Employee's Guide to PAYE

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PAYE anytime

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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Contents

1. Introduction

This is a simplified guide to the PAYE system for employees, company directors and individuals in receipt of occupational pensions. Its purpose is to give PAYE taxpayers a basic understanding of the system under which they pay their tax. The guide deals with such matters as:

- how to get a Personal Public Service (PPS) Number
- how to get a Tax Credit Certificate
- what you must do when starting work for the first time
- what happens when you change employers or leave employment
- returning to work after a period of unemployment.

If this is your first employment, see **Leaflet IT67** - 'First Job, A guide for first time entrants to the PAYE Tax system' for more information. All leaflets and forms referred to in this guide, are available to view or download from Revenue's website, **www.revenue.ie**.

Alternatively, you can e-mail your name, full postal address and the leaflet/form that you require to **custform@revenue.ie**, or request them by phoning LoCall 1890 306 706 (ROI only), +353 1 703 3050 (from abroad).

1.1 What does PAYE stand for?

PAYE stands for Pay As You Earn. As the name suggests, this means that every time your employer/pension provider pays you your salary/occupational pension he or she must deduct income tax, PRSI and USC, where due, and pay the amount deducted to Revenue. The PAYE system ensures that the yearly amounts you have to pay are collected on each payday over the tax year. The PAYE system continues to operate for pensioners upon retiring from pensionable employment.

1.2 How is PAYE calculated?

PAYE is normally calculated on a cumulative basis, which means that your yearly tax credits and rate bands are evenly divided over the 52 weeks of the tax year. In some circumstances when it is not possible to tax you on the cumulative basis, income tax is deducted on a non-cumulative basis (also known as a week-1 basis). In this instance, your yearly tax credits and rate bands are granted from the date your Tax Credit Certificate (TCC) is issued and not back dated to the start of the tax year.

1.3 What is Pay-Related Social Insurance (PRSI)?

PRSI is a contribution, calculated on a percentage of your earnings and is paid into the Social Insurance Fund (SIF). It is collected by your employer through the PAYE system and your employer also makes PRSI contributions on your behalf. Your PRSI contributions may entitle you to claim a wide range of benefits from the Department of Social Protection (DSP), such as Jobseeker's Benefit, Illness Benefit, and State Pensions, etc. Generally, all employees, (aged over 16 and under 66) pay PRSI. Further information relating to PRSI is available from the Department of Social Protection website on **www.welfare.ie**

1.4 What is the Universal Social Charge (USC)?

USC is a tax payable on your gross income, including benefits from your employer (e.g. company car) and other non-cash payments and is calculated before deducting your pension contribution. There are different USC rates that apply depending on your particular circumstances and the amount of your income. If your gross income is below a certain amount you will be exempt from paying USC. Further information on USC can be found on **www.revenue.ie**

1.5 When does the Income Tax year start?

The income tax year runs on a calendar year basis from 1 January to 31 December.

2. Starting Work for the First Time

2.1 What should I do when I start working?

When you start your first job you must register for income tax to avoid paying emergency tax. This is a simple process as there are only two steps involved:

Step 1. Apply for a Personal Public Service (PPS) Number.

Step 2. Complete a **Form 12A** and send it to your Revenue office.

Step 1. Applying for a Personal Public Service (PPS) Number.

If you have not already received a PPS number you must register with the Department of Social Protection (DSP) to apply for one. **Leaflet SW100** - 'Personal Public Service Number', issued by the DSP, gives further information on how to register for your PPS number. This leaflet is available to view or download from **www.welfare.ie** or from your DSP local office. A PPS number is your unique identification number for all dealings with the Public Service, including the DSP, the Department of Education, the Health Service Executive and the Revenue Commissioners.

You may already have a PPS number, if you are an Irish National and were:

- born in Ireland after 1971
- registered for tax since 1979
- in receipt of income from the DSP
- participating in the Drugs Refund Scheme.

Once your PPS number is allocated to you it never changes.

Always quote your PPS number when writing or calling to your Revenue or DSP office, to avoid unnecessary delays.

Your PPS number is very important and you should keep a permanent record of it.

Step 2. Complete a Form 12A and send it to your Revenue office.

Once you receive your PPS number from the DSP, you should give it to your employer/pension provider and also complete a **Form 12A**. Your employer will give you his or her PAYE registered number which must be inserted in the relevant section on the **Form 12A**. If you are given a personnel number (also known as a works or staff number) it should also be quoted on the **Form 12A**. Forward this Form to your Revenue office. The postal address of your Revenue office is available on **www.revenue.ie** under our Contact Details section or by phoning Revenue's LoCall service whose number can be found at the end of this leaflet.

On receipt of the **Form 12A**, a Tax Credit Certificate will be issued to you.

2.2 What is a Tax Credit Certificate (TCC)?

A TCC is a certificate issued to you by Revenue outlining the tax credits you are currently claiming and your income tax rate band. It also shows your USC thresholds and rates.

Your employer will receive a separate certificate showing the total amount of your tax credits and rate band. Your employer's certificate does not give a breakdown of the tax credits you have claimed, only the total amount. The USC thresholds and rates are also shown on your employers certificate.

2.3 When do I start to pay Income Tax?

You will pay income tax from your first payday, unless your employer has received a TCC and you have built up some tax credits which are offset against your income tax liability. You are entitled to receive a payslip from your payroll section giving a breakdown of the deductions made.

2.4 What do I pay Income Tax on?

You pay income tax on earnings of all kinds arising from your employment, including bonuses, overtime and non-cash payments known as Benefit-in-Kind (e.g. Company car). The amount you pay depends on your earnings, your standard rate band and the accumulated amount of your tax credits.

You also pay income tax on:

- DSP pensions, allowances and most benefits.
- Income from other sources
(e.g. Rental Income, all Foreign Income, Foreign Pensions, etc.).

You do not pay income tax on:

- Certain Scholarship Income.
- Interest from Savings Certificates, Savings Bonds and National Instalment Savings Schemes with An Post.
- Payments to Revenue approved Pension Schemes.

2.5 Do I pay Income Tax on everything I earn?

Yes, but you are entitled to claim tax credits which will reduce the amount of income tax payable. Pension contributions paid to a Revenue approved pension scheme are deducted before your income tax is calculated.

2.6 PRSI and USC deductions

These deductions are in addition to income tax and different calculation rules apply.

PRSI contributions are based on your PRSI class. More detailed information on your PRSI contributions is available from the DSP website on **www.welfare.ie**

USC deductions depend on the USC thresholds and rates that apply to you. More detailed information on USC is available on **www.revenue.ie**

3. Tax Credits, Rate Bands and Tax Credit Certificates

3.1 What are Tax Credits?

Under the tax credit system every individual is entitled to claim tax credits depending on his or her personal circumstances. Certain tax credits are granted to you automatically, e.g. Basic Personal tax credit and PAYE tax credit but others must be claimed by completing a specific claim form. Tax credits are non-refundable; however, any unused tax credits in a pay week or month are carried forward to subsequent pay period(s) within the tax year.

If your income tax liability is less than your tax credits, you will not pay tax. If your income tax liability is more than your tax credits, the tax due is the difference between the two.

3.2 Where can I get a list of Tax Credits?

Leaflet IT1 – 'Tax Credits, Reliefs and Rates', available to view or download from **www.revenue.ie,** gives a breakdown of all tax credits that may be claimed either during the tax year or at the end of the tax year.

The most common tax credits are:

- Basic Personal tax credit (single, married or in a civil partnership, widowed or surviving civil partner)
- Single Person Child Carer Credit - Leaflet IT74
- PAYE tax credit
- Home Carer's tax credit - Leaflet IT66
- Age tax credit, if aged 65 or over
- Dependent Relative tax credit – Leaflet IT46

3.3 How do I claim Tax Credits?

When you commence employment for the first time, complete a **Form 12A** (see Section 2 on page 3) and claim the tax credits you are entitled to.

Otherwise, if you wish to claim additional tax credits or if your personal circumstances change during the year the quickest and easiest way to make the adjustment is to use Revenue's on-line facility, PAYE Anytime on **www.revenue.ie**. Alternatively, you can contact your Revenue office or complete the relevant claim form.

Remember, in order to get the correct tax credits that you are entitled to you must give Revenue the correct information regarding your circumstances.

3.4 Income Tax Rate Band

Income tax is deducted on a percentage of your earnings, see **Leaflet IT1** – 'Tax Credits, Reliefs and Rates' or visit **www.revenue.ie** for the current rates of tax. Your earnings up to a certain threshold (known as the standard rate cut off point) are taxed at the standard rate of tax. The higher rate of tax is applied to any earnings above this threshold.

3.5 How is my tax calculated?

Your tax credit entitlement is for a full tax year. So, whether you start work in the first week of the tax year or six months into the tax year, you still qualify for a full year's tax credits. As tax deductions are spread evenly throughout the year under the cumulative basis, the total tax due is divided into 52 weekly or 12 monthly amounts.

Your employer calculates the income tax due in respect of each pay period by applying the information given on your TCC, against your gross pay (less superannuation and contributions to Revenue approved permanent health benefit schemes).

The following example illustrates the income tax payable in respect of a single person, who is paid weekly. If you are monthly paid the same principles will apply.

- Income tax is calculated at 20% on gross pay up to the amount of standard rate band for that pay period.
- The balance of gross pay, if any, above the standard rate band is taxed at 40%.
- The total of these two amounts gives the gross weekly or monthly income tax.
- The gross income tax figure is then reduced by your tax credits to arrive at the net income tax payable in that pay period.

Rate Band

Single Person's rate band (2015)	€33,800 per annum / €650.00 per week
Standard rate of tax 20%	Higher rate of tax 40%

Tax Credits

Basic Personal tax credit	1,650
PAYE tax credit	1,650
Total	€3,300 per annum / €63.46 per week

Gross weekly pay	€700.00

Calculation

Standard rate band	650.00 @ 20%	130.00
Higher rate band	50.00 @ 40%	20.00
Gross weekly tax		€150.00
Less weekly tax credits		63.46
Net Income Tax payable		€86.54

To ensure that you do not pay either too much or too little income tax, always check that your tax credits are correct.

3.6 What happens if my Tax Credits change during the year?

Your tax credits may change during the year, if for example, you submit a claim for additional tax credits or your personal circumstances change.

Revenue will issue a revised TCC to you and a notice to your employer advising of any change. Your employer will make the necessary adjustments when calculating your income tax liability.

If your tax credits increase you may pay less income tax for the remainder of the year, or in some circumstances, you may be due a refund which will be made by your employer.

Likewise, if your tax credits reduce you may pay more income tax for the remainder of the year. If there is a large reduction in your tax credits, resulting in an underpayment of income tax, a non-cumulative TCC (week-1 basis) may be issued. This certificate is effective from the date of issue only and is not back dated to the start of the tax year.

If these adjustments are not made during the year, any refunds or underpayments of income tax arising will be dealt with by your Revenue office. You should request a review of your income tax liability for the year either via **PAYE Anytime** on **www.revenue.ie**, or by submitting your Form P60 to your Revenue office.

3.7 Do I have to claim my Tax Credits every year?

No, as in most cases, when you claim a tax credit it will be automatically granted to you each year. However, some tax credits must be claimed yearly, e.g. Tuition Fees, which can be claimed either once the fees have been paid in full, or at the end of the tax year.

If you are no longer eligible to a tax credit that you previously were entitled to, you should notify your Revenue office to update your records.

3.8 How do I get a Tax Credit Certificate (TCC)?

Once you are registered for PAYE, you can get a TCC by:

- logging onto **www.revenue.ie** and registering for **PAYE Anytime**, or
- contacting Revenue's 1890 LoCall service whose number can be found at the end of this leaflet.

3.9 Can I claim expenses against my employment?

Yes, you may be entitled to claim employment expenses in respect of expenses incurred wholly, exclusively and necessarily in the performance of your duties. In most cases where expenses are due, a flat rate amount has been agreed with Revenue. No expense allowance is due for travelling to or from work.

3.10 Tax Allowances and Reliefs

Tax allowances and reliefs differ to tax credits. Although they both reduce the amount of income tax you are liable to pay, the tax allowance/relief is subtracted from your pay before your income tax rate is applied thereby reducing the amount of income tax you pay at the higher rate.

3.11 How do I claim Health/Medical expenses?

If you have paid medical or non-routine dental expenses either on your own behalf or on behalf of another individual, during the year, and have paid income tax in that year, you can claim tax relief in respect of these expenses after 31 December, either:

- via **PAYE Anytime** on **www.revenue.ie**, or
- by completing a **Form Med 1** and submitting it to your Revenue office.

Relief is allowed at the standard rate of tax with the exception of nursing home expenditure which is allowable at the higher tax rate.

To claim for non-routine dental treatments your dental practitioner will give you a Form Med 2, certifying the amount paid and the type of treatment carried out.

Details on the main medical expenses that qualify for relief are given in **Leaflet IT6** – 'A guide to claiming Health or Medical expenses'.

4. Taxable Income

4.1 How much can I earn without paying Income Tax?

If your weekly or monthly gross income tax liability is less than your weekly or monthly tax credit, you will not have to pay income tax. However, a TCC must have issued, so that your employer will know not to deduct income tax.

Only Revenue can advise your employer of your tax credits and rate band due.

4.2 Am I exempt from paying Income Tax if I am aged over 65 and my income, from all sources, is low?

If you, or your spouse or civil partner (taxed under joint assessment), are aged over 65 and your total income from all sources is less than the relevant exemption limit, you will be exempt from paying income tax, provided you have received a TCC showing that exemption applies. Your employer will also be advised that you are exempt from paying income tax.

Leaflet IT8 – 'Income Tax, Exemption and Marginal Relief', sets out the full details of the income levels below which exemption applies.

Exemption is only granted if it is more beneficial to you than your tax credits.

4.3 How are overtime pay, bonuses, etc. taxed?

If you earn overtime or bonus pay, etc. these amounts are included as part of your earnings for that week or month. You do not get any additional tax credits against these additional payments. The normal deductions for PRSI and USC also apply.

4.4 How is part-time or holiday work taxed?

The same rules apply in relation to part-time or holiday employment as to any other employment.

4.5 Students returning to School or College

If you have paid income tax and leave your employment to return to school or college, you may be entitled to a refund of some or all of the tax paid, depending on the level of unused tax credits. A refund of USC may also be due. To claim, complete a **Form P50** and return it along with your P45 (Parts 2 and 3) to your Revenue office.

4.6 If I have additional income other than earnings from an employment or a DSP payment, how do I pay tax on it?

Income tax on small amounts of other income such as dividends, rents, etc. can, in certain cases, be paid under the PAYE system. Your total income from all sources should be shown on your Form 12A when you make your initial application for a TCC. Thereafter it should be returned on a Form 12 which is an annual tax return.

If the amount of this additional income changes or you are no longer in receipt of it, you should advise your Revenue office to ensure that the correct deductions will be made.

To assess this additional income, Revenue can reduce both your tax credits and rate band, by an amount equal to your other income. This additional income will now effectively be taxed under PAYE by virtue of the reduction of your tax credits and rate band.

If this additional income is sizeable it may not be possible to tax it through the PAYE system and you must register for income tax as a self-assessed individual.

4.7 Benefit-in-Kind

If your employer/pension provider provides you with a **Benefit-in-Kind** such as the private use of a company car, luncheon vouchers, etc. income tax, PRSI and USC will be deducted from your earnings, in respect of these benefits.

5. Universal Social Charge (USC)

5.1 What is Universal Social Charge?

As mentioned earlier, USC is a tax payable on gross income, including notional pay (e.g. Benefit-in-Kind) and is calculated before deducting your pension contributions.

USC exemption

If your total income is less than a certain threshold you are exempt from paying USC.

For example (2015):

- Gross income of €11,500 – as your gross income is less than the exemption threshold of €12,012, no USC is due.
- Gross income of €12,500 – as your gross income exceeds the exemption threshold of €12,012, USC is chargeable on the **full** amount, i.e. €12,500.

USC Rates and Thresholds

The current USC rates and thresholds can be found on **www.revenue.ie** or in **Leaflet IT1** – 'Tax Credits, Reliefs and Rates'.

The standard USC rates and thresholds apply if you are aged under 70, and do not hold a full medical card.

The reduced rates and thresholds apply if:

- you are aged 70 years or under, hold a full medical card and your aggregate income for the year is €60,000 or less, or
- you are aged 70 years or over, and your total income for the year is €60,000 or less.

Note 1: 'Aggregate' income for USC purposes does not include payments from the Department of Social Protection.

Note 2: A 'GP' only card is not considered a full medical card for USC purposes.

As with income tax credits and rate bands, Revenue will notify your employer of the USC rates and thresholds to be applied. If your circumstances change during the year, (e.g. you reach 70 years of age or you qualify for a full medical card) you should notify your Revenue office and a revised TCC will be issued.

5.2 What types of Incomes are exempt from USC?

- All DSP payments and similar payments such as Community Employment Schemes paid by the Department of Jobs, Enterprise and Innovation or Back to Education Allowance paid by the Department of Education and Skills.
- Income already subjected to DIRT.
- Statutory redundancy payments.
- Salary sacrifice schemes, e.g. Cycle to work scheme, Travel Pass or TaxSaver commuter ticket scheme.

A full list of exempt incomes is available on **www.revenue.ie** - **USC FAQ's**.

5.3 If I hold a full Medical Card what USC do I pay?

If you are entitled to a full medical card, including a Health Amendment Act card and if your aggregate income for the year is €60,000 or less, a reduced rate of USC applies, subject to a ceiling.

You do not need to hold the full medical card for the entire year to qualify for the reduced rate of USC. It is due as long as you hold a full medical card for some period during the year.

Note: Your employer will only receive the information needed to calculate the USC you pay. All other personal information you give Revenue remains confidential between you and Revenue. The revised certificate issued to your employer will not state that you hold a full medical card.

5.4 How is USC calculated?

Your employer calculates USC based on the current rates and thresholds. As with your income tax charge, the amount of USC deducted will be shown on your payslip.

5.5 Will USC affect my tax credits?

No, USC is a separate charge to income tax and there are no tax credits due against it. Excess or unused tax credits cannot be used to reduce your USC liability.

5.6 If I am married or in a civil partnership can I transfer my USC thresholds and rate bands to my spouse or civil partner?

No. Unlike tax credits, USC thresholds apply to each spouse or civil partner individually and cannot be transferred.

6. The Emergency Basis of Income Tax and USC Deduction

6.1 Emergency Basis

If your employer does not hold a TCC for you or a P45 from your previous employer which shows your tax credits, you will be taxed on the emergency basis.

Under the emergency basis, income tax is calculated on your taxable income which is your gross pay less any superannuation contributions and permanent health benefit contributions. Different rules apply depending on whether or not you give your employer your PPS number.

Details of the current emergency tax rates are available on **www.revenue.ie**.

Note: If you are on the emergency basis for income tax, you will also be on the emergency basis for USC, and vice versa.

USC emergency basis is chargeable at the maximum specified USC rate, currently this is 8%.

Emergency basis usually results in excessive income tax and USC deductions; therefore it is in your interest to obtain your TCC as soon as possible to avoid paying too much income tax or USC.

7. Changing Jobs and Periods of Unemployment

7.1 What should I do if I change jobs?

Whenever you leave an employment, other than on special leave without pay, you will receive a Form P45 from your employer. Your new employer will operate PAYE in accordance with the details of tax credits shown on the Form P45, until they receive a TCC from Revenue.

7.2 What is a Form P45?

A P45 is a document given to you by your employer when you cease employment, which certifies the amounts of your pay, income tax, PRSI and USC from the start of the tax year to date of cessation.

The P45 shows:

- gross pay to date of leaving
- tax deducted to date of leaving
- tax credits and rate band applied
- date of cessation and commencement (if after 1 January)
- number of weeks of insurable employment
- USC deducted
- USC thresholds and rate bands
- PRSI contributions to date of leaving
- PRSI Class.

Your P45 is a very important document and is needed when:

- claiming a refund of income tax and/or USC during unemployment
- claiming payments from the DSP
- you start a new employment.

If you do not get a P45 when leaving your employment, ask your employer for one. If you are experiencing difficulties in obtaining a P45 from your former employer you should notify your Revenue office immediately.

7.3 What happens when I return to work?

As soon as you start working again, give your P45 to your new employer, otherwise you may end up paying too much tax as you will be taxed on the emergency basis. Your employer will send the P45 to Revenue and a TCC will issue.

If you were in receipt of additional income, while out of work, notify your Revenue office to ensure that this income is taken into account in calculating your income tax.

The DSP will advise Revenue of the amounts of taxable payments (i.e. Jobseekers Benefit) that you received while out of work. Your tax credits and rate band will be adjusted to include the taxable portion of these payments.

If you do not have a P45, contact your Revenue office, quoting your PPS number and your new employer's PAYE registered number to obtain a TCC. Your employer will give you this number.

7.4 Am I entitled to repayment of income tax and/or USC if unemployed?

Yes, if you have been unemployed for four weeks and have paid income tax and/or USC, you can apply for a refund. If you are in receipt of taxable payments from the DSP you should wait eight weeks before applying. If you were on the emergency basis, you may apply immediately for a refund when you cease employment.

To claim an unemployment repayment, complete a **Form P50** and send it, along with your P45, to your Revenue office.

Note: If you have not paid income tax/and or USC, there is no refund due.

7.5 If I take a career break or special leave, what happens to any unused tax credits I may have?

Where you take a career break and you are not restricted from working for yourself or taking up another job, your income tax position is the same as if you left work permanently and your employer will give you a P45.

If you are on special leave, without pay and your employer is satisfied that you are not employed elsewhere, you are not considered to have ceased employment. Accordingly you do not receive a P45.

The benefit of your unused tax credits, while on special leave and not receiving pay can be obtained in any one of the following ways:

- Your unused tax credits will be credited against the income tax payable on your first pay date after you return to work, once it is within the same tax year.
- If you have paid income tax up to the date you leave, your employer can make a refund where due. This refund is based on your unused tax credits from the date you left or received the last refund, to what would normally be your next pay day. Refunds can be claimed until the end of the tax year, or until all income tax has been repaid, whichever is sooner.
- If you are married or in a civil partnership and jointly assessed you can transfer certain transferable tax credits, to your spouse or civil partner if he or she pays tax under PAYE. The PAYE tax credit and flat rate expenses are non-transferable.
- At the end of the tax year submit your P60 and, if applicable, your spouse's or civil partner's P60 to your Revenue office so that your income tax liability can be reviewed. Alternatively use PAYE Anytime on **www.revenue.ie** to request a review.

Note: You may also be due a refund of overpaid USC.

7.6 What should I do if I take up a second employment?

If you have a second employment or occupational pension, you will require a separate TCC for each employer/pension provider. To arrange for the issue of this certificate phone your Revenue LoCall service whose number is located at the end of this leaflet. You will be asked to quote your PPS number and your new employer's or pension provider's PAYE registered number. This number is available from your employer/pension provider.

You can divide your tax credits, rate band, USC thresholds and rate bands between your employments as required. However, before doing this, please ensure that you have sufficient tax credits to cover your earnings in your other employment as otherwise you may end up owing tax. Your Revenue office can assist you, if in doubt.

Unless you advise Revenue to issue new TCCs to each employer/pension provider, your second employer will deduct emergency tax and you may benefit from more tax credits than you are entitled to resulting in an underpayment of income tax.

7.7 What is the position if I decide to emigrate?

If you intend leaving the country, your residence position for the income tax year will be examined.

A Form P50 must be completed and submitted with your P45. Revenue may contact you if additional information regarding your residency position is required. As always, if you paid no income tax and/or USC on your income, no refund will be due.

7.8 What should I do if I decide to become self-employed?

If you become self-employed, you must register as a self-employed individual. A Self-Assessment system operates for self-employed individuals. **Leaflet IT10** - 'A Guide to Self-Assessment', outlines the basic principles of the Self-Assessment system.

8. Understanding your Payslip

Your employer is obliged to give you a payslip each time you are paid, whether weekly, fortnightly or monthly. It is in your own interest to check your payslip and ensure that the correct deductions are made.

How to check your Payslip

Your TCC gives a breakdown of your weekly/monthly tax credits, rate band and USC thresholds and rate bands. You will need these amounts to check the deductions shown on your payslip. If you are experiencing difficulty understanding your payslip your employer/payroll section will be able to assist you.

Income Tax – PAYE calculation (see example on page 6)

- Apply the standard rate of tax to your gross weekly or monthly pay, **after** deducting your pension contribution, up to your standard rate band cut off point for that pay period.
- Apply the higher rate of tax to any balance of your pay over that amount. The total of these two figures gives the weekly, or monthly gross income tax payable.
- Subtract your weekly or monthly tax credit from this figure to arrive at the net income tax payable.

PRSI

- Deduct PRSI from your gross pay. The PRSI rate depends on your PRSI class. PRSI does not reduce the amount of income on which you pay income tax.

USC

- Apply the USE rates, shown on your TCC, to your gross weekly or monthly pay, before deducting your pension contributions for that pay period.

The following example illustrates the deductions:

Pay: €700 per week

Employee pension contribution: €40 per week

PAYE Calculation	PRSI Calculation	USC Calculation
Gross pay €700 Less pension contribution <u>€40</u> €660	Gross pay for PRSI €700	Gross pay for USC €700
PAYE is applied to €660 at the rate shown on your TCC. Tax credits reduce this amount to arrive at the net tax payable.	PRSI is applied to €700 at the appropriate rate(s).	USC is applied to €700 at the rate(s) shown on your TCC.

Cumulative details are usually shown on your payslip, i.e. totals from the beginning of the year to the date shown on the payslip. The details on your final payslip for the year should be the same as the amounts shown on your P60 in respect of that year.

9. Personal Information and Confidentiality

9.1 Will my employer get personal information about me from Revenue?

No, Revenue supplies only the information your employer needs to calculate the income tax and USC you pay. All personal information you give Revenue remains confidential.

While you get a TCC showing a detailed breakdown of the tax credits you have claimed, your employer only receives the following information which is required to make the correct deductions for income tax and USC:

- Annual tax credits and rate band, split into weekly and monthly amounts.
- USC rate bands and thresholds, split into weekly and monthly amounts.
- **Local Property Tax** deduction*

* If you are liable to pay Local Property Tax (LPT) and have requested to have it deducted from your salary, the amount payable will be displayed on your employer's TCC.

9.2 Keeping details of previous earnings confidential

If you change employment and you do not wish your new employer/pension provider to know details of your previous employment or earnings, send your P45 directly to your Revenue office advising that you do not want your new employer to know these details. Revenue will then issue a TCC on a week-1-basis, which is effective from the date of issue only. Any adjustment necessary will be made by Revenue at the end of the tax year once you submit your P60.

10. Payments or Benefits from the Department of Social Protection (DSP)

Most payments or benefits received from the DSP are taxable sources of income and must be declared to Revenue when submitting a claim.

10.1 State Pensions

Revenue receives details from the DSP of long-term pension payments covering the State pension, the Transition Pension (paid to people aged between 65 and 66), Invalidity Pensions and Widows/Widowers/Surviving Civil Partners Pensions.

If you are in receipt of a DSP pension and also receive a salary or occupational pension you may be liable to pay income tax on the DSP pension.

10.2 Jobseeker's Benefit

If you make a claim for an income tax refund and are receiving Jobseekers Benefit, the taxable portion of the Jobseeker's Benefit will be added to your earnings and the appropriate refund, if any, will be made. The child dependent element and the first €13 per week of benefit are exempt from tax.

You should note that if the weekly tax liability on your Jobseekers Benefit exceeds your weekly tax credit, you are not entitled to an income tax refund.

When you resume employment, your tax credits and rate band will be adjusted to take into account the taxable amount of Jobseeker's Benefit received.

Leaflet IT24 - 'Taxation of Jobseekers Benefit' outlines the taxation of Jobseekers Benefit.

10.3 Short-Term Illness Benefit or Occupational Illness Benefit

Illness Benefit and short-term Occupational Injury Benefit are also taxable sources of income. However, the child dependent element of the benefit is exempt from tax. If you make a claim for an income tax refund while out of work, the taxable portion of the benefit will be added to your earnings and the appropriate refund, if any, will be made.

If you are in receipt of short-term Illness Benefit while still in employment, your TCC will be amended to ensure that your tax credits are reduced by the taxable portion of the benefit.

Leaflet IT22 - 'Taxation of Illness Benefit and Occupational Injury Benefit', outlines the taxation of Illness and Short-Term Occupational Injury Benefit.

10.4 Maternity Benefit, Adoptive Benefit and Health & Safety Benefit

With effect from 1 July 2013, the above benefits paid by the DSP are taxable in full. If you are in employment your annual tax credits and rate band will be reduced by the amount of the payment you receive, which may result in additional tax being deducted. Your employer will be advised of the adjusted tax credits and rate band.

11. PAYE Anytime

PAYE Anytime is a secure internet service that allows you to conduct business with Revenue electronically 365 days a year. It is the quickest and easiest way to keep your tax affairs up to date. Once you are registered for PAYE you can register for **PAYE Anytime**.

PAYE Anytime enables you to:

- claim a wide range of tax credits
- request a TCC
- view your own tax record
- request a review of your tax liability for up to the past four years.

The benefits include:

- immediate update of your tax credits
- faster repayments
- ability to track your requests.

12. Miscellaneous

12.1 What is a Form P60?

A P60 is a certificate that your employer/pension provider gives you at the end of an income tax year. It shows your pay, income tax, PRSI and USC details for the full tax year.

If your income tax and/or USC liability for the year needs to be reviewed, log onto **www.revenue.ie** - PAYE Anytime, input the details of your pay and income tax, which are shown on your P60 and request a review. Alternatively, forward your P60 to your Revenue office.

The DSP may request your P60 if you are making a claim for a payment or benefit from them.

Your Form P60 is an important document, so please keep it safe.

12.2 What is a PAYE Balancing Statement?

A PAYE Balancing Statement, (also known as a P21), is a final statement of your income tax liability for a particular year. It is issued by Revenue when your income tax liability has been reviewed and shows:

- your total income from all sources
- tax reliefs and credits claimed
- amounts of income tax and USC paid.

You can request a PAYE Balancing Statement at the end of the income tax year if:

- you have overpaid income tax or USC during the year (e.g. you were not granted the correct tax credits or were on emergency basis or week–one basis)
- you wish to claim additional tax credits, allowances or reliefs (e.g. Health/Medical expenses)
- you are required to submit the Statement to a Financial Institution or Local Authority in support of an application for a loan/grant.

The PAYE Balancing Statement will state if you have paid the correct amount of tax in the tax year under review. If you overpaid tax, a refund will issue to you and/or your spouse or civil partner. If you have underpaid tax, you will be advised on the PAYE Balancing Statement of how this undercharge will be collected.

12.3 How do I get a PAYE Balancing Statement?

The quickest and easiest way to get a PAYE Balancing Statement is to request it online using the PAYE Anytime service on **www.revenue.ie**.

You can also request a PAYE Balancing Statement by forwarding your P60 (and, if relevant, a P60 for your spouse or civil partner) for the tax year in question to your Revenue office.

12.4 What is a PAYE Exclusion Order?

If you are employed abroad by an Irish employer and all the duties of your employment are carried out abroad, you will be classed as non-resident for income tax purposes in that particular year. A PAYE Exclusion Order is issued to your employer to advise him or her not to deduct income tax, and/or USC from your earnings. Your employer must apply for the Exclusion Order on your behalf.

Note: A PAYE Exclusion Order is not the same as a claim for income tax exemption and marginal relief.

13. Further Information

As a PAYE employee, your tax affairs are dealt with in the Region where you live. Further information is available on **www.revenue.ie** or phone your Revenue LoCall Service (ROI only) at:

- **Border Midlands West Region** **1890 777 425**
  Cavan, Donegal, Galway, Leitrim,
  Longford, Louth, Mayo, Monaghan,
  Offaly, Roscommon, Sligo, Westmeath
- **Dublin Region** **1890 333 425**
  Dublin (City and County)
- **East & South East Region** **1890 444 425**
  Carlow, Kildare, Kilkenny, Laois
  Meath, Tipperary, Waterford,
  Wexford, Wicklow
- **South West Region** **1890 222 425**
  Clare, Cork, Kerry, Limerick

If you are calling from outside the Republic of Ireland, please telephone +353 1 702 3011.

Please note that the rates charged for use of 1890 (LoCall) numbers may vary among different service Providers.

Remember to always quote your PPS number when contacting Revenue.

Time Limit for Repayment Claims

A claim for repayment of tax must be made within four years after the end of the tax year to which the claim relates.

Accessibility

If you are a person with a disability and require this leaflet or any other leaflet in an alternative format the Revenue Access Officer can be contacted at **accessofficer@revenue.ie**

Revenue Commissioners
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