send your completed tax return by this date will result in a surcharge being added to your final tax bill
- Pay balance of tax for previous year by 31 October
- File Capital Gains Tax return for previous tax year
- Pay any Capital Gains Tax due on disposals made between 1 January and 30 September of the current year

November

- PAYE/PRSI P30 monthly return and payment due by 14 November
- RCT30 monthly return and payment due by 14 November
- VAT 3 return and payment for September/October due by 19 November

December

- PAYE/PRSI P30 monthly return and payment due by 14 December
- RCT30 monthly return and payment due by 14 December

A comprehensive listing of Key Revenue Dates, titled Revenue Calendar of Key Dates, is available on Revenue's website **www.revenue.ie**

Customer Service Charter

Revenue collects taxes and duties which fund the provision of public services for the benefit of all citizens.

Revenue protects society through its Customer Service working on frontier control.

The effective and fair administration of tax and customs law requires Revenue and citizens to recognise certain basic rights and responsibilities.

This Customer Charter sets out mutual expectations in this context.

Consistency, Equity and Confidentiality

Revenue will administer the law fairly, reasonably and consistently and will seek to collect no more than the correct amount of tax or duty.

Revenue will treat the information you give us in confidence and ensure that it will not be used or disclosed except as provided for by law.

Courtesy and Consideration

You can expect to be treated courteously, with consideration and in a non-discriminatory way in your dealings with Revenue.

We expect you to treat Revenue officials with courtesy and to give them all reasonable co-operation.

Information and Assistance

You can expect to be given the necessary information and all reasonable assistance to enable you to clearly understand and meet your tax and customs obligations and to claim your entitlements and credits.

We expect you to provide true and correct information in all your contacts with Revenue and to advise Revenue in a timely manner of developments (such as change of address, commencement or cessation of business) that are relevant to your tax and customs affairs.

Presumption of Honesty

You can expect to be treated as honest in you dealings with Revenue unless there is clear reason to believe otherwise and subject to Revenue's responsibility for ensuring compliance with tax and customs law.

We expect you to deal in an honest way with Revenue by returning the tax and duty which you are due to pay and seeking only those entitlements and credits to which you are due.

Compliance Costs

You can expect that Revenue will administer the tax and duty regimes in a way that will minimise, as far as possible, compliance costs.

We expect you to maintain proper records and accounts and to ensure that your Returns and Declarations are completed fully, accurately and in a timely manner.

Complaints, Review and Appeal

There are comprehensive complaints and appeal procedures open to all customers of Revenue and we encourage you to avail of these if you are in any way dissatisfied with the service you receive from us.

Your can expect:

- That if you make a complaint, Revenue will deal with it promptly, impartially and in confidence.
- That availing of Revenue's own complaints procedures will never prejudice your rights to raise issues with the Ombudsman or lodge, within the statutory time limits, a formal appeal to the Office of the Appeal Commissioners against an assessment raised by Revenue or against certain determinations made by Revenue officials.

Full details, including contact points, are contained in Leaflet CS4 which is available on our website, **www.revenue.ie,** from our Forms and Leaflets LoCall number 1890 306 706 and in any Revenue public office.