Employer's Guide to PAYE

Revenue

This Guide is a comprehensive source of information on the operation of PAYE for employers and as such should answer all PAYE queries.

If the circumstances of your query require further clarification on a particular topic please contact:

Employer Information and
Customer Service Unit

Telephone: 1890 25 45 65
If calling from outside the
Republic of Ireland please phone
+ 353 67 63400

E-mail: employerhelp@revenue.ie

Version 2.1 published August 2010

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1 Introduction

Chapter 1

Introduction

1.1 The Pay As You Earn (PAYE) system

The Pay As You Earn (PAYE) system is a method of tax deduction under which an employer calculates and deducts any income tax due each time a payment of wages, salary etc. is made to an employee.

In addition, employers are obliged to calculate and deduct any liability to Pay Related Social Insurance (PRSI) and income levies.

References to PRSI in this guide may be taken to include income levies in force, where appropriate.

Employers are obliged to operate the PAYE system where they make payments in excess of certain levels (see paragraph 2.1).

1.2 Brief outline to this Guide

This Guide sets out for employers the requirements of the PAYE system and is also intended to assist them on special PAYE problems that may not be covered in the instructions printed on the various forms.

Chapters 1 to 9 describe the system, define "pay" for PAYE purposes and sets out the normal procedures to be followed.

Chapter 10 sets out the employer's duties before the new tax year commences.

Chapter 11 explains the procedures for dealing with new employees and recommencing employees.

Chapter 12 deals with employment cessations and related topics.

Chapter 13 deals with Pay Related Social Insurance (PRSI).

Chapter 14 is concerned with payment of tax and PRSI contributions to the Collector General.

Chapter 15 sets out the employer's duties at the end of the tax year.

Chapter 16 deals with the Revenue On-Line Service.

Chapter 17 outlines the procedures for dealing with the income levy and the parking levy in urban areas.

1.3 Income tax calendar

The income tax year commences on 1 January and ends on the following 31 December. Thus, week 1 is the period from 1 to 7 January inclusive; week 2 is the period from 8 to 14 January inclusive, and so on. Similarly, month 1 is the period from 1 to 31 January inclusive; month 2 is the period from 1 to 28/29 February inclusive, and so on. Weekly and monthly income tax calendars can be found in Appendix 3.

1.4 PAYE forms

Instructions describing how to complete temporary/ emergency tax deduction cards are given on the cards themselves. A list of the forms that are required by employers for operating PAYE/PRSI is given in Appendix 2 at the end of this Guide.

1.5 Determining the employment status of an individual

The law makes a distinction between a contract of employment (sometimes referred to as a 'contract of service') and a contract for service. Basically, a contract of employment applies to an employee-employer relationship, while a contract for service applies in the case of an independent – i.e. self-employed - contractor.

A worker's employment status, that is whether they are employed or self-employed, is not a matter of choice. Whether someone is employed or self-employed depends upon the terms and conditions of the relevant engagement. In most cases it will be clear whether an individual is employed or self-employed. However, it may not always be so obvious. The criteria below should help in reaching a conclusion.

It is important that the job as a whole is looked at including working conditions and the reality of the relationship, when considering the guidelines. The overriding consideration or test will always be whether the person performing the work does so "as a person in business on their own account." Is the person a free agent with an economic independence of the person engaging the service?

Criteria used to determine if an individual is an employee

While all of the following factors may not apply, an individual would normally be an employee if they:

- Are under the control of another person who directs as to how, when and where the work is to be carried out
- Supply labour only
- Receive a fixed hourly/weekly/monthly wage
- Cannot sub-contract the work. If the work can be subcontracted and the subcontractor subsequently makes payments to an individual to carry out the work, the employer/employee relationship may simply be transferred on to the subcontractor/individual.
- Do not supply materials for the job
- Do not provide equipment other than the small tools of the trade. The provision of tools or equipment might not have a significant bearing on coming to a conclusion that employment status may be appropriate having regard to all the circumstances of a particular case.
- Are not exposed to personal financial risk in carrying out the work
- Do not assume any responsibility for investment and management in the business
- Do not have the opportunity to profit from sound management in the scheduling of engagements or in the performance of tasks arising from the engagements
- Work set hours or a given number of hours per week or month
- Work for one person or for one business
- Receive expense payments to cover subsistence and/or travel expenses
- Are entitled to extra pay or time off for overtime.

Criteria used to determine if an individual is self-employed

While all of the following factors may not apply to the job, an individual would normally be self-employed if they:

- Own their own business
- Are exposed to financial risk, by having to bear the cost of making good faulty or substandard work carried out under the contract
- Assume responsibility for investment and management in the enterprise
- Have the opportunity to profit from sound management in the scheduling and performance of engagements and tasks
- Have control over what is done, how it is done, when and where it is done and whether they do it personally
- Are free to hire other people, on their terms, to do the work which has been agreed to be undertaken
- Can provide the same services to more than one person or business at the same time
- Provide the materials for the job
- Provide equipment and machinery necessary for the job, other than the small tools of the trade or equipment which in an overall context would not be an indicator of a person in business on their own account
- Have a fixed place of business where materials equipment etc. can be stored
- Cost and agree a price for the job
- Provide their own insurance cover e.g. public liability cover, etc
- Control the hours of work in fulfilling the job obligations

If there is any doubt as to whether a person is employed or self-employed, the employer should contact Revenue. The Code of Practice for determining the employment or self-employment status of individuals can be accessed here: www.revenue.ie/en/tax/it/leaflets/code-of-practice-on-employment-status.pdf

1.6 Assistance to employers

1.6.1 Revenue website

A comprehensive range of tax information, services and forms/leaflets is available on www.revenue.ie

1.6.2 Employer helpline

An employer who does not find an answer to a query in relation to the operation of PAYE in this guide can get further assistance by calling the Employer Information and Customer Service Unit.

Telephone: 1890 25 45 65
If calling from outside the
Republic of Ireland please phone
+ 353 67 63400

E-mail: employerhelp@revenue.ie

Note: Paper forms P45 and P45 Supplement can be obtained from:

Revenue's Forms & Leaflets Service
Telephone (24-hour service) 1890 30 67 06

If calling from outside the Republic of Ireland please phone + 353 1 70 23 050
E-mail: custform@revenue.ie

1.6.3 Collector General

Queries relating to the payment of tax or pay-related social insurance contributions should be directed to:

The Collector General,
Sarsfield House, Francis Street, Limerick.

Telephone: 1890 20 30 70
+ 353 61 488000

Queries relating to the lodgement of end-of-year returns should be directed to:

The Collector General,
Sarsfield House, Francis St, Limerick.

Telephone: 1890 25 45 65
If calling from outside the Republic of Ireland please phone + 353 67 63400

1.6.4 PRSI queries

Queries relating to social insurance aspects of the system should be directed to:

Department of Social Protection,
Information Services,
Oisín House, 212 – 213 Amiens Street, Dublin 2.

Telephone: + 353 1 7043000

1.6.5 Health levy queries

Queries relating to the payment of the Health Levy should be directed to:

Finance Unit
Department of Health and Children

Telephone: + 353 1 6354000

1.6.6 Revenue On-Line service

Technical queries concerning the operation of the Revenue On-Line Service should be directed to:

Telephone: 1890 20 11 06
+ 353 1 70 23 021

You can also e-mail the Revenue On-Line Service at roshelp@revenue.ie

Tax queries on the operation of PAYE should be addressed to the Employer Information and Customer Service Unit:

Telephone: 1890 25 45 65
If calling from outside the Republic of Ireland please phone + 353 67 63400

E-mail: employerhelp@revenue.ie

1.6.7 LoCall phone number for PAYE employees

Employees' PAYE affairs are dealt with in the region in which they live:

Border Midlands West Region 1890 77 74 25

Cavan, Monaghan, Donegal, Mayo, Galway, Leitrim, Longford, Louth, Offaly, Roscommon, Sligo, Westmeath

Dublin Region 1890 33 34 25

Dublin (City and County)

East & South East Region 1890 44 44 25

Carlow, Kildare, Kilkenny, Laois, Meath, Tipperary, Waterford, Wexford, Wicklow

South West Region 1890 22 24 25

Clare, Cork, Kerry, Limerick

If calling from outside the Republic of Ireland PAYE employees can phone: + 353 1 70 23 011

1.6.8 Self service for PAYE employees

The quickest and easiest way for an employee to claim all their tax credits is to use one of the PAYE self-service options outlined below.

Internet: Go to www.revenue.ie and select PAYE anytime.

Texting: Text info credit to 51829 to claim a selection of tax credits.

Telephone: Use the LoCall 1890 number listed above to access a range of services.

Registration of Employers for PAYE Purposes

Chapter 2

Registration of Employers for PAYE Purposes

2.1 Register of employers

Any employer who makes payments exceeding a rate of:

- €8 per week (or €36 per month) in the case of an employee engaged full-time

or

- €2 per week (or €9 per month) where the employee has other employment

and who is not already registered must register for PAYE purposes. An employer is also required to notify Revenue of their name and address and of the fact that they are making such payments within a period of 9 days after the date of commencement.

A company must register as an employer and operate PAYE on the income of directors even if there are no other employees. A director of an Irish incorporated company is liable to PAYE on any income attributable to the directorship irrespective of their residence status or where the duties of the directorship are performed.

Notification should be sent to the local Revenue office responsible for the geographic location where the business is managed and controlled within 9 days from the date the employer is so liable. See Appendix 1 for a full listing of these Revenue offices.

Domestic employments

An individual who makes payments to an employee in a domestic employment where –

- the payments from that employment are less than €40 per week, and
- the employer has only one such employee

need not register as an employer.

2.2 Application for registration

To register for PAYE/PRSI you must complete:

- ***Form TR1*** if you are an Individual/Sole Trader or a Partnership, www.revenue.ie/forms/formtr1.pdf

or

- ***Form TR2*** if you are registering a company, www.revenue.ie/forms/formtr2.pdf

or

- ***Form PREM Reg*** if you are already registered for Income Tax (either as self-employed or as an employee) or Corporation Tax. www.revenue.ie/forms/premreg.pdf

These forms are also available from Revenue's Forms and Leaflets Service:

Telephone: 1890 30 67 06
+ 353 1 70 23 050

E-mail: custform@revenue.ie

When you complete the form and return it to Revenue you will receive confirmation of your registration as an employer and a registered number for PAYE and PRSI purposes.

2.3 Compulsory registration by Revenue

Where there is reason to believe that an employer is liable to register for PAYE purposes and has not done so, Revenue will register the employer and issue formal notice of registration. An employer who claims that they are not obliged to register for PAYE should object in writing to Revenue within 14 days from the date of service of the notice of registration.

Furthermore, in the event of failure to operate the PAYE system and where PAYE and PRSI deductions are not made, Revenue may issue formal notice of estimation in respect of any amounts of PAYE and PRSI not remitted (see chapter 15 for further information on such estimates).

2.4 Employer ceases to have employees

An employer who ceases to make payments to employees is obliged to notify Revenue of the fact within 14 days from the date of such cessation. This notification should be sent when the employer ceases to have employees and is unlikely to have employees in the future or when the employer's trade or business ceases. The instructions in paragraph 15.7 regarding completion of end-of-year returns and where necessary the instructions in paragraphs 12.1 – 12.8 regarding the completion of form P45 should then be followed.

2.5 Death of an employer

Where an employer dies and there are no longer any employees (e.g. if a business is discontinued) the executors or administrators should carry out the procedures set out in paragraph 2.4 If employees are retained (e.g. if a business passes to a successor) paragraph 2.6 applies.

2.6 Change of ownership of a business

Where a business is transferred by sale, assignment, bequest under a will etc., to another individual, partnership or body corporate, the new employer should advise Revenue accordingly if payments, as outlined in paragraph 2.1, are paid. A new registration number may be required in such cases (paragraph 2.2).

2.7 Separate registration numbers for the same employer

There are a number of circumstances where an employer may find it convenient to have separate registration numbers for different groups of employees:

- An employer who has one or more branches may find it convenient to have each branch separately registered for PAYE/PRSI purposes. The employer may only do this where the employees in each branch are paid from that branch and not from head office.
- An employer who keeps separate wages records for different groups of employees (e.g. office, factory etc.) may wish to make separate PAYE and/or PRSI remittances and returns under a separate registration number for each group.
- An employer who pays a salary or wages to an employee to whom they also pay a pension should have a separate registration number under which a PAYE/PRSI record may be kept in respect of the pensioner's salary or wages in addition to the pension registration number.
- A limited company may wish to make separate PAYE and/or PRSI remittances and returns under a separate registration number in respect of directors.

If any of the above applies, the employer should notify Revenue where separate registration is required for each branch, group, etc.

Payment

Ordinarily, an employer will remit the amounts due under each separate registration number to the Collector General. However, an employer may arrange with the Collector General to remit the total of those amounts under the principal ("head office") registration number if this is more convenient.

Note

The use of separate registration numbers for separate groups of employees rather than one registration number for all employees can involve extra work for the employer as they will be making separate returns to Revenue and to the Collector General.

For example the P45 procedure as detailed in paragraphs 12.1 – 12.9 (see especially paragraph 12.9) will have to be followed if an employee "transfers" from one registration number to another.

Any employer, other than an employer who pays a salary or wage to an employee to whom they already pay a pension, who is considering the use of more than one registration number, should discuss the matter with Revenue before formally applying for additional registration numbers.

Definition of Pay

Chapter 3

Definition of Pay

3.1 Gross pay/net pay for PAYE purposes

The PAYE system of tax deduction applies to all income from offices or employments (including directorships and occupational pensions) other than a few isolated cases where the employers concerned are given special instructions (paragraphs 3.7 and 3.8).

A PRSI contribution is payable through the PAYE system for all persons dealt with under the PAYE system. (See leaflet SWI4 issued by the Department of Social Protection at www.welfare.ie)

The terms "gross pay" and "net pay" as used in this Guide have the following meanings:

Gross pay	is the employee's pay of any kind as described in paragraph 3.5 before any deductions are made by the employer.
Net pay for tax purposes	is the amount of an employee's gross pay less any ordinary contributions made by the employee to a: • Revenue Approved Superannuation Scheme, • Revenue Approved Permanent Health Benefit Scheme, • Personal Retirement Savings Account (PRSA) that are deducted by the employer, • Retirement Annuity Contract (RAC) that are deducted by the employer and • Salary sacrificed for a Travel Pass Scheme. *Notes* These amounts are deducted from gross pay by the employer before tax is calculated. PRSI contributions are calculated on net pay (reduced by the appropriate PRSI free allowance).

3.2 Employees' superannuation contributions

Ordinary contributions

An employee's ordinary contributions to a superannuation fund or scheme are allowable for income tax purposes if the fund or scheme has been approved by Revenue. Details of new schemes should be submitted for approval to:

Large Cases Division
Financial Services - Pensions
2nd Floor Setanta Centre
Nassau St.,
Dublin 2

E-mail: lcdretirebens@revenue.ie
Telephone: + 353 1 6470710
Fax: + 353 1 6470899

The employer is advised when approval has been given. Gross pay should not be reduced by the amount of the employee's superannuation contributions unless the Inspector of Taxes advises the employer that it is in order to do so or until approval is received.

Special contributions

An employee's special contributions, such as lump sum payments (or instalments of lump sums) to an approved superannuation fund or scheme may also qualify for relief. However, an employer should not treat such special contributions as reducing pay for PAYE purposes. Any relief, which is due to the employee, will be given as part of their tax credits.

Additional Voluntary Contributions

Some employees who are members of occupational pension schemes may opt to make regular additional voluntary contributions (AVCs) from their salaries. Relief may be granted by way of the net pay arrangement. This means that PAYE, PRSI and Health Levy deductions will be calculated on wages or salary net of additional voluntary contributions. Employers must ensure that the combined contributions, e.g. normal contributions plus Additional Voluntary Contributions do not exceed the following age based percentage ceilings and earnings ceiling.

Ceilings on contributions

Age	% of Net Relevant Earnings
Under 30	Up to 15%
Between 30 & 39	Up to 20%
Between 40 & 49	Up to 25%
Between 50 & 54	Up to 30%
Between 55 & 59	Up to 35%
60 & Over	Up to 40%

Earnings ceiling

In addition to the age based percentage ceilings above, the annual earnings ceiling, which applies for the purpose of tax relief on contributions to pension products, is as follows:

- from 1 January 2009 €150,000
- 2008 €275,239
- 2007 €262,382
- Prior to 2007 €254,000

Additional Voluntary Contributions & termination payments

The taxable proportion of a termination payment is not relevant earnings for the purposes of calculating the ceiling on pension contributions.

For information on the refund of employees' superannuation contributions - see paragraph 3.6.5

Personal Retirement Savings Account

A Personal Retirement Savings Account (PRSA) is a long-term savings account, designed to assist people to save for their retirement and is available from PRSA providers whose products have been approved jointly by the Pensions Board and Revenue.

If an employer does not provide an occupational pension scheme for an employee they are obliged to provide access to at least one Standard PRSA.

Where qualifying PRSA contributions are deducted by the employer, the net pay arrangement will apply. This means that PAYE, PRSI and Health Levy deductions will be calculated on wages or salary net of PRSA contributions.

Where qualifying PRSA contributions are not deducted by the employer, the employee can claim relief directly from Revenue. Tax relief will be allowed through the PAYE system, as an additional tax credit.

The employer can contribute to the employee's PRSA and receive tax relief for the contribution.

PAYE/PRSI and Health Levy deductions should not be applied to pension contributions paid by an employer on an employee's behalf to a Revenue approved superannuation scheme or to a PRSA.

Retirement Annuity Contract

An individual may pay a premium under a Retirement Annuity Contract (RAC) to provide a pension for their old age or for the benefit of their spouse or dependents.

Where contributions to an RAC are deducted directly from an employee's pay, the employer can give tax relief at source under a "net pay" arrangement. This means that PAYE, PRSI and Health Levy deductions will be calculated on wages or salary net of RAC contributions. This only applies where there is no occupational pension scheme in place. If there is an occupational scheme in place the employer must operate PAYE/PRSI before the RAC deduction is made.

If an individual is making contributions to an RAC and a PRSA, the above ceilings on contributions apply to the combined amount paid on both.

Permanent health benefits

An individual who pays a premium on a policy to secure the continuance of income and payment of benefits during disablement through accident, injury or sickness may claim tax relief in respect of the premiums paid. The policy must be approved by Revenue as a Permanent Health Benefit Scheme.

Where qualifying Permanent Health Benefit contributions are deducted by the employer, the net pay arrangements apply in respect of PAYE. This means that PAYE, PRSI and Health Levy deductions will be calculated on wages or salary net of Permanent Health Benefit contributions.

Employees' contributions to Revenue-approved Permanent Health Insurance and Income Continuance Plans (not private health insurance companies) are exempt from PRSI as long as the employer deducts the amount under a net pay arrangement.

3.3 Deductions from gross pay in calculating net pay

Apart from the following:

- ordinary superannuation contributions
- Additional Voluntary Contributions
- Revenue approved permanent health deductions
- Personal Retirement Savings Accounts
- Retirement Annuity Contracts
- salary sacrificed for a travel pass scheme,

no other deductions made from pay should be taken into account in calculating employee net pay.

An employee may claim a tax credit from Revenue for expenses that are wholly, exclusively and necessarily incurred in the performance of the duties of the employment. If due, it will form part of their tax credits and standard rate cut-off point and will not reduce the employee's net pay as already calculated. (See paragraphs 4.1 - 4.7)

3.4 Net pay for PRSI purposes

A PRSI contribution is payable through the PAYE system for all persons dealt with under the PAYE system. The amount of the "net pay" on which the PRSI contribution is calculated is normally the same as that for PAYE purposes including lump sum payments where only the taxable amount is liable for PRSI at class K1.

PAYE, PRSI and the Health Contribution must be operated by employers in respect of the taxable value of most benefits-in-kind and other non-cash benefits provided by them for their employees. See paragraph 3.5.2

Details of the PRSI system are given in the PRSI guide issued by the Department of Social Protection. Details of the percentage rates of PRSI contributions can be found in leaftet SW14 issued annually by the Department of Social Protection www.welfare.ie

3.5 What pay includes

3.5.1 Pay for income tax purposes

Pay includes the following:

Emoluments	Restrictive covenants
Remuneration	Pay during illness
Salary	Holiday pay
Wages	“Danger money”
Fees	“Dirty money”
Arrears of pay	“Tea money”
Pension	“Height money”
Bonuses	“Walking money”
Overtime	“Site allowances”
Commission	“Travelling time money”
Christmas boxes	Benefits-in-kind
“Tool money”	Any non-cash benefits
Non-cash emoluments	And other like allowances or payments

3.5.2 Non-cash payments

Most benefits-in-kind (e.g. the private use of a company car, free or subsidised accommodation, preferential loans, etc) received from an employer are taxable, if the employee's total pay (including the value of the benefit) is €1,905 or more in any tax year. Where a director receives such benefits, the benefits are taxable regardless of the level of payment. Benefits, which an employer provides for any member of an employee's family or household, are also taxable.

Shares (including stock) received by employees, being shares or stock in the employer company or in a company controlling the employer company, are taxable but not within the scope of the PAYE system of deduction at source i.e. the employee must account for the tax due directly to Revenue. All other shares given by employers to employees are within the scope of the PAYE system.

In addition, employees and directors are chargeable to tax in respect of "perquisites" from their employment, that is, payment in non-money form that is convertible into money or money's worth, e.g. vouchers in various forms, the payment of bills, club subscriptions and medical insurance premiums on an employee's behalf.

Notional pay

The value of any non-cash benefit or perquisite (called "Notional Pay") must be added to pay and PAYE/PRSI/Levies must be applied in the normal way.

Valuation of benefits

The general rule for establishing the value of a taxable benefit (i.e. notional pay which will be liable to PAYE/PRSI and Health Levy deductions) is to take the higher of

- the expense incurred by the employer in connection with the provision of the benefit to the employee, or
- the value realisable by the employee for the benefit in money or money's worth

less any amount made good to the employer by the employee.

Small benefits

Where an employer provides an employee with a small benefit (that is, a benefit with a value not exceeding €250) PAYE/PRSI/Levies need not be applied to that benefit. No more than one such benefit given to an employee in a tax year will qualify for such treatment. Where a benefit exceeds €250 in value the full value of the benefit is to be subjected to PAYE, PRSI and Levies. This concession does not apply to cash payments regardless of the amount.

Non-cash emoluments and completion of forms P35

The pay figure on the form P35 (end of year return) for each employee should include any taxable benefit received by that employee during the year. In addition, the total amount of taxable benefits in the year for all employees should be included in the appropriate section of the summary page of the P35.

A separate benefit-in-kind guide, Employer's Guide to operating PAYE and PRSI for certain benefits, is available at www.revenue.ie/leaflets/bikguide.pdf

3.5.3 Any liability of an employee which is paid by the employer

If for example the employee's share of the PRSI contribution is paid by the employer instead of being deducted from the employee's pay, this amount is regarded as additional pay for the employee.

3.5.4 "Tax free" payments

An employer should always deduct tax from pay unless they are otherwise advised by Revenue. If an employer makes payments on a "free of tax" basis, the pay for PAYE purposes is the amount, which, after deduction of the correct tax and PRSI, would give the amount actually paid to the employee, i.e. the amount actually paid to the employee should be regrossed to arrive at the figure of pay to be taken into account for PAYE purposes.

3.5.5 Payments towards the cost of travelling

Payments made by the employer to the employee in respect of the cost of travelling between the employee's home and normal place of employment must be treated as pay (except in the case of a travel pass scheme - see paragraph 3.6.1)

3.5.6 Round sum expenses payments

Round-sum expenses payments made to employees, including directors, must be treated as pay and taxed accordingly. See paragraph 4.2

3.5.7 Certain premiums under pension and insurance schemes

In certain circumstances premiums paid by an employer under pension or insurance schemes or under arrangements with individual employees may be treated for tax purposes as income of the employee. An employer who has not already been advised as to their treatment for tax purposes should consult Revenue - see paragraph 1.6 for contact details.

3.5.8 Service charges in hotels etc. paid out by/on behalf of the employer

Gratuities from customers (e.g. service charges in hotels, tips in restaurants etc.) paid to the employer and subsequently paid out to an employee should be included in pay for the income tax week or month in which they are paid out.

3.5.9 Wages payments in advance or on account

Payments in advance or on account (including drawings in advance or on account of a director's remuneration and payments to or on behalf of a director in advance of the voting of remuneration) are pay for PAYE purposes. These payments are taxed as income of the income tax week or month in which they are paid and are subject to the operation of PAYE for that week or month.

When the remuneration is subsequently paid (or in the case of a director, voted) any excess over the payment already paid in advance should be treated as pay in the income tax week or month in which it is paid or voted. This remuneration is subject to the operation of PAYE for that week or month even though it may be in a later income tax year than the one in which the payment on account was made.

3.5.10 Pay credited to an employee's or director's account

Pay credited to the bank account of an employee or company director is pay for PAYE purposes, as is remuneration voted to a director which is credited to an account with the company on which they are free to draw or which is applied in reduction of a debt due by them to the company.

If the debt due to the company arose from the debiting of the director's account with the payments in advance or on account mentioned in paragraph 3.5.9 any excess of the amount credited over the advance payment is, for PAYE purposes, pay of the income tax week or month in which it is credited.

3.5.11 Payments made to an employee absent due to illness

Salary, wages etc. paid to an employee when absent from work owing to illness are pay for PAYE purposes.

Where an employee is absent from work due to illness and receives, or is entitled to receive, Illness Benefit (formerly known as Disability Benefit) or Occupational Injury Benefit, these amounts are also taxable in the hands of the employee. The duties of the employer in relation to the operation of PAYE in such cases are detailed in paragraph 7.11

3.5.12 Certain lump sum payments made on retirement or on leaving office (including pay in lieu of notice)

A lump sum payment made on retirement or removal from employment should be treated as pay for tax purposes to the extent that the payment (or the total of such payments if more than one is made) exceeds the greater of:

- Basic Exemption
- Increased Exemption (if due)
- SCSB (Standard Capital Superannuation Benefit)

Basic exemption

The basic exemption is €10,160 plus €765 for each complete year of service. Service before and after a career break may be added together for the purposes of determining a complete year of service. The periods where the person was on the career break would not be included. For persons who job-share, there is no apportionment to take account of the part-time nature of the employment - that is they are credited with years service as if they worked full-time. Where the terms of the severance specifies that the payment is in respect of employment in group companies and the employee worked for such companies within the State, then those years of service can be taken into account in calculating the number of years service for the purpose of the basic exemption.

Payment in lieu of notice

Where a payment in lieu of notice is made as well as an ex-gratia lump sum payment, the excess of the sum of the two payments over the basic exemption should be treated as pay for tax purposes. However, where the contract of employment provides for a payment of this kind on termination of the contract, whatever the circumstances, such payment is chargeable to income tax in the normal way without the benefit of the exemption and reliefs mentioned above.

Increased exemption

An employee may be entitled to an increased exemption of up to €10,000, if they

1. have never received a lump sum before, or
2. have not received such a payment in the past 10 years.

If the employee is a member of a pension scheme any amount they are entitled to receive immediately from a pension scheme must be deducted from the €10,000. If the person will be entitled to a lump sum in the future, the current actuarial value of the tax-free lump sum must be deducted from the increased exemption.

The employee may in some cases, waive their right to commute part of their pension rights to a lump sum. If this is done, the increased exemption is due, if all other conditions are met. Any such waiver is irrevocable.

If the employee is due the increased exemption, either the employee or the employer should apply to Revenue well in advance of the payment date for approval to give the increased exemption.

Application should be made by the employee or employer by completing the form in Revenue's information leaflet IT21 'Lump Sum Payments on Redundancy/Retirement' and send it to Revenue. This IT21 leaflet provides further information on lump sums and is available from
www.revenue.ie/en/tax/it/leaflets/it21.html

If Revenue has not granted approval at the time of payment, tax must be deducted by the employer on all of the lump sum less the basic exemption or SCSB (see following paragraph). The employee may subsequently apply to their Revenue Regional Office for the benefit of the increased exemption.

SCSB (Standard Capital Superannuation Benefit)

SCSB is a calculation of the employee's average yearly pay for the three years (36 months) up to the date of termination of the employment. See information leafter IT21 for computation.

An employee may be due further tax relief on their lump sum payment - namely Top Slicing Relief. The individual can submit a claim directlty to Revenue for this relief after the end of the tax year in which the lump sum is paid.

Note 1

The following lump sum payments are not taxable:

1. Payments on death in service
2. Lump sums paid under approved Superannuation Schemes
3. Statutory Redundancy Payments
4. Payments where an employment has been terminated on account of injury or disability (age is not regarded as a disability for this purpose)
5. Certain termination payments in respect of an employment in which there was Foreign Service, provided certain conditions are met
6. Certain payments made under Employment Law, see Revenue's IT71 leaflet @ www.revenue.ie/en/tax/it/leaflets/it71.pdf

Note 2

In relation to payments mentioned in 1 and 4 above, there is a new reporting requirement for employers to Revenue:

Details of lump sum payments made by employers to office holders and employees on account of death, injury or disability, and treated by employers as exempt, must be reported to Revenue not later than 46 days after the end of the year of assessment in which the payment was made.

The following information should be forwarded to the Revenue office responsible for the income tax affairs of the employee/office holder:

- the name and address of the person to whom the payment was made
- the Personal Public Service (PPS) Number of the person who received the payment
- the amount of the payment made
- the basis on which the payment is not chargeable to tax, indicating, in the extent of the injury or disability, as the case may be.

Employers should consult Revenue before payments are made under 4, 5, or 6, without deduction of tax.

3.5.13 Lump sum payments made to an employee as compensation for change in working procedures

This applies to any payment chargeable to tax under Schedule E that is made to an employee to compensate them for:

- a reduction or possible reduction of future pay arising from a reorganisation of the employer's business, e.g., a loss of promotional prospects, with attendant loss of possible higher earnings
- a change in working procedures or working methods. Examples might be the introduction of new technology or agreed changes in working methods
- a change in duties, e.g., a machinist agreeing to load raw materials or to pack the finished product
- a change in the rate of pay, e.g., the introduction of a (higher) basic salary in substitution for a basic salary and commission
- a transfer of the employee's place of employment from one location to another.

The employer must treat all of any such lump sum payment as pay for income tax purposes. The employee may apply to Revenue for tax relief, if due, after the end of the tax year.

3.5.14 Illness benefit and occupational injury benefit

Illness Benefit (formerly known as Disability Benefit) and Occupational Injury Benefit, payable by the Department of Social Protection, are taxable payments (see paragraph 7.11 regarding their tax treatment)

3.5.15 Payments to election workers

Payments made to individuals employed by Returning Officers in respect of work carried out in relation to elections and referenda are chargeable to tax under Schedule E. Consequently, tax and PRSI must be deducted at source under the PAYE system from these payments.

3.6.16 Foreign sourced employment income

With effect from 1 January 2006, foreign sourced employment income (including taxable benefits) attributable to the performance in the State of the duties of a foreign employment are chargeable to income tax under the PAYE system.

Please see Chapter 5 for full information.

3.6 Items not to be treated as pay

The following items should not be regarded as pay for income tax purposes.

3.6.1 Salary sacrificed for a travel pass scheme

PAYE/PRSI deductions should not be applied to the value of certain monthly or annual bus, train, LUAS and ferry passes provided by an employer to employees for use on a licensed passenger transport service within the State.

Expense of providing the travel pass must be incurred by the employer

The employer must incur the expense of providing the travel pass to the employee. It will not be sufficient for an employer to purchase a pass and recover the cost from the employee - in such circumstances the expense will have been incurred by the employee.

An employer will be considered to have incurred the cost of the travel pass where a salary sacrifice arrangement is in place. The term salary sacrifice is generally understood to mean an arrangement under which an employee agrees with the employer to take a cut in pay and in return the employer provides a benefit of a corresponding amount to the employee (in this case a bus/rail/LUAS/ferry pass).

Salary sacrifice in the specific context of travel passes

In the specific context of the provision of travel passes Revenue are prepared to regard salary sacrifice arrangements which meet the conditions set out below as being effective for tax purposes.

- There must be a bona fide and enforceable alteration to the terms and conditions of employment (exercising a choice of benefit instead of salary)
- The alteration must not be retrospective and must be evidenced in writing
- There must be no entitlement to exchange the benefit for cash
- The choice exercised (i.e. benefit instead of cash) cannot be made more frequently than once a year and then only with the consent of the employer.

3.6.2 Rent-free accommodation

A taxable benefit will not arise where an employee (but not a director) is required by the terms of their employment to live in accommodation provided by the employer in part of the employer's business premises so that the employee can properly perform their duties ("better performance test"), and either -

- the accommodation is provided in accordance with a practice which, since before 30 July 1948, has commonly prevailed in trades of the class in question as respects employees of the class in question, or
- it is necessary, in the particular class of trade, for employees of the class in question to live on the premises.

It is accepted that the "better performance test" is met in practice where -

- the employee is required to be on call outside normal hours, and
- the employee is in fact frequently called out, and
- the accommodation is provided so that the employee may have quick access to the place of employment.

Examples of such employees include

a) managers or night care staff in residential or respite centres (where such centres are not nursing facilities),

b) governors and chaplains in prisons,

c) caretakers living on the premises (where they are in a genuine full-time caretaking job).

3.6.3 Lump sum weekly payment or resettlement allowance

Where a redundant employee is entitled to such a payment or allowance under the Redundancy Payments Act, 1967, this payment/allowance shall not be treated as pay for income tax purposes.

3.6.4 Reimbursement of expenses incurred by the employee

Reimbursement of expenses incurred by the employee in the performance of the duties of their employment, in certain circumstances, can be made free of tax. See paragraphs 4.4 - 4.7

3.6.5 Refunds of superannuation contributions

An employee's superannuation contributions, which, in accordance with the rules of the fund or scheme, are refunded to the employee on leaving the employment, are not to be treated as pay. The administrator of the fund or scheme will be required to account for tax on the refund (at present 20% of the gross refund). Separate collection arrangements, outside the PAYE system, apply in this case - please consult:

Large Cases Division,
Financial Services – Pensions,
2nd Floor Setanta Centre
Nassau St.,
Dublin 2.

E-mail:lcdretirebens@revenue.ie
Telephone: + 353 1 6470710
Fax: + 353 1 6470899

3.6.6 Provision of Bicycles for Directors and Employees – Exemption from Income Tax in respect of Benefit-In-Kind

A new tax incentive was introduced with effect from 1 January 2009 aimed at encouraging more employees to cycle to and from work. This tax incentive exempts from income tax the benefit-in-kind arising from the provision of a bicycle/bicycle safety equipment by an employer to an employee or director, where the bicycle/associated safety equipment is used by the employee or director mainly for qualifying journeys.

Effective date

The exemption applies to expenditure incurred by an employer on or after 1 January 2009.

Limit of €1,000

A limit of €1,000 applies on the amount of expenditure an employer can incur in respect of any one employee or director. Where an employer spends in excess of €1,000 only the first €1,000 is exempt from the benefit-in-kind charge to income tax.

Delivery charges in respect of the bicycles/safety equipment are also covered by the exemption provided the maximum value of the benefit, including delivery charges, does not exceed €1,000. Where the cost exceeds this amount, a benefit-in-kind income tax charge applies to the balance.

5-year period

The exemption from income tax in respect of the benefit-in-kind can only be availed of once in any five-year period by an employee or director.

Where an employer incurs an expense of less than €1,000 in year one in the provision of a bicycle and/or associated safety equipment, and incurs further costs within a 5-year period, the employee will not be able to claim the exemption in respect of the difference between €1,000 and the amount spent by the employer within the 5-year period.

Qualifying journeys

The bicycle/safety equipment must be used by the employee or director mainly for qualifying journeys. This means the whole or part (e.g. between home and train station) of a journey between the employee's or director's home and normal place of work, or between his or her normal place of work and another place of work. While an employer will not be required to monitor the use of the bicycle/safety equipment, the employer will be required to obtain a signed statement from the employee or director that the bicycle is for his or her own use and will be used mainly for qualifying journeys.

Qualifying bicycles/safety equipment

The exemption covers pedal bicycles and tricycles, and pedelecs (an electrically assisted bicycle which requires some effort on the part of the cyclist in order to effect propulsion). It does not cover motorbikes, scooters or mopeds.

The following safety equipment is also covered by the exemption:

- Cycle helmets which conform to European standard EN 1078
- Bells and bulb horns
- Lights, including dynamo packs
- Mirrors and mudguards to ensure riders visibility is not impaired
- Cycle clips and dress guards
- Panniers, luggage carriers and straps to allow luggage to be safely carried
- Locks and chains to ensure cycle can be safely secured
- Pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs
- Reflective clothing along with white front reflectors and spoke reflectors

Provision of bicycles/safety equipment to all employees and directors

The exemption only applies where bicycles/safety equipment are made available by the employer generally to all of its directors and employees.

Purchase of bicycles/safety equipment

The employer must purchase the bicycle/safety equipment. The exemption does not apply where an employee or director purchases a bicycle/safety equipment and gets reimbursed by his or her employer.

Salary sacrifice arrangements

Similar to the travel pass scheme, an employer and employee may enter into a salary sacrifice arrangement whereby the employee agrees to forego part of his or her salary to cover the costs associated with the purchase of the bicycle/safety equipment. In such circumstances, the employee will not be liable to tax or PRSI or levies on the salary forgone. Where salary sacrifice arrangements are used, they must be completed over a maximum of 12 months from the date of provision of the bicycle/safety equipment.

In the specific context of the provision of a bicycle/bicycle safety equipment, Revenue will be prepared to regard salary sacrifice arrangements which meet the following conditions as being effective for tax purposes:

- There must be a bona fide and enforceable alteration to the terms and conditions of employment (exercising a choice of benefit instead of salary).
- The alteration must not be retrospective and must be evidenced in writing.
- There must be no entitlement to exchange the benefit for cash.
- The choice exercised (i.e. benefit instead of cash) cannot be made more frequently than once in a 5-year period.
- The choice exercised (i.e. benefit instead of cash) must be irrevocable for the relevant year for which it is made.

VAT on bicycles/safety equipment purchased for employees and directors

An employer is liable to pay VAT on bicycles/safety equipment purchased for employees and directors. The employer cannot claim an input credit in respect of the VAT payable as the bicycles are not used for the purposes of taxable supplies.

Employer records

The purchase of bicycles and associated safety equipment by employers for directors and employees are subject to the normal Revenue audit procedure with the normal obligations on employers to maintain records (e.g. delivery dockets, invoices, payments details, salary sacrifice agreements between employer and employee, signed statements from employees that the bicycle/bicycle safety equipment is for own use and will be used for travelling to and from work).

An employer does not have to notify Revenue that they are providing bicycles/safety equipment for directors and employees.

3.7 PRSI where a PAYE exclusion order is issued by Revenue

A PAYE exclusion order is a certificate issued to an employer authorising the employer to pay emoluments without the deduction of PAYE. For example, a PAYE exclusion order may be issued where an employee of an Irish company goes abroad for an extended period and ceases to be liable to income tax in the State due to their non-resident status.

The employer must submit full details in writing to Revenue.

An Exclusion Order is not the same as Tax Exemption and Marginal Relief (see paragraph 7.10).

If you have a current exclusion order for an employee then that employee should not be included on the PAYE system and details of their income should not be included on the P35 return. Forms P45 and P60 need not be issued where exclusion orders are in place.

Where Revenue issue a PAYE exclusion order to the employer confirming that the PAYE system does not apply to certain emoluments, the employer may still have a legal obligation to pay PRSI in respect of the employment/occupational pension. Any PRSI contributions due are to be remitted directly to the Department of Social Protection. For clarification whether PRSI contributions are due and instructions on remittance of these payments, employers should contact:

Special Collection Section,
Department of Social Protection,
Government Buildings, Cork Road,
Waterford.

Telephone: 1890 690 690
E-mail: e101spc@welfare.ie

Where a PAYE exclusion order has issued to an employer relieving the employer of the obligation to make tax deductions from certain emoluments, the employer need not deduct the Health Contribution.

3.8 Employment carried on outside the state

PAYE

Where an employee is going to work for the employer outside the State the employer should notify Revenue who will advise the employer as to whether PAYE should be operated.

PRSI

Advice as to whether PRSI contributions are due can be obtained from:

The Department of Social Protection,
Scope Section,
Oisín House, 212-213 Pearse Street,
Dublin 2.

Telephone: + 353 1 7043000

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Expenses Payments Paid to Employees

Chapter 4

Expenses Payments Paid to Employees

4.1 Flat rate (employment) expenses

Flat Rate Expenses are expenses that are incurred in the performance of the duties of the employment and are directly related to the 'nature of the employee's employment'. A standard flat rate expenses allowance is set for various classes of employee. For example, airline cabin crews are granted flat rate expenses of €64 per annum (2007). The amount of the deduction is agreed between Revenue and representatives of groups or classes of employees (usually the employees are represented by trade union officials). The agreed deduction is then granted to all employees of the class or group in question by Revenue and included on their tax credit certificates.

4.2 Expenses payments made to the employee - round sum

Round-sum expenses payments (predetermined lump sum expenses payments) whether paid weekly, monthly, yearly or otherwise, which are paid to the employee to cover expenses, must be treated as pay and taxed accordingly.

An example of a round sum payment is where an employer agrees to pay, say €300 per month in addition to basic salary in order to cover expenses. This €300 must be treated as pay. If the employee actually incurs allowable expenses they may claim a deduction from Revenue by submitting details of the expenses incurred wholly, exclusively and necessarily in the performance of the duties of the employment.

4.3 Expenses payments made to directors

Unvouched or round sum expenses payments made to directors are taxable and should be treated as pay and taxed accordingly.

4.4 Reimbursement of expenses other than expenses of travel and subsistence

Payments made to the employee, being reimbursement of expenses other than expenses of travel and subsistence, which are no more than reimbursement of vouched expenses, actually incurred by the employee in performing the duties of the employment, should not be treated as pay. Expenses which are not treated as pay must not only be actually incurred in the performance of the duties of the employment but must also be wholly, exclusively and necessarily so incurred. Entertainment expenses do not qualify for relief; consequently any reimbursement of entertainment expenses must be treated as pay.

Expenses, which are incurred by employees in travelling to and from the place of employment, are not allowable for tax purposes and any re-imbursement of these expenses must be treated as pay and taxed accordingly.

4.5 Subsistence payments

Re-imbursement by flat-rate allowances or vouched expenses

Where an employee performs the duties of the employment while temporarily away from their normal place of work or is working abroad on a foreign assignment, allowable subsistence expenses can be re-imbursed on the basis of:

- Acceptable flat-rate allowances or
- Actual expenses which have been vouched with receipts

Acceptable flat-rate allowances

There are two types of flat-rate allowance schemes that are acceptable for tax purposes. In both cases a satisfactory recording and internal control system must be operated by the employer.

The two schemes are:

1. Re-imbursement of subsistence expenses up to the level of the prevailing schedule of Civil Service rates where the employee bears the cost of relevant subsistence expenses (including accommodation and meals, as appropriate).

   Revenue approval to use the scheme is not required.

   The schedule of rates based on the current relevant Civil Service subsistence rates for absence within the State and details of Civil Service subsistence rates for certain foreign countries are available from www.revenue.ie

2. Re-imbursement of subsistence expenses based on any other schedule of rates and related conditions (e.g. "country money" in the Construction Industry), which do no more than re-imburse the employee for actual expenditure incurred. Revenue approval is required for such a schedule.

Actual subsistence expenses which have been vouched with receipts

Payments made to the employee which are no more than reimbursement of vouched subsistence expenses, necessarily incurred by the employee in performing the duties of the employment, should not be treated as pay for income tax purposes.

All records relating to any re-imbursement of subsistence expenses should be retained by the employer for examination in the event of an audit. The records must be kept for six years unless Revenue state otherwise.

For further information, see leaflet IT54 - Employees' subsistence expenses:
www.revenue.ie/en/tax/it/leaflets/it54.pdf

4.6 Motoring / bicycle expenses

In the case of motoring/bicycle expenses, where the employee uses their private car, motorcycle or bicycle for business purposes, re-imbursement of allowable motoring/bicycling expenses can be made to the employee free of tax by way of flat-rate kilometric allowances.

Expenses, which are incurred by employees in travelling to and from the place of employment, are not allowable for tax purposes and any re-imbursement of these expenses must be treated as pay and taxed accordingly.

There are two types of kilometric allowance schemes that are acceptable for tax purposes, if an employee bears the cost of all the motoring/bicycling expenses:

- The prevailing schedule of Civil Service rates or
- Any other schedule with rates not greater than the Civil Service rates.

The schedule of Civil Service rates is available from www.revenue.ie

Either of these two re-imbursement rates may be applied without specific Revenue approval where a satisfactory recording and internal control system is in operation.

In any case of doubt the matter should be referred to Revenue.

Individuals carrying out work on a voluntary and unpaid basis

The reimbursement of expenses of travelling and subsistence to individuals who work on a voluntary and unpaid basis for organisations whose functions and aims are both altruistic and non-commercial (for example, voluntary unpaid workers working for charities, sports bodies, etc.) may be paid tax-free provided the expenses of travelling and subsistence:

- merely put the unpaid individual in a position to carry out his/her work; and
- no more than reimburse the individual the expenses actually incurred by him/her and do not exceed what are known as the Civil Service rates for reimbursement of expenses of travelling and subsistence.

Note

Individuals involved in charities, sports bodies, etc. who, in addition to a reimbursement of actual expenses of travel and subsistence, receive, either directly or indirectly, remuneration of any description (for example, weekly or monthly salary, an honorarium, and/or a 'bonus', etc) do NOT fall within the description of 'carrying out work on a voluntary and unpaid basis'.

For further information, see leaflet IT51 Employees' Motoring/Bicycle Expenses:
www.revenue.ie/en/tax/it/leaflets/it51.html

4.7 Statement of Practice

Revenue has also published a Statement of Practice in relation to the tax treatment of the re-imbursement of expenses of travel and subsistence to office holders and employees.

The Statement of Practice SP - IT/2/07 can be accessed under Publications/Statements of Practice on the Revenue website.

www.revenue.ie/en/practitioner/law/sp_it_2_07.pdf

Treatment of Foreign Sourced Employment Income

Chapter 5

Treatment of Foreign Sourced Employment Income

5.1 PAYE and foreign employments

With effect from 1 January 2006, as regards the income of a foreign employment, it will be necessary to distinguish:

a) that part of the income attributable to the performance in the State of duties of such employment, and

b) that part of the income attributable to the performance outside the State of duties of such employment.

As regards the income at a), irrespective of the residence or domicile position of the employee, such income is now chargeable to Irish tax and within the scope of the PAYE system of deductions at source.

As regards the income at b), whilst such income may be chargeable to Irish tax in the hands of the employee, it is not within the scope of the PAYE system of deductions at source.

5.2 Further Information - Statement of Practice

More detailed information on the tax treatment of foreign sourced employment income is contained in Statement of Practice SP - IT/3/07 which is available on the Revenue website at, www.revenue.ie/en/practitioner/law/sp_it_3_07.pdf. In particular matters such as the release for employers from the obligation to operate the Irish PAYE system in certain circumstances for Temporary Assignees, Pension Contributions, Pay Related Social Insurance and Health Contributions, Exchange Rates and miscellaneous other issues are addressed.

Employer's PAYE Records

6

Chapter 6

Employer's PAYE Records

6.1 Employer system of PAYE/PRSI

An employer may choose to use one of the following PAYE/PRSI systems:

- a computerised system
- a PAYE/PRSI record system of their own design
- the services of a payroll bureau
- the electronic Tax Deduction Card

Revenue has discontinued the issue of paper tax deduction cards (TDCs) with effect from 1 January 2009 as they are no longer the most practical method of recording PAYE/PRSI information. An electronic tax deduction card is available at www.revenue.ie/en/business/paye/e-tax-deduction-card.html to assist employers who wish to record payroll information in this manner (see paragraph 6.7).

Employers can register for the Revenue On-Line Service ROS (see chapter 16) or receive paper tax credit certificates.

An employer who wishes to change from one system to another should advise Revenue before using an alternative system.

All employers, no matter what system they use, are required to comply with the PAYE requirements and procedures set out in this Guide.

If the employer is using the services of a payroll bureau or other agency to operate the PAYE/PRSI system in respect of their employees, they are still responsible for ensuring that the system in use conforms to statutory requirements.

6.2 Procedure at the end of the tax year & before beginning of the following year

See paragraphs 15.3 and 15.11 regarding the completion of the employee's PAYE record at the end of the tax year and paragraphs 10.1 - 10.2 regarding the setting up of the record for the coming tax year.

6.3 Errors made in deducting or refunding tax

It is very important that the entries on the PAYE record should be made correctly. The tax, which the employer is liable to pay over to the Collector General, is the total tax deductible from the salaries or wages etc. paid to the employees, less any refunds of tax made by the employer.

Errors discovered during the year

If the employer finds during the course of the year that an error has been made in deducting tax in an earlier week or month, the matter should be put right in the week or month in which the error is discovered. The original entries should not be altered or erased but a note should be made against them to indicate that the error has been discovered and put right in the later week (or month).

Large under-deductions

No attempt should be made to adjust an under-deduction of tax where it is so large that it cannot be put right in the week or month in which it is discovered, or if to do so could cause considerable hardship to the employee. This would apply, for example, if tax had been under-deducted over a long period in the case of a weekly wage earner so that the total under-deduction amounted to a sum exceeding a week's wages.

Any such case should be reported at once to Revenue who will give any instructions necessary.

See paragraphs 15.3 - 15.6 regarding errors discovered at the end of the tax year and the employer's liability for tax under-deducted.

6.4 Change of employee's personal public service number

In a limited number of cases Revenue or the Department of Social Protection will advise the employer that the personal public service (PPS) number of an employee has been changed. The employer must ensure that they receive a new tax credit certificate or tax deduction card under the new PPS number before inputting this new number on their own records. Where such a change is advised, the PAYE/PRSI records kept under the former PPS number should be transferred to and continued under the new PPS number.

6.5 Inspection of employer's records

Officers of Revenue are empowered to inspect an employer's records from time to time in order to satisfy themselves that the correct amounts of tax are being deducted, or have been deducted, and paid over to Revenue. All documents and records relating to the calculation or payment of pay or the deduction of tax or calculation of PRSI contributions (wages sheets, tax deduction cards, etc) must be retained by the employer for six years after the end of the tax year to which they refer (or for such shorter period as Revenue may authorize by notice in writing to the employer) and must be available for inspection by an authorised Revenue officer.

For further information on Revenue audit, please see the Code of Practice for Revenue Auditors
www.revenue.ie/en/tax/it/leaflets/audcode.pdf

6.6 Tax credit certificates

6.6.1 Employee's tax credit certificate

Revenue issues a tax credit certificate to every employee who makes a claim for tax credits. The certificate sets out in detail the amount of tax credits and standard rate cut-off point that Revenue has determined to be due to the employee.

Tax credits

Under the tax credit system an employee is entitled to tax credits depending on personal circumstances e.g. married person's tax credit, employee (PAYE) credit, trade union subscriptions tax credit, etc.

Tax credits are non-refundable. Any unused tax credits are carried forward on a *cumulative* basis to subsequent pay period(s) within the tax year where a cumulative tax credit certificate is held (see paragraph 7.5).

Standard rate cut-off point

A standard rate cut-off point is the amount of the individual's personal standard rate tax band.

In each pay period, weekly, fortnightly or monthly, an employee pays tax at the standard rate of tax up to their standard rate cut-off point. Where the employee has any pay in that period over the cut-off point the excess over the standard rate cut off point is taxed at the higher rate of tax.

Where an employee's standard rate cut-off point exceeds net pay in a pay period, the unused amount is carried forward on a cumulative basis for use in the next pay period within the tax year where a cumulative tax credit certificate is held.

See paragraph 6.9.2 for the PAYE procedures to be followed where no certificate of tax credits and standard rate cut-off point is received by the employer for an employee.

6.6.2 Employer's tax credit certificate

(See sample tax credit certificate in Appendix 6)

In addition to issuing an employee tax credit certificate to each employee, (see paragraph 6.6.1 above), Revenue also issues a tax credit certificate to the employer.

The employer certificate shows:

- The total amount of the employee's tax credits
- The total amount of the employee's standard rate cut-off point
- The rates of tax payable by the employee
- The employee's previous pay and tax from 1 January, if applicable (see paragraph 11.9)

The employer tax credit certificate also shows where the employee/pensioner is entitled to Tax Exemption and Marginal Relief (see paragraph 7.10).

No information regarding the personal circumstances of the employee is disclosed on the employer's certificate. It shows only the total amount of the tax credits and standard rate cut-off point to which the employee is entitled together with the equivalent weekly and monthly figures.

6.6.3 A certificate is issued for each employment

A tax credit certificate is issued in respect of each employment. Where an employee has more than one employment concurrently (e.g. full-time employment during the day and part-time employment in the evening) a separate tax credit certificate will be issued to each employer in respect of each employment. (See paragraph 11.3)

6.6.4 "Multi-year" tax credit certificates

A tax credit certificate may be valid for one year or for more than one year. An instruction on the certificate will indicate that it is valid either:

- For the year 1 January YYYY to 31 December YYYY and following years

  or

- For the year YYYY only, commencing 1 January YYYY

  or

- For the period DD MM YYYY until 31 December YYYY and each subsequent year on a Week1/Month1 basis

Where a certificate is in the first and third categories, the employer will continue to use the certificate as the basis for tax deduction for each succeeding income tax year until an amended certificate is received.

6.6.5 Tax credits and standard rate cut-off point under appeal by employee

An employee who advises the employer that the amounts on their tax credit certificate is wrong or is the subject of correspondence with Revenue, should be advised that the employer is obliged to act in accordance with the most recently issued tax credit certificate or tax deduction card until amended instructions have been received from Revenue.

The employer should continue to deduct tax by reference to the tax credit certificate until an amended certificate is issued, even if advised by the employee that a higher tax credit/standard rate cut-off point is due or has been claimed.

Only Revenue can advise an employer of changes to a tax credit certificate.

6.6.6 Amended tax credit certificates

An amended tax credit certificate will issue to an employee whose tax credits/standard rate cut-off point have been changed. The date from which the amended certificate is to have effect (normally the previous 1 January) will be given on the certificate. An amended employer tax credit certificate will be sent directly to the employer at the same time. The employer will operate PAYE on the basis of the amended certificate.

Note

It is Revenue policy not to issue an amended tax credit certificate that would cause hardship to the employee. Where the implementation of an amended cumulative tax credit certificate generates a nil salary or a large underpayment the employer should contact Revenue for verification.

6.6.7 Employers always to use certificate with the latest date of issue

Each tax credit certificate bears the date of issue. Where more than one amended certificate is issued, the employer should always operate PAYE on the basis of the certificate showing the most recent date of issue unless otherwise directed by Revenue.

6.7 Tax deduction cards

Revenue has discontinued the issue of paper tax deduction cards (TDCs) with effect from 1 January 2009 as they are no longer the most practical method of recording PAYE/PRSI information.

As an alternative to the paper TDC, an electronic tax deduction card is available at www.revenue.ie/en/business/paye/e-tax-deduction-card.html to assist employers who wish to record payroll information in this manner. The electronic Tax Deduction Card allows you to:

- complete the employee's record on screen
- save the record electronically on your computer
- print the record
- print a blank tax deduction card and complete it by hand

Employers are authorised by Revenue to use an alternative document to the tax deduction card to record details of employee pay, PAYE and PRSI deducted.

Paragraphs 6.7.1 to 6.8.3 hereunder detail the tax deduction card procedures in place up to 31 December 2008.

(See sample paper tax deduction card in Appendix 6)

6.7.1 The tax deduction card

Revenue supplied a tax deduction card (form P9/P11) for each employee to employers who used the tax deduction card system up to 31 December 2008.

Each tax deduction card shows the employee's name, Personal Public Service (PPS) number, the total tax credit and standard rate cut-off point to which the employee is entitled for the income tax year, the tax rates to be applied and

- the cumulative tax credits and standard rate cut-off point figure for each week from week 1 to week 52 or for each month from month 1 to month 12 (paragraph 7.4) where the employee is monthly paid

or

- the non-cumulative ("week 1") tax credit and standard rate cut-off point figure for each week from week 1 to week 52 or the non-cumulative ("month 1") figure for each month from month 1 to month 12 (paragraph 7.6) where the employee is monthly paid
- the total pay and tax to date for the employee (if applicable and if available) will be shown on the tax deduction card at the week before the employee commenced in the new employment (See paragraph 11.9).

  The total pay and tax will not be shown where a tax deduction card is issued on a week1/month1 basis.
- if the employee is entitled to tax exemption and marginal relief, the higher rate of tax will be shown as 40%. (See paragraph 7.10)

The tax deduction card will be used to record the employee's details of pay, tax, PRSI contributions and other data, until the end of the tax year or until it is replaced by an amended card (paragraph 6.8). Instructions on how to complete the tax deduction card are printed on the card. (See also paragraph 13.2)

6.8 Amended tax deduction cards

6.8.1 Amended tax deduction cards issued on a cumulative basis

When the tax credits and standard rate cut-off point of an employee are amended, an amended tax deduction card is issued to the employer. The employer should transfer the following information from the old card to the corresponding columns or boxes on the new card:

- the final entries on the old card for cumulative pay to date and cumulative tax
- the totals of the PRSI entries on the old card for (i) employee's contributions and (ii) total contributions

  The information above should be entered in the corresponding columns of the new card on the line immediately above the line for the entries relating to the first pay day after the new card is received.
- any entries in boxes F4, F5, C2, B4, C3 and F3 on the old card.

The employer should operate PAYE on the amended card on the cumulative basis as instructed on the card. The old card should be marked "transferred to new tax deduction card " and retained with the new card.

Note

It is Revenue policy not to issue an amended tax deduction card that would cause hardship to the employee. Where the implementation of an amended cumulative tax deduction card generates a nil salary or a large underpayment the employer should contact Revenue for verification.

6.8.2 Amended tax deduction cards issued on a non-cumulative basis (week 1/month 1 basis)

Where a tax deduction card showing tax credits and standard rate cut-off point on a cumulative basis is replaced by one showing amended credits and cut-off point on a non-cumulative basis (week 1/month 1 basis), the employer should transfer the following from the old card to the new card, as described above:

- the total of the pay figures entered to date on the old card (this should be entered in the "cumulative gross pay" column of the new card even though the cumulative basis of tax deduction does not apply)
- the total of the tax figures entered to date on the old card
- the totals of the PRSI entries on the old card to date for (i) employee's contributions and (ii) total contributions
- any entries in boxes F4, F5, C2, B4, C3 and F3 on the old card.

PAYE should be operated on the new card on week 1/month 1 basis as instructed on the card. The old card should be marked "transferred to new tax deduction card " and retained with the new card.

The pay and tax totals from the old card will be disregarded for the purposes of calculating tax on the non-cumulative basis (week 1/month 1 basis) but the pay figure should be taken into account for the purposes of the PRSI ceiling.

6.8.3 Change from non-cumulative basis (week 1/month 1 basis) to cumulative basis

Where a tax deduction card showing tax credits and standard rate cut-off point on a non-cumulative basis (week 1/month 1 basis) is replaced by one showing amended credits and cut-off point on a cumulative basis the information from the old card should be transferred as described above in paragraph 6.8.2. The old card should be marked "transferred to new tax deduction card".

6.9 Temporary / emergency tax deduction card

A single card (form P13/P14) is provided for use either as a Temporary tax deduction card or as an Emergency tax deduction card.

(See sample card in Appendix 6)

6.9.1 The temporary tax deduction card

Explanatory notes on the completion of the temporary basis tax deduction card are given on the card. "Employee" and "employer" details should be entered at the top of the form as far as information is available. First names should be written in full e.g. John Murphy, not J. Murphy.

The temporary tax deduction card must be used when the employer has been given parts 2 and 3 of a form P45 stating:

- the employee's PPS number and
- the employee was not on the emergency basis and

the employer has sent part 3 of the form P45 to Revenue and are awaiting the issue by Revenue of a tax deduction card (see paragraphs 7.7 and 11.5).

The entries on the temporary tax deduction card are made on a non-cumulative basis (week 1/month 1 basis) and the calculation of tax due each week (or month) is done on the same basis as in the week 1/month 1 procedure explained in paragraph 7.6.

A refund of tax should not be made to the employee where a temporary tax deduction card is in use.

The temporary procedure continues until a tax deduction card is received from Revenue, at which point the employer should follow the instructions on the new card.

6.9.2 The emergency tax deduction card

Explanatory notes regarding the operation of the emergency basis of tax deduction (paragraphs 7.8 - 7.9) are provided on the card. "Employee" and "employer" details should be entered at the top of the form as far as information is available. First names should be written in full e.g. John Murphy, not J. Murphy. If the employer knows the employee's PPS number, it must also be entered.

The emergency tax deduction card should be used when:

- The employer has not received, in respect of the employee, either
  - a tax credit certificate or a tax deduction card for the current year, or
  - a tax credit certificate or a tax deduction card for a previous year which states that the certificate or tax deduction card is valid for subsequent or following years (see paragraph 6.6.4), or
  - a form P45 for the current year or previous year,

  or
- The employee has given the employer a completed form P45 indicating that the emergency basis applies, or
- The employee has given the employer a completed P45 without a PPS number and not indicating that the emergency basis applies.

A refund of tax should not be made to the employee where an emergency tax deduction card is in use.

Where a tax deduction card is issued for an employee for whom an emergency tax deduction card was completed, the employer should follow the instructions on the new card.

Calculation of Tax Under the PAYE System

Chapter 7

Calculation of Tax Under the PAYE System

7.1 Employer's duty to deduct tax

It is the employer's duty to calculate and deduct the tax, if any, due from the pay, including notional pay (paragraph 3.5.2), of every liable employee.

It is important to remember that "employee" includes a director and an occupational pensioner.

7.2 Calculation of tax - 4 different methods

PAYE tax deductions are calculated using one of the following methods:

	Paragraph
• Cumulative Basis	7.3
• Non-Cumulative Basis (Week 1/Month 1 Basis)	7.6
• Temporary Basis	7.7
• Emergency Basis	7.8

7.3 Cumulative basis

The purpose of the PAYE system is to ensure that an employee's tax liability is spread out evenly over the year.

To ensure that this is achieved, PAYE is normally calculated on a cumulative basis. This means that when an employer calculates the tax liability of an employee, they actually calculate the total tax due from 1 January to the date on which the payment is being made.

The tax to be deducted in a particular week or month is the cumulative tax due from 1 January to that date, reduced by the amount of tax previously deducted. The cumulative system operates for both tax credits and standard rate cut-off points. Any tax credits and/or standard rate cut-off point, which are not used in a pay period, are carried forward to the next pay period within that tax year.

Another feature of the cumulative basis is that refunds can be made to an employee where for example the employee's tax credits and standard rate cut-off point have been increased.

Calculation of tax

The calculation of tax for each pay period is made by applying the information supplied in the tax credit certificate against the net pay (paragraph 3.1), using the following steps:

1. Tax is calculated at the standard rate of tax on net pay up to the amount of the individual's standard rate cut-off point
2. Any balance of net pay above the cumulative standard rate cut-off point is taxed at the higher rate of tax
3. The tax calculated at the standard rate is added to the tax calculated at the higher rate to arrive at the gross tax figure
4. The gross tax figure is then reduced by the amount of the individual's tax credits, as advised by Revenue, to arrive at the tax payable in that week or month

Example

A PAYE employee earns €41,600 per annum (€800 per week). Revenue issued a tax credit certificate to his employer showing the following figures:

	Per Year	Per Week
Standard rate cut-off point	34,000	653.85
Tax credits	3,580	68.85

For the purposes of this example, the rates of tax are taken as 20% (standard rate) and 41% (higher rate).

The tax calculation for week number 1 would be as follows:

Step	Net pay	€800		€41,600 / 52 weeks
1	Tax @ 20%	€653.85	€130.77	Apply standard rate up to a maximum of the standard rate cut-off point as advised by Revenue
2	Tax @ 41%	€146.15	€59.92	Apply higher rate on pay in excess of the standard rate cut-off point
3	Gross tax		€190.69	The sum of tax due at standard rate and higher rate
4	Less tax credit		(€68.85)	Tax credit advised by Revenue
	Net tax due this week		€121.84	Gross tax less tax credits

7.4 Cumulative tax credits and standard rate cut-off point

The totals of the employee's tax credits and standard rate cut-off point for the year are given on the tax credit certificate issued to the employer by Revenue.

If the employee is paid weekly, this figure is divided into weekly amounts on a cumulative basis, as in the following example:

Yearly	Tax credits Standard rate cut-off point	€3,580 €34,000
Monthly	Tax credits Standard rate cut-off point	€298.34 €2,833.34
Weekly	Tax credits Standard rate cut-off point	€68.85 €653.85

Example 1 - employee paid weekly

	Tax Credit	Standard Rate Cut-Off Point
Week 1	68.85	653.85
Week 2	137.70	1,307.70
Week 3	206.55	1,961.55
Week 4	275.40	2,615.40
Week 5	344.25	3,269.25
Week 6	413.10	3,923.10

Tax for any week is computed by reference to the cumulative tax credits and standard rate cut-off point.

For a pay day falling in week 3, the cumulative tax credits are €206.55 and the standard rate cut-off point is €1,961.55

For a pay day in week 5 the cumulative tax credits are €344.25 and the standard rate cut-off point is €3,269.25

If any change occurs which affects the employee's tax credits or standard rate cut-off point Revenue will issue a new tax credit certificate showing the new tax credits/standard rate cut-off point now due.

Example 2 - employee paid monthly

If the employee in example 1 was paid on a monthly basis, the tax credits and standard rate cut-off point would be divided into monthly amounts as follows:

	Tax Credit	Standard Rate Cut-Off Point
Month 1	298.34	2,833.34
Month 2	596.68	5,666.68
Month 3	895.02	8,500.02
Month 4	1,193.36	11,333.36
Month 5	1,491.70	14,166.70
Month 6	1,790.04	17,000.04

Tax for any month is computed by reference to the cumulative tax credits and standard rate cut-off point.

For a pay day falling in month 3 the cumulative tax credits are €895.02 and the standard rate cut-off point is €8,500.02

For a pay day in month 5 the cumulative tax credits are €1,491.70 and the standard rate cut-off point is €14,166.70

If any change occurs which affects the employee's tax credits or standard rate cut-off point Revenue will issue a new tax credit certificate showing the new tax credits/standard rate cut-off point now due.

7.5 Tax deductions and refunds by the employer (cumulative basis)

Tax Credits are non-refundable. They are used to reduce tax calculated on net pay (paragraph 7.3).

Where a cumulative tax credit certificate is held, any unused tax credits are carried forward on a cumulative basis to subsequent pay periods within the same tax year. Tax credits unused at the end of the tax year, 31 December, are not carried forward to the following year.

Example 1

If the gross tax payable on net pay in a period is €100 and the tax credit due is €120, the employee simply has no tax liability for that pay period. The difference of €20 is not refunded.

The unused tax credit of €20 is carried forward for offset against tax due in the subsequent pay period(s).

Refunds generally

Tax refunds will arise where cumulative tax paid for the previous pay period exceeds cumulative tax payable for the current pay period.

Example 2

The employer holds a tax credit certificate or a tax deduction card for an employee who is normally paid €500 weekly after allowable deductions.

- The employee's tax credits are €110 per week.
- The standard rate cut-off point is €650 per week.

The tax is calculated as follows:

(For the purposes of this example the standard rate of tax is taken as 20%)

Cumulative net pay to date			Cumulative standard rate cut-off point	Cumulative gross tax	Cumulative tax credit	Cumulative tax due
Week 1		500	650	100	110	0
Week 2		1,000	1,300	200	220	0
Week 3		1,500	1,950	300	330	0
Week 4	*	2,200	2,600	440	440	0
Week 5	**	3,000	3,250	600	550	50
Week 6		3,800	3,900	760	660	100
Week 7		4,600	4,550	920	770	150
Week 8	***	4,600	5,200	920	880	40 (110 refunded)
Week 9	****	5,400	5,850	1,080	990	90

In week 3, the employee has unused cumulative tax credits of €30.

These are non-refundable but they can be carried forward to subsequent pay period(s) within the same tax year.

* In week 4, the employee is paid an additional €200 in overtime giving a total pay figure for that week of €700. The unused tax credits of €30, carried forward from week 3, is utilised in this pay period.

** In weeks 5 to 7 inclusive, the employee earns €800 per week.

*** In week 8 the employee is absent temporarily from work and receives no pay. He did not receive and was not entitled to receive any benefits from the Department of Social Protection.

Note

When the cumulative basis applies the employee is still entitled to their tax credits and standard rate cut-off point (paragraph 9.3) even though they have no pay on this pay day.

The cumulative tax liability of €150 deducted up to week 7 exceeds the cumulative tax liability of €40 at week 8. The difference of €110 is therefore refunded to the employee. This is not a refund of the employee's tax credits but rather a refund of excess tax that the employee has paid in the year to date. If the individual had no tax deducted up to week 7, no refund would be due.

**** In week 9 the employee returns to work with the employer and earns €800. The tax credits and standard rate cut-off point are as in earlier weeks.

The tax payable in week 9 pay day is:

Cumulative tax payable in week 9	90
Less: Cumulative tax paid in week 8	40
Tax payable in week 9 pay day	50

Deductions (or refunds) along these lines continue for the remainder of the tax year unless there is a change in the employee's circumstances or the employer receives an amended tax credit certificate. Where the cumulative basis applies, amended tax credits/standard rate cut-off points have effect from the previous 1 January.

7.6 Non-cumulative basis (week 1/month 1 basis)

In certain circumstances Revenue may direct an employer to deduct tax on a week 1 or month 1 basis. This instruction will be clearly given on the tax credit certificate.

Where the week 1/month 1 basis applies,

- the pay
- the tax credits and
- the standard rate cut-off point

are not accumulated for tax purposes.

The pay for each income tax week or month is dealt with separately. The tax credits for week 1 (or month 1) are applied to pay for each week (or each month) and tax is deducted accordingly. No refunds may be made by the employer in such cases.

Although pay is not accumulated for tax purposes, the employer must take total pay to date into account for the purpose of the ceiling for PRSI contributions.

Where an employer holds a tax credit certificate on a cumulative basis and they subsequently receive a tax credit certificate or tax deduction card issued on a week 1/month 1 basis, the new basis will apply from the first pay day after the date of issue printed on the certificate.

7.7 Temporary basis

The temporary tax deduction basis must be used where the employer has been given parts 2 and 3 of a current year or preceding year form P45, stating:

- the employee's PPS number and
- the employee was not on the emergency basis and

the employer has sent part 3 of the form P45 to Revenue and is awaiting the issue by Revenue of a tax credit certificate.

The entries on the temporary tax deduction card are made on a non-cumulative basis (week 1/month 1 basis) and the calculation of tax due each week (or month) is done on the same basis as in the week 1/month 1 procedure outlined in paragraph 7.6

The weekly or monthly tax credits and standard rate cut-off point shown on form P45 should be given to the employee on a non-cumulative basis (week 1/month 1 basis).

A refund of tax should not be made to the employee where a temporary tax deduction card is in use.

The temporary procedure continues until a tax credit certificate is received from Revenue.

Note

An employer who took on an employee at the end of say 2008 who produced a 2008 P45 and for whom a tax credit certificate has not yet issued for 2009 may continue to use the tax credit and standard rate cut-off point as per the 2008 P45 in 2009.

7.8 Emergency basis

The circumstances in which the employer will use the emergency basis are described in paragraph 6.9.2.

The current emergency tax rates are published on the Revenue website at
www.revenue.ie/en/tax/it/leaflets/emergency-09.doc

Different rules for emergency tax apply depending on whether or not the employee has provided the employer with their PPS number.

Where the employee does not provide their PPS number

Where the employee does not provide their PPS Number, the higher rate of tax applies to all earnings.

Week or month	Standard rate cut-off point	Tax credit
All	Nil	Nil

If a new employee does not hold a PPS number they should be advised to call in person to any Social Welfare Local Office and ask for Leaflet SW100 to apply for a PPS number. When they have been allocated their PPS number from the Department of Social Protection, the Revenue Form 12A should be completed and sent to Revenue.

Where the employee provides their PPS number

Where the employee provides their PPS number the provisional tax credits and standard rate cut-off point to be granted are as outlined in the following tables for weekly, monthly, fortnightly, four-weekly and twice-monthly paid employees.

Weekly paid

Week of employment	Weekly standard rate cut-off point	Weekly tax credit
First	1/52nd of single personal standard rate cut-off point	1/52nd of single personal tax credit
Second	As for first week	As for first week
Third	As for first week	As for first week
Fourth	As for first week	As for first week
Weeks 5 to 8 inclusive	As for first week	Nil
Week 9 and subsequent weeks	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Monthly paid

Month of employment	Month standard rate cut-off point	Month tax credit
First	1/12th of single personal standard rate cut-off point	1/12th of single personal tax credit
Second	As for first month	Nil
Third and subsequent months	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Fortnightly paid

Fortnightly pay day	Fortnightly standard rate cut-off point	Fortnightly tax credit
First	2/52nds of single personal standard rate cut-off point	2/52nds of single personal tax credit
Second	As for first pay day	As for first pay day
Third	As for first pay day	Nil
Fourth	As for first pay day	Nil
Fifth and subsequent pay days	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Four-weekly paid

Four-weekly pay day	Four-weekly standard rate cut-off point	Four-weekly tax credit
First	4/52nds of single personal standard rate cut-off point	4/52nds of single personal tax credit
Second	As for first pay day	Nil
Third and subsequent pay days	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Twice-monthly paid

Twice-monthly pay day	Twice-monthly standard rate cut-off point	Twice-monthly tax credit
First	1/24th of single personal standard rate cut-off point	1/24th of single personal tax credit
Second	As for first pay day	As for first pay day
Third	As for first pay day	Nil
Fourth	As for first pay day	Nil
Fifth and subsequent pay days	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Quarterly, half-yearly and yearly paid

For the quarterly, half-yearly and yearly paid, the tax credit to be applied is 1/12th of the single personal tax credit and the standard rate cut-off point is 1/12th of the single personal standard rate cut-off point.

Where an employee without a PPS number subsequently provides one

As outlined previously, where an employee commences employment and does not provide their PPS number the higher rate of tax applies to all earnings. Where the employee subsequently provides their PPS number (while still on emergency basis), the tax credits and standard rate cut-off points to be granted are as outlined in the corresponding pay period in the above tables. The employee's previous pay periods are not recalculated to grant tax credits and standard rate cut-off points for those previous pay periods.

For example, an employee commences a weekly-paid employment and does not provide their PPS number. They will pay tax at the higher rate of tax on all earnings. The employee provides their employer with their PPS number in their 3rd week of employment. For their 3rd weekly pay period tax will be calculated allowing the tax credit and standard rate cut-off point for week 3 as outlined in the above tables. Weeks 1 and 2 will not be recalculated to grant a tax credit or a standard rate cut-off point for those weeks.

7.9 Separate periods of employment with one employer treated as one continuous period for emergency basis purposes

It is important to note that where an employee has separate periods of employment with one employer in one income tax year, to which the emergency basis applies, the employment is deemed to commence at the start of the first of these periods and continue to the end of the last period of employment or 31 December whichever is earlier.

Example 1

A weekly paid employee commences work in income tax week 10, leaves in week 14, resumes work with the same employer in week 28 and leaves finally in week 29. The emergency basis applies throughout.

- Weeks 10, 11, 12 and 13 are the first four weeks of employment for the purposes of the emergency procedure.
- Week 14 is the fifth week.
- Week 28 is the nineteenth week (i.e. fourteen weeks after week 14).
- Week 29 is the twentieth week for the purposes of the emergency procedure.

If the emergency basis is still in operation on the following 1 January, the employee is deemed to start a new period of employment on that date. Deeming an employment to commence and continue in this way is solely for the purpose of reckoning "weeks" or "months" so as to apply the correct emergency tax credits and standard rate cut-off points and tax rates.

Example 2

A weekly paid employee commences work in income tax week 46 and leaves in week 5 of the following tax year. The emergency basis applies throughout.

- Weeks 46, 47, 48 and 49 are the first four weeks of employment for the purposes of the emergency procedure.
- Weeks 50, 51 and 52 are weeks five, six and seven for the purposes of the emergency procedure.
- Weeks 1, 2, 3 and 4 in the new tax year are the first four weeks of employment for the purposes of the emergency procedure. (As stated above, the employee is 'deemed' to start a new period of employment on 1 January).
- Week 5 is the fifth week for the purposes of the emergency procedure.

7.10 Tax exemption and marginal relief

A small number of employees/pensioners are entitled to tax exemption and marginal relief each year.

Any individual/married couple whose total income from all sources is less than or equal to the exemption limit appropriate to them will not have to pay tax for that year.

Any individual/married couple whose total income from all sources is over the exemption limit may qualify for marginal relief. This means that when their wages or pension exceeds a certain limit, they are taxed at 40% instead of the higher rate of tax in operation for that year. If the employee/pensioner is entitled to tax exemption and marginal relief, the higher rate of tax shown on the tax credit certificate will be 40%.

The decision regarding any individual's entitlement to exemption and marginal relief is made by Revenue - not by the employer. The employer must operate PAYE in accordance with the tax credit certificate issued.

7.11 Taxation of short-term social insurance illness benefit and occupational injury benefit

Illness Benefit (formerly known as Disability Benefit) and Occupational Injury Benefit payable by the Department of Social Protection are taxable payments. When an employee is absent from work due to illness and receives or is entitled to receive short-term illness or occupational injury benefit, tax is collected through the PAYE system. These benefits are not however subject to PRSI or Levies.

Where an employee becomes entitled to receive such benefits, employers are required to make certain adjustments to their normal PAYE procedures to take account of these benefits.

The first 6 weeks (36 days) of Illness Benefit and Occupational Injury Benefit payments in the tax year are exempt for tax purposes. Child Dependant additions (i.e. additional payments made to claimants in respect of qualifying children) are also exempt for tax purposes.

Note

References to Illness Benefit include short-term Occupational Injury Benefit. Taxable Illness Benefit refers to Illness Benefit payable less any Child Dependant additions.

Notification from the Department of Social Protection

The Department of Social Protection will notify all employers of the amount of the weekly taxable Illness Benefit which an employee is entitled to receive while out sick, and also the date the payment commenced.

A week's Illness Benefit consists of payment for 6 days (excluding Sundays). Therefore, the daily rate is one-sixth of the weekly rate.

Calculation of exemption period

Illness Benefit payable for the first 36 days in the tax year is exempt from tax. Sundays and the 3 "waiting days" for which Illness Benefit is not payable are not included in calculating the 36 days for which exemption is due.

Where an employee uses the full exemption in one single sick period, the exemption will, effectively, expire 39 days (excluding Sundays) from the first day of absence i.e. the 3 "waiting days" for which Illness Benefit is not payable plus the 36 days for which Illness Benefit is payable. However, it should be noted that, where an employee uses the exemption over more than one period of absence where claims for Illness Benefit are separated by more than 3 days, the 3 "waiting days" for which Illness Benefit is not payable apply to each separate claim period. In such circumstances the aggregate 36 day exemption period may be increased by 3 days for each separate period of absence.

Example

In the case of three separate periods of absence, the employee would need to be absent for 45 days (excluding Sundays) i.e. 36 + 3 + 3 + 3 before any Illness Benefit becomes taxable.

When the period of exemption expires, the Illness Benefit payment received is taxable i.e. Illness Benefit payable less Child Dependant additions, if relevant.

Action by employers - general

The taxation of these payments through payroll will not be relevant for many employers or employees because significant numbers of employees will be exempt from taxation of Illness Benefit, as they will receive payment of Illness Benefit or Occupational Injury Benefit for less than 36 days in the tax year.

Where it is relevant, the taxation of Illness Benefit through payroll will depend on the particular circumstances or arrangements between employers and employees while employees are out sick. These arrangements are set out in the following paragraphs. As well as knowing the amounts of their employees' Illness Benefit payments, some employers will also be aware of the period to which the payments relate. Consequently, they will have the appropriate information to tax the Illness Benefit through payroll. They should, therefore, take immediate action in accordance with the appropriate section below to effectively tax Illness Benefit through payroll, after the relevant exemption period expires.

Where the employer is not aware of the amount of an employee's Illness Benefit but is otherwise in a position to take the necessary action, the basic personal rate of payment (available from www.welfare.ie) should be assumed until advised otherwise by the Department of Social Protection or by Revenue.

Employers who pay wages, salary, etc., to employees while out sick and recover the short-term Illness Benefit or Occupational Injury Benefit from the employees

The arrangement between these employers and employees will be such that the employer will be aware of:

- the date the employee went out sick
- the date from which Illness Benefit or Occupational Injury Benefit became payable
- the make-up of the Illness Benefit or Occupational Injury Benefit (i.e. Personal Rate, Adult Dependant and Child Dependant additions, if relevant etc.)

Such employers should take appropriate action without reference to the notification from the Department of Social Protection, as they will already have all the relevant information to apply the exemption and taxation rules for Illness Benefit.

The amount of Illness Benefit the employee is entitled to receive for 36 days in total in the tax year is exempt and should be excluded from payroll for tax purposes. Therefore only the difference between the wages, salary etc. paid and the Illness Benefit recovered is subject to tax and PRSI for the duration of the exemption period. If an employee is still out sick after the exemption period expires and continues to receive and pay over Illness Benefit or Occupational Injury Benefit to the employer while out sick, tax should be deducted from the net wages, salary etc., less the Child Dependant additions of Illness Benefit, if relevant. However, PRSI should only be charged on the difference between the net wages, salary etc., and the amount of Illness Benefit received. While Illness Benefit less Child Dependant additions is taxable after the exemption period expires, it is not chargeable to PRSI.

Employers who pay wages, salary etc., to employees while out sick (top-up etc.) and the employees retain the Illness Benefit or Occupational Injury Benefit

Where an employer pays the employee's full or partial wages while out sick and the employee retains the Illness Benefit, the employer may include the taxable Illness Benefit with earnings. This will have the effect of maintaining the cumulative system of PAYE. Under such a procedure the combined amount would be charged to tax but only the actual earnings paid by the employer would be charged to PRSI. For the purpose of the exemption such employers will be aware of the employee's circumstances. Until the Illness Benefit exemption period expires, tax and PRSI should be charged only on the wages actually paid. When the period of exemption expires the Illness Benefit should be taxed through payroll as outlined above.

Example 1

An employee earns €700 per week.

His weekly tax credits are €68 and his standard rate cut-off point is €653.

Up to week 12 he has earned €8,400 and paid €982.44 tax.

The employee is out sick from week 13 to week 21 inclusive and receives taxable Illness Benefit of €150 per week. He resumes employment in week 22.

The employer tops up his wages in full for the duration of his sick leave and includes the taxable Illness Benefit with the employee's earnings as follows.

(for the purposes of this example the standard rate of tax is taken as 20% and the higher rate as 41%)

Week no.	Cumulative net pay	Cumulative standard rate cut-off point	Cumulative tax due at 20%	Cumulative tax due at 41%	Cumulative tax credit	Cumulative tax credits	Cumulative tax due
12	8,400	7,836	1,567.20	231.24	1,798.44	816	982.44
13*	8,950	8,489	1,697.80	189.01	1,886.81	884	1,002.81
14	9,500	9,142	1,828.40	146.78	1,975.18	952	1,023.18
15	10,050	9,795	1,959.00	104.55	2,063.55	1,020	1,043.55
16	10,600	10,448	2,089.60	62.32	2,151.92	1,088	1,063.92
17	11,150	11,101	2,220.20	20.09	2,240.29	1,156	1,084.29
18	11,700	11,754	2,340.00	Nil	2,340.00	1,224	1,116.00
19**	12,400	12,407	2,480.00	Nil	2,480.00	1,292	1,188.00
20	13,100	13,060	2,612.00	16.40	2,628.40	1,360	1,268.40
21	13,800	13,713	2,742.60	35.67	2,778.27	1,428	1,350.27
22***	14,500	14,366	2,873.20	54.94	2,928.14	1,496	1,432.14

* In week 13 the employee is out sick and commences receiving Illness Benefit of €150 per week from the Department of Social Protection. He retains the benefit and his employer tops up his wages to €700 per week. This is his first payment of Illness Benefit in the tax year and therefore his first 6 weeks of Illness Benefit is exempt for tax purposes - from weeks 13 to 18 inclusive. The employer charges tax and PRSI only on the €550 (€700 - €150) wages actually paid.

** In week 19 the employee is still out sick. As this is the 7th week of Illness Benefit and the period of exemption now expired, the employer includes the €150 taxable Illness Benefit with wages. Tax is charged on the full €700. PRSI is charged on €550, the actual wages paid by the employer.

*** In week 22 the employee returns to work and receives his normal weekly wage of €700.

However, some employers may not be able to include taxable Illness Benefit with earnings. To maintain the cumulative system of PAYE, those employers can opt to reduce the employee's weekly/monthly tax credits by the weekly/monthly taxable amount at the standard rate of tax and reduce the weekly/monthly standard rate cut-off point by the full taxable amount.

Example 2

An employee has a weekly tax credit of €68 and a weekly standard rate cut-off point of €653 and receives taxable Illness Benefit (or Occupational Injury Benefit) of €150 per week.

The employer should, if using this option:

- reduce the weekly tax credit by €30 i.e. €150 @ 20% (For the purposes of this example the standard rate of tax is taken as 20%)
- reduce the weekly standard rate cut off point by €150

The cumulative tax credits and standard rate cut-off points for the following weeks would need to be adjusted accordingly. Where it is not possible to maintain the cumulative system, employers can opt to reduce the employee's weekly/monthly tax credits and standard rate cut-off points (as in the example) and operate on a Week 1/Month 1 non-cumulative basis. Both these options can be availed of after the exemption period expires.

Employers who do not pay wages, salary etc., to employees while out sick and the employee retains the Illness Benefit or Occupational Injury Benefit

During the Illness Benefit or Occupational Injury Benefit tax exemption period, no adjustments for tax purposes are required and the cumulative system of PAYE (paragraphs 7.3 - 7.5) continues unchanged.

The exemption period should cover the majority of employees. However, if an employee is out of work due to illness after the exemption period expires, the following action should apply:

Some employers who do not pay wages, salary etc., to employees while out sick may wish to maintain the cumulative system of PAYE. Taxable Illness Benefit or Occupational Injury Benefit, payable after the period of exemption expires, may be included as earnings on the tax deduction card and the cumulative system of PAYE continued as normal. However, it may not be possible for other such employers to maintain the cumulative system. In those circumstances, when the employee returns to work, the weekly/monthly tax credits and standard rate cut-off point should be applied to the employee's earnings on a Week 1/Month 1 basis -

- until the end of the tax year (31 December) or
- until confirmation is received from Revenue that the cumulative basis should be reinstated, in which case Revenue will issue a cumulative tax credit certificate stating the amount of taxable Social Welfare benefits, if any, to be taken into account as pay by the employer.

The provisions, under which refunds of tax may be made, during periods of absence from work due to illness after the exemption period expires, do not apply unless Revenue confirm that they should apply. It is essential that weekly/monthly tax credits and standard rate cut-off points are not accumulated and tax refunds inadvertently made. If a cumulative tax credit certificate or tax deduction card is received for an employee who was or is still out sick after the exemption period expires, this documentation should only be used after checking with Revenue that it is in order to do so as Revenue may not be aware that the employee was out sick from work and in receipt of Illness Benefit or Occupational Injury Benefit.

Tax documents

Where taxable Illness Benefit or Occupational Injury Benefit is included with earnings and taxed through payroll as such, total pay shown on tax documents e.g. P45, P60, P35, should be inclusive of the taxable benefit.

7.12 Jobseeker's benefit

A portion of Jobseeker's Benefit (formerly known as Unemployment Benefit) is taxable. This will not affect employers as Revenue will collect any tax due.

7.13 Treatment of maternity & adoptive benefits

Maternity & Adoptive Benefits are not regarded as income for the purposes of the Income Tax Acts and should be disregarded for all tax purposes.

Whether the payment must be taken into account by the payroll office will depend on the particular circumstances or arrangements between employers and employees while employees are on maternity or adoptive leave and in receipt of Maternity or Adoptive Benefit from the Department of Social Protection.

The treatment in specific situations is outlined below:

Employers who pay wages, salary, etc., to employees while out on maternity or adoptive leave and recover the Maternity or Adoptive Benefit from the employees or directly from the Department of Social Protection

In such circumstances, only the difference between the wages, salary, etc. paid and the Maternity or Adoptive Benefit recovered is subject to tax and PRSI in the pay period.

Employers who pay wages, salary etc., to employees while out on maternity leave or Adoptive Leave (top-up etc.) and the employees retain the Maternity or Adoptive Benefit

Where an employer pays an employee full or partial wages or salary while out on maternity or adoptive leave and the employee retains the Maternity or Adoptive Benefit, tax and PRSI should be charged only on the amount of wages or salary actually paid.

Employers who do not pay wages, salary etc., to employees while out on maternity or adoptive leave and the employee retains the Maternity or Adoptive Benefit

If owing to the absence from work through maternity or adoptive leave, the employee is entitled to receive no emoluments on the usual pay day, the employer shall, on application being made in person by the employee or their authorised representative, make such repayment of tax to the employee as may be appropriate, having regard to their cumulative emoluments at the date of the pay day in question and the corresponding cumulative tax.

Alternatively, on the employee's return to work after a period of maternity or adoptive leave, any refund of tax, which may be due to the employee, for the current tax year, can be calculated having regard to their cumulative emoluments at the date of the pay day in question and the corresponding cumulative tax. In this situation the employer should contact Revenue to confirm that it is in order to make such a refund. If the period of maternity or adoptive leave was over two tax years, the employee can apply to Revenue for any refund that may be due for the year prior to the current year.

Of course an employer should not make a refund unless they are in possession of a current year cumulative tax credit certificate in respect of the employee in question.

Employee Pay Day – Calculating Tax Due

Chapter 8

Employee Pay Day – Calculating Tax Due

8.1 Applying tax credits and standard rate cut-off point

Under the tax credit system an employee is entitled to tax credits and a standard rate cut-off point depending on personal circumstances e.g. married person's credit, employee PAYE tax credit, married or single or widowed standard rate cut-off point, etc.

Tax must be deducted or refunded in accordance with the tax credits and standard rate cut-off point due and the tax rate applicable at the time the payment is made. This is so even if all or part of it was earned or treated as earned in a previous or coming income tax year.

An employee's tax credits and standard rate cut-off point are given on the tax credit certificate or tax deduction card. These documents will indicate whether the tax credits and standard rate cut-off point are to be given on a cumulative basis or on a week 1/month 1 basis. If there is no tax credit certificate the temporary basis (paragraphs 6.9.1 and 7.7) or emergency basis (paragraphs 6.9.2 and 7.8 - 7.9) will apply.

8.2 Weekly pay

(See Appendix 3 for the income tax calendar)

For the purpose of these instructions weekly pay should be regarded as paid on the same weekday throughout the year. For example, where the normal pay day is on a Friday but one pay day is changed to the previous Thursday, the following day (Friday) should still be regarded as the pay day for the purpose of determining the income tax week.

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

The cumulative tax credits and standard rate cut-off point up to and including the income tax week in which the pay day falls.

If week 1 basis applies

The amount of the weekly tax credit and standard rate cut-off point as shown on the tax credit certificate. Where the employer uses a tax deduction card the tax credit and standard rate cut-off point will be printed on the line relating to the income tax week in which the pay day falls.

If temporary basis applies

The amount of the weekly tax credit and standard rate cut-off point as shown on the form P45.

If emergency basis applies

See paragraphs 7.8 - 7.9

Week 53

If there are 53 weekly pay days in the income tax year (normally this occurs where 31 December, or in a leap year, 30 or 31 December, is a pay day), see paragraph 15.2 regarding tax deductions in this situation.

8.3 Fortnightly pay

For the purpose of these instructions, fortnightly pay should be regarded as paid on the same weekday throughout the year. For example, where the normal pay day is on every second Friday but one pay day is changed to the previous Thursday, the following day (Friday) should still be regarded as the pay day for the purpose of determining the income tax week.

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

Income tax week in which payment is made	Cumulative tax credits and standard rate cut-off point at week no.
1 or 2	2
3 or 4	4
5 or 6	6
7 or 8	8
9 or 10	10
11 or 12	12
13 or 14	14
15 or 16	16
17 or 18	18
19 or 20	20
21 or 22	22
23 or 24	24
25 or 26	26
27 or 28	28
29 or 30	30
31 or 32	32
33 or 34	34
35 or 36	36
37 or 38	38
39 or 40	40
41 or 42	42
43 or 44	44
45 or 46	46
47 or 48	48
49 or 50	50
51 or 52	52

(If the tax credits and standard rate cut-off point at week 1 were set against a fortnightly payment made in this week the employee would get only one week's credits and standard rate cut-off point against two week's pay and at the end of 52 weeks would have had only fifty-one week's tax credits and standard rate cut-off point set against fifty-two week's pay).

If week 1 basis applies

Twice the amount of the weekly tax credits and standard rate cut-off point as shown on the tax credit certificate. (This includes the case where fortnightly pay is paid in week 1).

If temporary basis applies

Twice the amount of the weekly tax credits and standard rate cut-off point as shown on the form P45. (This includes the case where fortnightly pay is paid in week 1).

If emergency basis applies

See paragraphs 7.8 - 7.9

Fortnight 27

Normally there will be 26 fortnightly pay days in the year. If there are 27 fortnightly pay days in the year (where 31 December or in a leap year, 30 or 31 December, is a pay day), see paragraph 15.2 regarding tax deductions in this situation.

8.4 Four-weekly pay

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

Income tax week in which payment is made	Cumulative tax credits and standard rate cut-off point at week no.
1 - 4 inclusive	4
5 - 8 inclusive	8
9 - 12 inclusive	12
13 - 16 inclusive	16
17 - 20 inclusive	20
21 - 24 inclusive	24
25 - 28 inclusive	28
29-32 inclusive	32
33-36 inclusive	36
37-40 inclusive	40
41-44 inclusive	44
45-48 inclusive	48
49-52 inclusive	52

If week 1 basis applies

Four times the amount of the weekly tax credit and standard rate cut-off point as shown on the tax credit certificate (irrespective of the week in which the payment is made).

If temporary basis applies

Four times the amount of the weekly tax credit and standard rate cut-off point as shown on the form P45 (irrespective of the week in which the payment is made).

If emergency basis applies

See paragraphs 7.8 - 7.9

Week 53

See paragraph 15.2 regarding a four-weekly payment made in week 53.

If cumulative basis applies

The cumulative tax credits and standard rate cut-off point up to and including the income tax month in which the pay day falls.

If month 1 basis applies

The amount of the monthly tax credits and standard rate cut-off point as shown on the tax credit certificate.

If temporary basis applies

The amount of the monthly tax credit and standard rate cut-off point as shown on the form P45. See paragraph 11.12 regarding an employee's change from monthly to weekly pay or weekly to monthly pay following a change of employment.

If emergency basis applies

See paragraphs 7.8 - 7.9

8.5 Monthly pay

The following tax credits and standard rate cut-off point are to be set against pay:

Month no.	Month ended
1	31 Jan
2	28/29 Feb
3	31 Mar
4	30 Apr
5	31 May
6	30 Jun
7	31 July
8	31 Aug
9	30 Sept
10	31 Oct
11	30 Nov
12	31 Dec

8.6 Twice-monthly pay

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

The amounts of cumulative tax credits and standard rate cut-off point to be set against the payment made at the end of the month are the cumulative tax credits and standard rate cut-off point figures for the income tax month in which the payment is made.

Mid-month payments

The amounts to be set against a mid-month payment made in January are half of the tax credits and standard rate cut-off point for month 1. The amounts to be set against a mid-month payment made in any other month are half of the monthly tax credits and standard rate cut-off point figures plus the cumulative tax credits and standard rate cut-off point for the income tax month immediately before the payment is made.

Example:

For a pay day falling in mid-August - allow cumulative tax credits and standard rate cut-off point for July plus half of the monthly tax credits and standard rate cut-off point figure for August.

If month 1 basis applies

Half of the monthly tax credits and standard rate cut off point figure as shown on the certificate.

If temporary basis applies

Half of the monthly tax credits and standard rate cut-off point figure as shown on the form P45.

If emergency basis applies

See paragraphs 7.8 - 7.9

8.7 Quarterly pay

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

Payments made between:	Cumulative tax credits and standard rate cut-off point due at:
1 January - 31 March (inclusive)	Month 3
1 April - 30 June (inclusive)	Month 6
1 July - 30 September (inclusive)	Month 9
1 October - 31 December (inclusive)	Month 12

If month 1 basis applies

One quarter of the yearly tax credits and standard rate cut-off point figures as shown on the tax credit certificate.

If temporary basis applies

Three times the monthly (or 13 times the weekly) tax credits and standard rate cut-off point figures as shown on form P45.

If emergency basis applies

See paragraphs 7.8 - 7.9

8.8 Half-yearly pay

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

The cumulative tax credits and standard rate cut-off point up to and including month 6 should be set against the first payment and those up to and including month 12 against the second payment, irrespective of the date on which the payment is made.

If month 1 basis applies

Half the yearly tax credits and standard rate cut-off point figures as shown on the tax credit certificate.

If temporary basis applies

Six times the monthly (or 26 times the weekly) tax credits and standard rate cut-off point figures as shown on form P45.

If emergency basis applies

See paragraphs 7.8 - 7.9

8.9 Yearly pay

The following tax credits and standard rate cut-off point are to be set against pay:

If cumulative basis applies

The cumulative tax credits and standard rate cut-off point up to and including month 12 irrespective of the date on which the payment is made.

If month 1 basis or temporary basis applies

The amount of the yearly tax credits and standard rate cut-off point.

If emergency basis applies

See paragraphs 7.8 - 7.9

Where remuneration of a company director is voted annually and no payment on account or in advance and no drawings on account are made before the voting of the remuneration, the tax credits, standard rate cut-off point and income tax rates for the year in which the remuneration is voted apply (not those of the year to which the remuneration relates). See paragraphs 3.5.9 and 3.5.10 regarding the treatment of payments in advance and final payments.

8.10 Payments at irregular intervals (continuous employment)

If cumulative basis applies

Set off the cumulative tax credits and standard rate cut-off points for the week in which the payment is made.

If week 1 basis or temporary basis applies

- If the employment commenced before 1 January - set off the total of the tax credits and standard rate cut-off points for the income tax weeks from week 1 to the week in which the payment is made, both weeks inclusive.
- If the employment commenced since 1 January - set off the total of the tax credits and standard rate cut-off point for the income tax weeks from the week in which the employment commenced to the week in which the payment was made, both weeks inclusive. (If the temporary basis applies see paragraph 11.11 regarding the tax credits and standard rate cut-off point for the week of commencement).

If emergency basis applies

See paragraphs 7.8 - 7.9

8.11 Payments made other than on the employee's regular pay day

Where in any income tax week or month a payment (e.g. bonus, arrears of pay etc.) is made on a different day from the regular pay day, the employer may have difficulty in deciding what tax to deduct, if any. The essential point to bear in mind is that the tax for the week (or month) must be calculated by reference to the total of all payments made in the week (or month) and to the tax credits and standard rate cut-off point (cumulative or week 1/month 1 etc.) at that week or month. Tax credits and standard rate cut-off point for a subsequent week or month may not be brought back to cover the additional payment.

If the amount of the additional payment is small in comparison with the payment to be made on the next regular pay day, there would be no objection to making the payment in full provided that it was included in full in the pay figure for PAYE/PRSI purposes on the next pay day.

Example

A bonus of €200 is paid to an employee in week 37 *after* normal pay day. Normal pay is €600 per week and the cumulative basis applies.

The employee's weekly tax credits and standard rate cut-off point are as follows:

Standard rate cut-off point	€653
Tax credits	€68

For the purposes of this example, the rates of tax are taken as 20% (standard rate) and 41% (higher rate).

The employee's PAYE record, following the normal pay day in week 37 (and before payment of the bonus), should show:

Cumulative net pay	Cumulative gross tax due	Cumulative tax credits	Cumulative tax due
22,200 (600 x 37)	4,440 (22,200 @ 20%)	2,516 (68 x 37)	1,924

The record at week 38 (after payment of the bonus) should show:

Cumulative net pay	Cumulative gross tax due	Cumulative tax credits	Cumulative tax due
23,000 (600 x 38 + 200)	4,600 (23,000 @ 20%)	2,581 (68 x 38)	2,016

If the employer pays the bonus (€200) in full in week 37 then they must, on the normal pay day in week 38, calculate the PRSI contributions and the tax due on €800 (€600 normal pay for week 38 plus the €200 bonus).

8.12 Deduction of tax from "holiday pay"

The tax credits and standard rate cut-off point to be set against "holiday pay" paid in advance of the usual pay day are strictly those (whether cumulative, week 1/month 1, temporary or emergency) that relate to the income tax week or month *in which it is paid.*

If, however, the effect of paying holiday pay in advance is that the employee receives the equivalent of two or three weeks' pay in the same week and no pay in the following week, or following two weeks, the tax credits and standard rate cut-off point for those weeks may be set against holiday pay *except where the employee is being paid holiday pay immediately before leaving the employment.*

Where holiday pay is being included in the last payment of salary or wages before 31 December and the relevant holiday period includes a period of the next income tax year the procedure is as follows:

- if at the time the payment is being made a "multi-year" tax credit certificate or a tax credit certificate for the next year has been received, the amount of the holiday pay in respect of the period in the next year should be ascertained. The amount of tax, which would be deducted from the amount of such holiday pay as if it was paid in the next year, should be calculated and entries made in the pay record for the next year accordingly. The entries in the pay record for the current year should be the net amount of the pay after subtracting the amount of the holiday pay included in the next year's pay record from the amount of the total payment and the tax appropriate to such net amount on the basis of the cumulative tax credits and standard rate cut-off point at Week 52.
- if at the time the payment is being made neither a "multi-year" tax credit certificate nor a next year's tax credit certificate has been received, the tax to be deducted should be calculated on the basis of the cumulative tax credits and cut-off point at Week 52 and entries made in this year's record only. The benefit of the cumulative tax credits and standard rate cut-off point from 1 January will be given when the first payment of salary or wages is being made to the employee in the next year.

8.13 Emoluments earned before 1 January but paid on or after that date

Tax must be deducted from emoluments earned before 1 January but paid on or after that date in accordance with the tax credits and standard rate cut-off point due and the tax rate applicable at the time the payment is made.

An employee's tax credits and standard rate cut-off point are given on the tax credit certificate. This document will indicate whether the tax credits and standard rate cut-off point are to be given on a cumulative basis or on a week 1/month 1 basis. If there is no tax credit certificate, the temporary basis (paragraphs 6.9.1 and 7.7) or emergency basis (paragraphs 6.9.2 and 7.8 - 7.9) will apply.

9

Refunds of Income Tax to the Employee

Chapter 9

Refunds of Income Tax to the Employee

9.1 Recording of refunds

In the course of the operation of PAYE a refund of tax to an employee may be made by the employer (paragraphs 9.2 and 9.3) or by Revenue (paragraph 9.5). An employer who makes a refund of tax should record it as a separate entry on the employee's PAYE record

(See PRSI Guide from the Department of Social Protection regarding refunds of PRSI contributions overpaid).

9.2 Refunds arising from the operation of the cumulative system

The operation of the PAYE system may result in the cumulative tax credits of an employee on any pay day exceeding the cumulative tax due. In such a case the employer will not deduct tax from that pay (on that pay day) and may also have to make a refund of some or all of the tax deducted from the employee's previous pay in the current tax year.

Example

An employee earns €600 per week.

His weekly tax credits are €60 and his standard rate cut-off point is €653.

(For the purposes of this example the standard rate of tax is taken as 20%)

Cumulative net pay to date			Cumulative standard rate cut-off point	Cumulative gross tax	Cumulative tax credits	Cumulative tax due
Week 20	*	12,000	13,060	2,400	1,200	1,200
Week 21	**	12,600	13,713	2,520	1,428	1,092 (108 refunded)

* Up to week 20 the employee has earned €12,000 and paid €1,200 tax

** In week 21 the employer receives an amended cumulative tax credit certificate showing his weekly tax credits are now €68 and his standard rate cut-off point is €653.

As the cumulative basis applies, the increased credits are granted with effect from the previous 1 January.

As tax of €1,200 has already been deducted, the employer should give the employee a refund of €108

Cumulative tax due week 21	€1,092
Cumulative tax deducted to week 20	€1,200
Refund due	€108

9.3 Absence from work for some cause

Where the employee is absent from work (e.g. factory closed temporarily due to fire damage or leave without pay agreed with the employer) and is not entitled to receive any pay on the usual pay day, nor entitled to receive any benefits from the Department of Social Protection, the employer, if the cumulative basis applies, either:

1. Makes any refund of tax which is due to the employee in accordance with the cumulative tax credits and standard rate cut-off point which applies on that pay day.

Example

An employee earns €600 per week.

His weekly tax credits are €68 and his standard rate cut-off point is €653

(For the purposes of this example the standard rate of tax is taken as 20%)

Or (in exceptional circumstances) -

2. Sends to Revenue, not later than the first usual pay-day after the absence commences:

- A notification of the employee's absence from work
- A notification of the employer's intention to make no repayment
- Particulars of the employee's pay and tax up to the last pay day before the absence commenced.

An employer who sends the information at 2 above to Revenue within the time limit need not make any repayment to the employee during the employee's absence from work.

The employer should notify Revenue immediately the employee resumes work. They should also take into account any repayment of tax made to the employee of which they are notified by Revenue in calculating tax on any payment due to the employee after resumption of work and before the following 1 January.

See paragraph 7.11 regarding the situation where an employee is absent due to illness and receives or is entitled to receive Illness Benefit (formerly known as Disability Benefit) or Occupational Injury Benefit from the Department of Social Protection.

Cumulative net pay to date			Cumulative standard rate cut-off point	Cumulative gross tax	Cumulative tax credits	Cumulative tax due
Week 12	*	7,200	7,836	1,440	816	624
Week 13	**	7,200	8,489	1,440	884	556 (68 refunded)

* Up to week 12 the employee has earned €7,200 and paid €624 tax

** The employee is absent in week 13, receives no pay for that week and applies for and makes arrangements to collect the €68 refund.

9.4 Reimbursement of employer for tax refunded to employee

An employer who makes a refund of tax to an employee should deduct the amount refunded from the next remittance of PAYE tax to be paid to the Collector General. (See paragraph 14.4).

If, however, the next remittance of PAYE tax to be paid is less than the amount of the refund made to the employee, the employer may apply for reimbursement by giving details regarding the refund and quoting their PAYE registered number to

The Collector-General,
Sarsfield House,
Francis St,
Limerick.

9.5 Refund of tax during unemployment

Revenue will make any refund of tax due to an employee who has become unemployed. The employee may apply for refund directly to Revenue on form P50 accompanied by parts 2 and 3 of their form P45.

Employer's Duties Before Income Tax Year Commences

Chapter 10

Employer's Duties Before Income Tax Year Commences

10.1 Issue of PAYE documents to employers

An employer should be in a position at the start of each new income tax year to make correct PAYE deductions on and from the first pay day, which falls in that year.

In November/December of each year employers will be notified of the tax credits and standard rate cut-off point for the coming year for each employee.

If, on the first pay day of the new tax year, the employer has not received a tax credit certificate for the new tax year for an employee, a number of options are available:

- Where the cumulative basis of tax deduction is in operation, the employer should use the multi-year certificate (paragraph 6.6.4) received in a previous year provided it has the employer's name on it
- Where the non-cumulative basis (week 1/month 1 basis) is in operation, the employer should use the tax credits and standard rate cut-off point, as advised in the previous year's non-cumulative tax credit certificate.
- Where the temporary basis of tax deduction is in operation (paragraph 7.7), the employer can continue to use, on a temporary basis, the tax credits and standard rate cut-off point as advised on the P45, provided the P45 relates to the current year or previous year. Otherwise the emergency basis of tax deduction will apply (paragraphs 7.8 - 7.9) from 1 January until a notification is received.
- Where the emergency basis of tax deduction is in operation, the employer should continue to use the emergency basis on a cumulative basis - see paragraph 7.9

Where changes in tax credits and standard rate cut-off points are brought about by the provisions of the annual Budget, all employers will be notified, early in the new year, of all employees' new tax credits and standard rate cut-off points.

An employer is legally obliged to deduct tax and pay it over to the Collector General whether or not a tax credit certificate has been received.

10.2 Employee leaving before beginning of tax year

An employer who receives a tax credit certificate for the coming tax year for an employee who has left the employment or leaves the employment before 1 January should dispose of the certificate in a confidential manner.

New Employees

and Employees Recommencing

Chapter 11

New Employees and Employees Recommencing

11.1 What happens when a new employee commences employment (or an employee resumes employment after a previous cessation)?

The chart below shows the procedure to follow when a new employee commences (or a previous employee recommences) in your employment.

Has the new employee supplied a Form P45?

YES

1. Complete and submit Form P45 part 3 to the employee's Revenue office.

2. Prepare a temporary tax deduction card (paragraph 6.9.1) or alternative record and operate the temporary basis of tax deduction (paragraph 7.7)

Note

The emergency basis of tax deduction (paragraphs 7.8 - 7.9) must be operated if the P45 given to the employer indicated that the emergency basis applied or there is no PPS number quoted on the P45 and the number has not been provided to the employer.

NO

Notify the employee's Revenue office by form P46 or by phone.

Does the employee have a PPS Number?

YES

Have you verified the PPS number? (paragraph 11.3)

Notify the employee's Revenue office by form P46 or by phone to request a tax credit certificate.

In the meantime the emergency basis of tax deduction must be operated (paragraphs 7.8 - 7.9)

NO

If the employee does not have a PPS number, they should be advised to call in person to any Social Welfare Local Office to apply for a PPS number.

When the number has been allocated, the employee should complete the Revenue Form 12A and send it to their Revenue office.

In the meantime the emergency basis of tax deduction must be operated (paragraphs 7.8 - 7.9)

Following the above steps Revenue will issue a tax credit certificate to the employer. This will show the employee's tax credits, standard rate cut-off point and the appropriate tax rates. The certificate may be on a cumulative basis (effective from the beginning of the tax year, in which case it will also include the employee's pay and tax details, if any, from the previous 1 January to the date of commencement with the new employer) or on a Week 1 Basis.

11.2 What is a "new employee"?

For PAYE purposes a new employee is one who takes up employment or resumes employment after a previous cessation of employment. It also includes a company director who may previously have been self-employed.

If the employer is aware that the new employee was not previously employed (e.g. a school-leaver), the employee should be told to contact their local Revenue office quoting the employer's registered number and their own Personal Public Service (PPS) number issued by the Department of Social Protection. The first-time employee will be asked to complete a form 12A. Shortly afterwards, a tax credit certificate will issue to the employee and a tax credit certificate will issue directly to the employer.

11.3 Personal public service numbers

The Personal Public Service number is an individual's unique reference number and is issued by the Department of Social Protection. It is used for a wide variety of public services, such as Social Welfare, Revenue, Public Health care and Education.

On commencement of employment, the employer must take reasonable measures to verify that the PPS number provided is a valid one and that it refers to the employee who provided it. The employer will be regarded as having taken reasonable measures where they check the PPS number provided against any of the following documents:

- A tax credit certificate from a previous employment
- A form P45
- A Social Welfare services card or PPSN registration letter issued by the Department of Social Protection
- A notice of assessment to income tax or capital gains tax
- A form P21 Balancing Statement
- A form P60
- Any other item of correspondence from Revenue which specifically quotes the PPS number
- A pay slip from a previous employer which shows the PPS number

If a new employee does not hold a PPS number they should be advised to call in person to any Social Welfare Local Office and ask for Leaflet SW100 to apply for a PPS number.

The format of the employee PPS number

The format of the PPS number is 7 numeric characters (including leading zeros), a check character (alpha) and possibly a W, T or X.

Example 1

PPS number 1234567A

This is the most common PPS number format - 7 numeric characters and a check character.

Example 2

PPS number 1234567AW

This format is sometimes used for the spouse of Example 1.

Example 3

PPS number 1234567AT

This PPS number format is used to advise the employer that the individual with PPS number 1234567A also has a second live employment with the same employer. In other words, the employee has 2 employments with the same employer at the same time - the employee is on their payroll twice. For example, an individual may be employed as a sales assistant during the day and also works in the accounts office one night per week and the employer wishes to record the two sets of pay separately - see Note 2 below.

The tax credit certificate with PPS number 1234567A is used for the first employment.

The tax credit certificate with PPS number 1234567AT is used for the second employment with the same employer.

Example 4

PPS number 1234567AX

This PPS Number format is used to advise the employer that the spouse with PPS Number 1234567AW has a second live employment with the same employer. In other words, the employee has 2 employments with the same employer at the same time - the employee is on their payroll twice (see Note 2 below).

The tax credit certificate with PPS number 1234567AW is used for the first employment.

The tax credit certificate with PPS number 1234567AX is used for the second employment with the same employer.

Note 1

The PPS number 1234567A is used in this guide as an example. This PPS number should never be used by an employer as a 'temporary' number for any employee - all employees must obtain their own PPS number from the Department of Social Protection.

Note 2

In the Examples 3 & 4 above, it is the employer's choice to put the employee on the payroll twice. The employer wants to keep the two sets of pay separately on their payroll records. There is no requirement or obligation to do this. Other employers would just put the employee on the payroll once - and pay the extra wages or salary altogether.

11.4 Ask the employee for form P45

A person taking up employment or resuming employment after a previous cessation should be asked for parts 2 and 3 of form P45. Paragraphs 11.5 - 11.7 apply if the employer is given form P45, and paragraph 11.8 if the employer is not given form P45.

11.5 Where the employee gives form P45 to the employer

An employer who is given parts 2 and 3 of form P45 should follow the instructions to the new employer on part 2 of the form. They should retain part 2 of the P45 and immediately send part 3 (and part 4, if given to the employer) to Revenue. This can be done electronically through the Revenue On-Line Service (ROS).

Revenue will issue a tax credit certificate to the new employer.

If a pay day occurs before receipt of either document the new employer should operate PAYE either on the temporary basis (paragraph 7.7) or on the emergency basis (paragraphs 7.8 - 7.9)

Where the temporary basis is used, the tax credits and standard rate cut-off point information on the P45 can be used on a week 1/month 1 basis but the previous pay and tax should not be used to operate the PAYE cumulative system. The previous pay and tax will be notified to the employer on the tax credit certificate issued by Revenue (see paragraph 11.9).

11.6 PRSI contributions

The new employer is not concerned with the amount of the PRSI contributions shown on the form P45 given to them in the calculation of PRSI contributions appropriate to the pay of the employee in their employment. However, the new employer must take into account the pay at the commencement of the employment in the context of the income ceiling(s) for PRSI purposes.

See PRSI Guide and Leaflet SW14 issued by the Department of Social Welfare www.welfare.ie

11.7 Where form P45 relates to an earlier tax year

An employer who is given parts 2 and 3 of form P45 for the tax year ended on previous 31 December should act in accordance with paragraph 11.5. However, where the form does not relate to either the current year or to the previous year, part 3 should be completed and sent to Revenue and the emergency basis (paragraphs 7.8 - 7.9) should be applied.

11.8 Where form P45 is not given to the new employer

An employer who does not receive a form P45 or who is not issued with a tax credit certificate must:

- send form P46 to the employee's Revenue office www.revenue.ie/en/tax/it/forms/p46.pdf

  This can be done electronically through the Revenue On-Line Service (ROS).

- operate PAYE/PRSI/Levies in respect of the employee's pay on the emergency basis (paragraphs 7.8 - 7.9)

No other forms or documents can be substituted for the P45 - previous employment P60's, pay-slips, etc are not acceptable in place of the P45.

It is extremely important than an employer notifies Revenue when a new employee commences employment and it is not good practice for an employee to remain on a week 1/month 1 basis for an unnecessary period of time. Only in exceptional circumstances would it be acceptable for an employee to remain on a week 1/month 1 basis across 2 tax years.

11.9 Employee's previous pay and tax notified to the employer

When a new employee commences in employment, or an employee resumes employment with the same employer after a previous cessation, all the pay and tax details from 1 January up to the date of the new employment will be included on the tax credit certificate issued by Revenue to the new employer.

The previous pay and tax figures from the form P45 should not be used to operate the PAYE cumulative system. Only the tax credit figure and standard rate cut-off point should be taken from the P45 (where the temporary basis is used) and operated on a week 1/month 1 basis. When the new tax credit certificate is received the pay and tax figures notified thereon can be entered onto the payroll record.

If details of previous pay and tax are not known or are not available (for whatever reason), a tax credit certificate will issue for that employee on a week1/month1 basis and previous pay and tax figures will not be shown on the tax credit certificate.

The details of previous pay and tax (if available) will also be shown on all subsequent amended cumulative tax credit certificates issued for this employee for the rest of the tax year.

If Revenue is advised of supplementary pay and tax for an employee for the current year, the supplementary pay and tax details will be added to the details already known and sent to the employer on the next tax credit certificate issued for that employee.

The tax credit certificate will not give a breakdown of each employment or employer where the employee received the earnings or paid the tax - it just shows the total cumulative figures to the date of commencement of this period of employment.

The PAYE system works on a cumulative basis - all earnings to date are taken into account when calculating an employee's PAYE. Where an employee had a previous employment(s) with the same employer earlier in the tax year, the employer would know from their own records the amount of pay and tax already paid to the employee during different periods of employment but they must use the cumulative pay and tax from all employments to date when calculating PAYE liability.

The pay and tax figures notified to the employer on the cumulative tax credit certificate should not be significantly different from figures obtained from (say) the most recent cumulative P45 as the source of the figures will, in most cases, be the same.

The employee's previous pay and tax details are included on the tax credit certificate to assist the employer in calculating the correct PAYE due. The pay and tax figures are the most up-to-date figures available to Revenue. If the pay and tax figures are not available, the tax credit certificate issued will be on a week1/month1 basis.

The pay and tax details sent from Revenue can be checked by the employer (either electronically or manually) against information they already hold in respect of the employee. If the employer is aware that the pay and tax figures on the tax credit certificate are incorrect, this should be brought to the attention of the relevant Revenue office.

Note

It is Revenue policy not to issue a tax credit certificate that would cause hardship to the employee. If the implementation of a cumulative tax credit certificate generates a nil salary or a large underpayment the employer should contact Revenue for verification.

11.10 Refund of tax to a new employee

A refund of tax may be made to a new employee where a cumulative tax credit certificate is received by the employer and the refund arises as a result of applying the tax credits and standard rate cut-off point on the tax credit certificate.

Any refund of tax due to a new employee who is a former employee of the same employer must be made on the basis of tax shown on the tax credit certificate received from Revenue and not on the basis of the employer's record of tax deducted during the former period of employment.

11.11 Payments by two employers in the same income tax week or month

The entry for the week or month number on the form P45 indicates to the new employer the number of the income tax week or month up to which the previous employer gave tax credits and the standard rate cut-off point to the employee. If the new employer makes a payment in the same week or month there are no tax credits or balance of standard rate cut-off point remaining to be set against that payment (unless the emergency basis applies and tax credits and standard rate cut-off point as set out in paragraphs 7.8 - 7.9 are to be allowed).

Example:

An employee who is paid €700 per week leaves employment in week 10.

His tax credits are €68 per week and his standard rate cut-off point is €653 per week, applied cumulatively.

The amount of pay for the part of week 10 which the employee worked is €500.

For the purposes of this example, the standard rate of tax is taken as 20% and the higher rate as 41%

Tax position at date of leaving in week 10 (shown on form P45):

Week no.	Cumulative net pay	Cumulative standard rate cut-off point	Cumulative tax due at 20%	Cumulative tax due at 41%	Cumulative gross tax	Cumulative tax credits	Cumulative tax due
10	6,800 (700 x 9 + 500)	6,530	1,306	110.70	1,416.70	680	736.70

The employee begins work in a new employment during week 10 and is paid €300 for that first week.

The new employer completes part 3 of the form P45, sends it to Revenue and operates tax on the temporary basis. He notes from the form P45 that tax credits and the standard rate cut-off point have been allowed up to and including week 10. He calculates the new employee's tax in week 10 as follows:

Week no.	Net pay	Standard rate cut-off point	Tax due at 20%	Tax due at 41%	Gross tax	Tax credits	Tax due
10	300	Nil	Nil	123.00 (300 @ 41%)	123.00	Nil	123.00

The new employer then receives a cumulative tax credit certificate.

The employee earns €800 per week for every week after week 10.

The position at week 10 and subsequent weeks will be as follows:

Week no.	Cumulative net pay	Cumulative standard rate cut-off point	Cumulative tax due at 20%	Cumulative tax due at 41%	Cumulative gross tax	Cumulative tax credits	Cumulative tax due
10	7,100	6,530	1,306.00	233.70	1,539.70	680	859.70
11	7,900	7,183	1,436.60	293.97	1,730.57	748	982.57
12	8,700	7,836	1,567.20	354.24	1,921.44	816	1,105.44
13	9,500	8,489	1,697.80	414.51	2,112.31	884	1,228.31

11.12 Change from monthly to weekly pay, etc, following change of employment

The form P45 shows whether an employee was paid weekly or monthly in the previous employment. If there is a different frequency of payment in the new employment (e.g. an employee formerly paid weekly is now to be paid monthly) the new employer should use the figures on the form P45 to calculate the employee's annual tax credits and standard rate cut-off point and then divide these annual figures into the appropriate amounts to be applied to the new pay frequency, weekly, monthly, etc.

This does not apply where the form P45 stated that the emergency basis applied (see paragraphs 7.8 - 7.9).

Example

A new employee gives his form P45 to his new employer. In his previous employment he was paid on a weekly basis. His form P45 shows:

Weekly tax credit	€68.00
Weekly standard rate cut-off point	€653.00

In the new employment he is to be paid on a monthly basis. His employer calculates the tax credits and standard rate cut-off point to be set against pay pending the issue of a tax credit certificate as follows:

Convert the weekly figures stated on form P45 to annual figures:

Weekly tax credit
€68.00 x 52 = €3,536 per annum

Weekly standard rate cut-off point
€653.00 x 52 = €33,956 per annum

Now divide these annual figures into the corresponding monthly amounts:

Annual tax credit
€3,536 / 12 = €294.67 per month

Annual standard rate cut-off point
€33,956 / 12 = €2,829.67 per month

Cessation of Employment /Death of an Employee

Chapter 12

Cessation of Employment / Death of an Employee

12.1 Form P45 (cessation certificate)

When an employee leaves the employment, is granted a career break or dies while in the employment, the employer should complete form P45.

When a ceased employee receives an additional payment, which was not included on the original form P45, the employer should complete form P45 Supplement.

Employers can complete a paper form P45 or file forms P45 through Revenue On-Line Service (ROS) - see paragraphs 16.1 - 16.9

Paper forms P45 and P45 Supplement can be obtained from:

Revenue's Forms & Leaflets Service
Telephone (24-hour service) 1890 30 67 06
If calling from outside the Republic of Ireland please phone + 353 1 70 23 050
e-mail: custform@revenue.ie

Revenue issues a P45 Helpsheet to employers with all supplies of P45's. The Helpsheet provides detailed information regarding how to complete the P45.

Care should be taken that the employee's name and Personal Public Service number are entered on the form correctly. Any omissions or inaccuracies will cause delay and inconvenience to the employee and to subsequent employers.

Four-part form (form P45)

(See sample P45 in Appendix 6)

The form P45 is a four-part carbonised form certifying the employee's pay, tax and PRSI contributions within the tax year up to date of cessation. Care should be taken when completing it that entries made on part 1 are legible on all four parts.

P45 Part 1

Part 1 of the form P45 is a notification to Revenue that the employee has ceased employment and should be sent to Revenue immediately the employment ceases

It is of the utmost importance that an employer issues the P45 immediately an employee ceases in the employment. The P45 part 1 sent to Revenue contains the details of the employee's pay, tax and PRSI contributions to date of cessation, and is held by Revenue on computer record along with pay, tax and PRSI details from any other previous employments the employee had in the tax year.

When the new employee commences in their new employment, all the pay and tax details from 1 January up to the date of the new employment are included on the cumulative tax credit certificate issued by Revenue to the new employer.

Where a previous employer delays in sending part 1 of the form P45 to Revenue, the employee's previous pay and tax record is incomplete and therefore it is not possible to issue a cumulative tax credit certificate. In these cases the tax credit certificate must be issued on the non-cumulative (week 1/month 1) basis until the P45 part 1 is received.

P45 Parts 2, 3 and 4

Parts 2, 3 and 4 (attached together) should be given to the employee on the date the employment ceases.

The employee requires parts 2, 3 and 4 to

- give to their new employer to avoid paying emergency tax
- claim a refund of tax during unemployment
- claim Social Welfare benefits

Parts 2 and 3 are in most cases given by an employee to a new employer who retains part 2 and sends part 3 to Revenue as a request for a tax credit certificate (paragraph 11.5).

Part 4 is for use in claiming Jobseeker's Benefit (formerly known as Unemployment Benefit) from the Department of Social Protection.

An employer should not in any circumstances supply duplicates of parts 2, 3 or 4 to an employee who has left the employment. Where the original has been lost or mislaid a letter can be given to the employee stating all relevant pay, tax and PRSI information.

Deceased employee

In the case of a deceased employee parts 1 to 4 inclusive should be sent directly to the employee's local Revenue office.

Form P45 supplement

A form P45 Supplement is a notification to Revenue of payments made to a former employee since date of leaving which were not included on the original P45. Where such payments are made it is incorrect to complete another form P45.

(See sample P45 Supplement in Appendix 6)

Payments already included in the total pay and tax on the original form P45 should not be included on the P45 Supplement. The form should be completed and sent to Revenue immediately following any such payment being made to a former employee.

Employers can file forms P45 Supplement through Revenue On-Line Service (ROS). Paper versions of this form can be obtained from:

Revenue's Forms & Leaflets Service
Telephone (24-hour service) 1890 30 67 06
If calling from outside the Republic of Ireland please phone + 353 1 70 23 050
e-mail: custform@revenue.ie

12.2 Calculation of tax at date of leaving or at date of death

Tax liability at date of leaving should be calculated by reference to the instructions in paragraphs 8.1 - 8.11 even if the payment made at that date relates to a period shorter than the employee's normal pay period, e.g. a monthly paid employee should, if a payment of salary is made in the month in which employment ceases, be given the full tax credits and standard rate cut-off point, if any, due for the month, even if the payment relates to part of the month only.

The same procedures apply if the employee is on emergency basis at date of leaving or death. For example, a fortnightly paid employee commences his first employment with a company in week 10 of the tax year and is taxed on the emergency basis. He has provided his PPS number. When he leaves the employment at the end of week 12 (his third week), he should be given the full tax credits and standard rate cut-off point due for the fortnight, even though the payment relates to part of the fortnight only (see paragraph 7.8).

The employer should refund any overpayment of tax, which arises through the application of the foregoing instruction, in the usual way.

If the employer has calculated the amount of any balance of salary etc., which will be paid to the employee after leaving or to the employee's personal representatives where the employee has died, it should be included in the final calculation of tax and shown on form P45. If, however, such a balance has not been calculated at date of leaving it should be dealt with as in paragraphs 12.4 - 12.6 and part 1 of form P45 should be marked "further payment to be made".

12.3 Completing form P45

The following instructions will be helpful in completing the form P45.

P45 entry - Date of Commencement

The date of commencent should only be completed where the present period of employment commenced since 1 January in the current tax year.

Where an employee has more than one period of employment with the same employer in the tax year the date of commencement for the latest period of employment must be completed.

P45 entry - Weekly/Monthly, Tax Credits, Standard Rate Cut-Off Point

Employee on cumulative basis or week 1/month 1 basis at date of cessation

If the cumulative basis (paragraphs 7.3 - 7.5) or ***week 1/month 1 basis*** (paragraphs 6.8.2, 7.6) applies at date of leaving the following entries should be made:

Tax credits and standard rate cut-off point: Enter amount as shown on the employee's latest tax credit certificate

Employee paid weekly or monthly: Highlight "Weekly" in the case of an employee who was paid weekly, fortnightly, four-weekly or at irregular intervals. Highlight "Monthly" in the case of an employee who was paid monthly, twice monthly or at regular intervals of more than a month

Week/Month Number:

Week Number: (if paid weekly, fortnightly, four-weekly or at irregular intervals) the number of the income tax week up to which tax credits and standard rate cut-off point have been set against pay.

Example: An employee who was paid fortnightly leaves on 3 March (in week 9). Final payment is made on that day. The cumulative basis applies.

Under paragraph 8.3 the employee is entitled to the cumulative tax credits and standard rate cut-off point up to and including week 10 even though the final pay-day falls in week 9. The entry on form P45 should show week 10.

Month Number: (If paid monthly, twice monthly or at regular intervals of greater than a month) the number of the income tax month up to which tax credits and standard rate cut-off point have been set against pay.

Example: An employee who was paid twice-monthly leaves on 1 May. Final payment is made on that day. The cumulative basis applies.

Under paragraph 8.6 the employee is entitled to the cumulative tax credits and standard rate cut-off point up to and including month 4, plus half of the monthly tax credit and standard rate cut-off point figure for month 5. The entry on form P45 should show month 5.

Employee on temporary basis at date of cessation

If the Temporary basis (paragraph 7.7) applies at date of leaving the entries to be made on the P45 are:

Tax credits and standard rate cut-off point: Enter amount as shown on the employee's P45

Week Number: (if paid weekly, fortnightly, four-weekly or at irregular intervals) the number of the income tax week up to which tax credits and standard rate cut-off point have been set against pay.

Month Number: (If paid monthly, twice monthly or at regular intervals of greater than a month) the number of the income tax month up to which tax credits and standard rate cut-off point have been set against pay.

Employee on emergency basis at date of cessation

If the emergency basis (paragraphs 7.8 - 7.9) applies at date of leaving the entries to be made on the P45 are:

Tax credits and standard rate cut-off point: The total of any tax credits and standard rate cut-off point set against pay to date.

Week Number: (if paid weekly, fortnightly, four-weekly or at irregular intervals) the number of the income tax week in which final payment is made.

Month Number: (If paid monthly, twice monthly or at regular intervals of greater than a month) the number of the income tax month in which final payment is made.

P45 entry - (a) Total pay & tax deducted from 1 January last to date of cessation

Total Pay

Total pay means all pay from 1 January to date of cessation. Enter the cumulative amount of pay (if known) from the previous 1 January to date of cessation. This will include any amounts of previous pay and tax of which you have been notified by Revenue. The figure entered should be rounded down to the nearest Euro.

Total Tax Deducted

Enter the cumulative amount of tax deducted from the previous 1 January to date of cessation (if known).

P45 entry - (b) If employment started since 1 January last, enter Pay and Tax deducted (or Tax refunded) for this period of employment only

Pay (this employment)

This section should only be completed if this period of employment commenced since the previous 1 January. This employment means this latest period of employment - see following example. Enter the amount of pay in respect of this period of employment only. The Pay figure entered should be rounded down to the nearest Euro.

Tax Deducted or Tax Refunded

This section should only be completed if this period of employment commenced since the previous 1 January. Enter the amount of tax deducted or tax refunded to the employee in this period of employment. The tax figure should not include brackets or a minus sign.

Example

An employee has worked for 2 periods of employment with the same employer in 2007.

Period 1: 1 January to 25 March

Period 2: 10 June to 15 September

On 15 September the employee leaves after the 2nd period of employment and the employer completes the P45 as follows:

- Date of Commencement
  10 June (in DDMMYY format)
- Date of Cessation
  15 September (in DDMMYY format)
- The employee's Pay figure for the period of employment from 10 June to 15 September only should be entered at "(b) Pay (this employment)"
- The employee's Tax figure for the period 10 June to 15 September only should be entered at "(b) Tax Deducted or Tax Refunded"
- The Total Pay and Tax from all employments for the period 1 January to 15 September (including other employers, if any) should be entered on the P45 at "(a) Total Pay & Tax deducted from 1 January last to Date of Cessation"

The Total Pay figure should include the sum of:

- Pay for Period 1: 1 January to 25 March
- Pay details from other employment(s): 26 March to 09 June (if any)
- Pay for Period 2: 10 June to 15 September

P45 entry - Please mark box if the tax figure at (b) is a refund

Enter an 'X' in this box if the tax figure entered under 'Tax Deducted or Tax Refunded' has been refunded to the employee in this period of employment i.e. you are confirming that this amount of tax paid by the employee in a previous employment has been refunded to the employee in this period of employment with you.

P45 entry - Lump Sum Payment

(c) Amount of Taxable Lump Sum Payment on termination included in either pay figure above - if applicable (Paragraph 3.5.12 and Appendix 4)

If the employee received a taxable lump sum payment, enter the amount here. Note this figure should also be included in the pay figure(s) at (a) and/or (b) above. The figure entered should be rounded down to the nearest Euro.

P45 entry - Taxable Illness Benefit

(d) Total amount of taxable Illness Benefit included in pay figure above - if applicable
(See paragraphs 3.5.11 & 7.11)

Enter amount of taxable Illness Benefit (formerly known as Disability Benefit) received by employee included in (b) Pay (this employment) figure. The figure entered should be rounded down to the nearest Euro.

(e) Amount by which Tax Credits were reduced - if applicable

Enter the amount by which you have reduced employee's tax credits in respect of Illness Benefit. The figure entered should be rounded down to the nearest Euro. Where this section (e) is completed, section (f) must also be completed.

(f) Amount by which Standard Rate Cut-Off Point was reduced - if applicable

Enter the amount by which you have reduced employee's Standard Rate Cut-Off Point in respect of Illness Benefit (formerly known as Disability Benefit) received. The figure entered should be rounded down to the nearest Euro. Where this section (f) is completed, section (e) must also be completed.

P45 entry - PRSI - This Employment Only

This employment means this latest period of employment.

Total PRSI

Enter the total amount of PRSI in respect of this period of employment only. Total means the Employee's share plus the Employer's share

Employee's Share

Enter the amount of PRSI deducted from the employee in this period of employment only

12.4 Payments made after date of cessation and before following 1 January

A payment made after the date of cessation that is not included in form P45 should be dealt with for tax purposes in the following way:

- if a tax credit certificate is held by the employer, the employer must deduct tax on the arrears by reference to the former employee's tax credits and standard rate cut-off point as if the payment is being made on the date the employee ceased to be employed by the employer
- if no tax credit certificate is held by the employer, the emergency basis of tax deduction should be applied to the arrears.

(Note: Prior to 1 January 2009 these payments were dealt with on a week 1/month 1 basis)

The PAYE/PRSI entries should be made on the PAYE/PRSI record for the income tax week or month in which payment is made. Form P45 Supplement should be completed and sent to the employee's Revenue office immediately.

12.5 Payments made after 31 December where the employee left before that date

With effect from 1 January 2010, where a former employee receives a payment of arrears of pay in the year(s) following the year of cessation of employment, the emergency basis of tax deduction should be applied to the arrears.

The PAYE/PRSI entries should be made on the PAYE/PRSI record for the income tax week or month in which payment is made. Form P45 Supplement should be completed and sent to the employee's Revenue office immediately.

For the year 2009 the following procedure applied:

- if a tax credit certificate (for the year the employee ceased employment) was held by the employer, the employer deducted tax on the arrears by reference to the former employee's tax credits and standard rate cut-off point as if the payment was being made on the date the employee ceased to be employed by the employer

- if no tax credit certificate (for the year the employee ceased employment) was held by the employer, the emergency basis of tax deduction was applied to the arrears.

12.6 Death of an employee: arrears payments to personal representatives

If the amount of outstanding pay is known when the form P45 is being prepared it should be included in the pay figure on the form and PAYE should be operated accordingly. If it is not known, part 1 of the form should be marked "further payment to be made" and form P45 Supplement should be completed and sent to the employee's Revenue office as soon as final payment is made.

Where a payment which was not shown on the form P45, is made to the personal representative(s) the payment is dealt with for tax purposes in the following way:

Arrears payment made in the year of death

- if a tax credit certificate is held by the employer, the employer must deduct tax on the arrears by reference to the former employee's tax credits and standard rate cut-off point as if the payment is being made at date of death
- if no tax credit certificate is held by the employer, the emergency basis of tax deduction should be applied to the arrears.

Arrears payment made in the year(s) following the year of death

With effect from 1 January 2010, where a former employee receives a payment of arrears of pay in the year(s) following the year of death, the emergency basis of tax deduction should be applied to the arrears.

The PAYE/PRSI entries should be made on the PAYE/PRSI record for the income tax week or month in which payment is made.

12.7 Employee retiring on a pension paid by the employer

If an employer has one registration number for both employees and pensioners, an employee who retires on a pension paid by the employer should not be treated as having left the employment. A form P45 should not be completed. The pension should be included on the PAYE/PRSI record as though it represented continuation of pay, and deduction or refund of tax should continue in the normal way. See also the PRSI Guide regarding change of contribution class.

However, the employee may retire at an age when they may be entitled to make a claim for Jobseeker's Benefit (formerly known as Unemployment Benefit) from the Department of Social Protection and such a claim is normally initiated by giving a form P45 (Parts 2, 3 and 4) to the employee's Social Welfare local office. In these circumstances the employer should give the retiring employee a letter setting out the facts of the situation and including the information that would be entered on a form P45 if it were completed. The employee can then give this letter to their Social Welfare local office.

12.8 Employee retiring on a pension paid by the employer and dealt with under a separate registration number or paid by a separate body (trust fund, life assurance company etc.)

While a form P45 should be completed in the ordinary way on cessation of employment, a convenient practice is sometimes adopted whereby the Parts 2, 3 and 4 of the P45 are given directly to the pension paying "employer". If the retiring employee could be entitled to Social Insurance Benefit in circumstances similar to those set out in paragraph 12.7 the same procedure should be adopted i.e. a letter to the employee giving the required information.

12.9 Employee transferred from one branch to another

(See paragraph 2.7 regarding separate registration numbers for the same employer)

If an employee is transferred from one branch to another and each branch is treated as a separate operating point with its own distinct registered number in respect of which separate PAYE/PRSI returns are made, the employer must operate the P45 procedure on the occasion of each transfer.

Where there are a number of employees in the same category, the employer may find it more convenient to submit to their own Revenue office a list of these transferred employees, stating their date of transfer and their pay and tax figures to their date of transfer. This will enable Revenue to transfer the employees from one registration number to the other. If any difficulty arises, the employer should consult with Revenue.

12.10 Married (non-assessable spouse) employee becoming a widow(er)

Under Joint Assessment the tax credits and reliefs available to a married couple can be divided between each spouse to suit their circumstances. One spouse is nominated as the 'assessable spouse' and as such is responsible for completing the tax return for the couple and is chargeable to tax on their joint income. The other spouse is referred to as the 'non-assessable spouse'.

Where the assessable spouse dies and the non-assessable spouse remains in employment, Revenue will issue a new tax credit certificate.

The employer should set up a separate pay record with effect from the date of death of the employee's spouse.

Revenue may allocate a new PPS number to the widow/widower. Where this happens Revenue will notify the employer of the new PPS number.

It will be necessary to have two separate entries on the end-of-year return, Form P35, one in respect of the period from 1 January to the date of death of the employee's spouse and the other in respect of the period commencing from the date of death of the employee's spouse.

See PRSI Guide from the Department of Social Protection regarding a possible change in contribution class www.welfare.ie/EN/Publications/SW3

Revenue will notify the employer of any change in the employee's tax credits and standard rate cut-off point and/or any instructions in regard to the employee's PPS number and PAYE record. In the meantime the employer must operate PAYE in accordance with the last tax credit certificate issued.

Pay Related Social Insurance (PRSI)

Chapter 13

Pay Related Social Insurance (PRSI)

13.1 PRSI

A PRSI contribution is payable in respect of full-time employees and part-time employees and consists of an employer's and, where due, an employee's share of PRSI. It may be made up of some or all of the following parts:

- Social Insurance
- Health Levy
- National Training Fund Levy.

The PRSI class of the individual employee determines the rate at which PRSI is calculated. Full details of the main contribution classes and examples of both the employees covered by each class and the appropriate rates, are contained in leaflet SW14 which is available from the Department of Social Protection website www.welfare.ie

Information is also available in booklet SW3 'Employer's guide to the Pay-Related Social Insurance (PRSI) contribution system'

www.welfare.ie/EN/Publications/SW3

An employer requiring advice should contact:

Department of Social Protection,
Information Services,
Oisín House,
212 - 213 Amiens Street,
Dublin 2.

Telephone: + 353 1 7043000

13.2 PRSI records to be kept

Employers should keep a record of the employee's and the employer's PRSI:

- The Employee's weekly/monthly PRSI contributions
- The Total weekly/monthly PRSI contributions
- The contribution class of the employee
- Any change of contribution class during the employment
- The new contribution class where the class has changed
- The date of change of contribution class, if any
- The number of weeks of insurable employment at the initial class (and at the subsequent class(es) if the contribution class has changed)

Payments to the Collector General

Chapter 14

Payments to the Collector General

14.1 Monthly remittance to Collector General

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 pay plus the amount payable by the employer)

should be remitted to the Collector General within 14 days from the end of the income tax month during which the deductions were made.

With effect from 1 January 2009, for employers who file their returns and associated tax payments via ROS (see paragraphs 16.1 – 16.9), the existing time limits have been extended to the 23rd of the month immediately following the income tax month during which the deductions were made.

Where a return and associated payment are not made electronically by the new extended deadlines, the extended time limits will be disregarded so that, for example, any interest imposed for late payment will run from the former due dates and not the extended dates.

14.2 Quarterly remittance to Collector General

Employers whose total PAYE and PRSI payments for the year are €28,800 (€30,000 prior to 1 January 2009) or less may return their PAYE and PRSI payments on a quarterly, rather than on a monthly basis.

For these eligible employers, the schedule for submission of PAYE/PRSI returns (P30) is as follows:

Tax Period	File and Pay
January - March	Quarterly P30 return & payment by 14 April. For employers who file their returns and associated tax payments via ROS the Quarterly P30 return & payment is due by 23 April (see paragraph 14.1).
April - June	Quarterly P30 return & payment by 14 July. For employers who file their returns and associated tax payments via ROS the Quarterly P30 return & payment is due by 23 July (see paragraph 14.1).
July - September	Quarterly P30 return & payment by 14 October. For employers who file their returns and associated tax payments via ROS the Quarterly P30 return & payment is due by 23 October (see paragraph 14.1).
October - December	A separate Quarterly P30 return and payment is required by 14 January of the following year. For employers who file their returns and associated tax payments via ROS the Quarterly P30 return and associated tax payment is due by 23 January of the following year (see paragraph 14.1).

Eligible employers who are currently on a monthly basis of PAYE/PRSI remittance and who wish to remit on a quarterly basis should apply to

The Collector General,
Customer Service Unit,
Sarsfield House,
Francis Street,
Limerick.

for approval to remit quarterly.

Revenue will issue a PAYE/PRSI return (form P30) relevant to the quarterly filing arrangement to each eligible employer specifying the due date for the filing and payment.

14.3 Method of payment - use of form P30 bank giro / payslip

(See sample form in Appendix 6)

Each registered employer is issued each month (or each quarter in the case of quarterly filers) with a form P30 Bank Giro/Payslip on which their name, address, registration number and the relevant month are computer-printed. The figures for total tax and total PRSI contributions (paragraph 14.1) should be entered on the form together with the gross total which will equal the amount of the remittance.

Payment may be made by any one of the following methods:

- by lodging the total amount due with the completed Bank Giro/Payslip at any bank,

or

- by sending the total amount due with the completed Bank Giro/Payslip to

The Collector General,
Sarsfield House,
Francis Street,
Limerick.

or

- by Direct Debit. Employers can apply to pay their PAYE/PRSI in monthly instalments by direct debit. Such amounts paid by direct debit should be sufficient to cover the employer's ongoing liability. A facility is provided for employers to amend the monthly amount during the year where it is found that payments are not sufficient to cover the annual liability.

Information regarding direct debit can be obtained from information leaflet CG 7 (DD):
www.revenue.ie/en/tax/it/leaflets/cg7-direct-debit.html

Or by contacting:

Direct Debit,
Collector General,
Sarsfield House,
Francis Street,
Limerick.

Telephone: 1890 20 30 70
+ 353 61 48 80 00
E-mail: cgdd@revenue.ie

A receipt will issue from the Collector General whether payment is made by Bank Giro or sent to the Collector General.

Cheques must be crossed and made payable to the Revenue Commissioners or the Collector General. The PAYE/PRSI registration number should be quoted on the back of cheques. (This applies whether payments are made by Bank Giro or to the Collector General.)

Important

As each form P30 Bank Giro/Payslip is specially coded for a particular month or quarter, it should not be used to accompany a payment for another month/quarter or a payment for more than one month/quarter.

A form P30 Bank Giro/Payslip issued to one employer should not be used to make a return by another employer.

The use of a form P30 Bank Giro/Payslip with the wrong coding or registration number will result in payments being misappropriated, leaving the employer open to further collection action.

Employers can file monthly/quarterly P30s and make payments through Revenue On-Line Service (ROS) - see paragraphs 16.1 - 16.9

14.4 Separation of income tax from PRSI contributions

If the net tax position for the month or quarter is that the refund of tax made by the employer to some employees is greater than the tax deducted from other employees, the amount to be entered in the "PAYE" line of form P30 Bank Giro/Payslip is "Nil". The amount to be entered for PRSI contributions is the actual amount deducted from the pay of the employees plus the amount payable by the employer. Under no circumstances should a net refund of tax be recovered from the PRSI contribution or the Health Levy contribution. Either the net refund should be deducted from PAYE tax due for the following month or an application should be made to the Collector General for reimbursement, detailing the circumstances. (See paragraph 9.4).

The tax must at all times be kept separately from the PRSI contributions because the amounts received by the Collector General for PRSI contributions are transferred to the Minister for Social Protection.

14.5 Interest on overdue payments

The employer will be charged interest on any overdue payment (currently at the rate of 0.0322%) for each day or part of a day for which payment is overdue.

14.6 Estimates by Revenue of the tax and/or PRSI contributions payable by an employer

If Revenue has reason to believe that an employer, who was liable to pay tax and/or Pay-Related Social Insurance contributions in respect of any month, quarter or any year, has not paid any amount or has paid an amount considered to be insufficient, they are empowered to make an estimate of the amounts which they consider to be due. The employer will be served with a notice of the estimate, against which there is a right of appeal to the Appeal Commissioners.

In the case of an estimate for a month or a quarter, the only allowable grounds of appeal are that the employer was not liable to pay any tax or contributions for that month or quarter. The estimate may be set aside by lodgement of a completed return on form P30 Bank Giro/Payslip and payment of any tax, PRSI contributions, interest and costs due for the month or quarter.

In the case of an estimate for a year, the employer may appeal on the grounds that the estimate is excessive.

In all cases the appeal must be in writing and must be sent to the Inspector of Taxes within 14 days from the date of the service of the notice in the case of an appeal against a monthly or quarterly estimate and within 30 days of an appeal against an annual estimate.

Notwithstanding an appeal, the employer will be charged interest (currently at the rate of 0.0322% per day or part of a day) on any tax or PRSI contributions found to be due for the month, quarter or year for which an estimate has been made. The interest will be charged from the date on which the tax and/or contributions were normally due for payment for the month, quarter or year concerned.

14.7 Notification to Collector General if no tax or PRSI contributions due for month / quarter

A registered employer who is not liable to remit any tax or PRSI contributions to the Collector General for an income tax month or quarter is obliged to notify the Collector General to that effect within nine days from the end of that month or quarter by completing a return on form P30 Bank Giro/Payslip showing "Nil" in the money columns for both PAYE and PRSI.

An employer whose business normally operates for some months only of the year should advise the Collector General as to the months for which there will be employees. The Collector General will then arrange to issue forms P30 Bank Giro/Payslip for those months/quarters only.

14.8 Separate registrations: remittances

See paragraph 2.7 regarding remittances to the Collector General by an employer who is registered for PAYE purposes under different registration numbers.

15

Employer’s Duties at the end of the Income Tax Year

Chapter 15

Employer's Duties at the end of the Income Tax Year

15.1 End of year check list for employers

At the end of the income tax year the employer must:

- ensure that a PAYE/PRSI record is set up for each employee for the coming income tax year (paragraphs 10.1 - 10.2)
- deal with "week 53" and similar cases (paragraph 15.2) if there is a pay day on 31 December (or in a leap year on 30 or 31 December)
- complete the employees' PAYE/PRSI records for the year (paragraph 15.3)
- complete and send end-of-year returns to Revenue, Collector General's Division (paragraph 15.7)
- give a certificate on form P60 to each employee (paragraph 15.11)

It is important to note that the term "employee" includes directors and occupational pensioners.

15.2 Week 53, fortnight 27, etc

"Week 53" occurs when there are fifty-three weekly pay days in the year. This happens when a pay day falls on 31 December or, in a leap year, on 30 or 31 December. The employer should set tax credits and the standard rate cut-off point against that payment on a non-cumulative basis (week 1/month 1 basis) in accordance with the following table:

Pay day falling on 31 December (or in a leap year on 30 or 31 December):

If the number of pay days in the tax year is:	Then tax credits and the standard rate cut-off point to be set against payment is:
53 Weekly	As for week 1 basis (paragraph 8.2)
27 Fortnightly	As for week 1 basis (paragraph 8.3)
14 Four-weekly	As for week 1 basis (paragraph 8.4)

As a result, the employee will get the benefit of more than the year's total tax credits and standard rate cut-off point.

If the emergency basis applies, the tax credits and standard rate cut-off point, if any, and the rate of tax deduction will depend on the number of calendar weeks or months since the emergency basis first applied, within the tax year, to the employee's pay (see paragraphs 7.8 - 7.9).

15.3 Completion of employee's PAYE / PRSI record

At the end of the tax year the employer should complete the PAYE/PRSI record for every person employed at any time during the tax year (electronic tax deduction card, emergency tax deduction card, temporary tax deduction card or "own system" type record), prior to entering the required information on forms P35 and P35L (paragraph 15.8).

15.4 End of year pay figure

The figure for total pay for the year is the amount of "net pay" as defined in (paragraph 3.1) paid by the employer to the employee in the course of the tax year.

Under the cumulative system the amount of pay from employments with other employers (advised to the employer by Revenue) will be entered on the employee's PAYE record in the course of the year. This should be deducted from the cumulative pay figure for the year to arrive at the end of year pay figure.

Where an emergency tax deduction card or temporary tax deduction card was replaced during the year by a different payroll record the pay figure carried over to the payroll record may include pay from a previous employment as well as pay from the current employment during the period for which the emergency or temporary basis of tax deduction was operated. In such a case only the pay from the employment with another employer should be deducted in arriving at the end of year pay figure.

Where an employee had separate periods of employment during the year with the same employer the total pay for all the periods should be taken for P35 end of year return purposes.

15.5 End of year tax figure

The figure for total tax deducted during the year is the total tax deducted by the employer less any refunds made by the employer. (If these refunds exceed the tax deducted the "net tax refunded" figure should be shown on the PAYE record).

Under the cumulative system the amount of tax deducted from pay from employments with other employers (advised to the employer by Revenue) will be entered on the employee's PAYE record in the course of the year. This should be deducted from the cumulative tax figure for the year to arrive at the end of year tax figure.

Where an emergency tax deduction card or temporary tax deduction card was replaced during the year by a different payroll record the tax figure carried over to the payroll record may include tax deducted by a former employer as well as tax deducted by the current employer during the period for which the emergency basis or temporary basis of tax deduction was operated. In such a case only the tax deducted by a former employer should be excluded from the final tax figure.

Where an employee had separate periods of employment during the year with the same employer the total tax for all periods should be taken for P35 end of year return purposes.

15.6 Errors discovered at the end of the year

The final figure entered on the employee's PAYE record for tax deducted should equal the total of the amounts actually deducted by the employer during the year. An employer who finds that there is a difference between the figures should enter the amount actually deducted as the final figure. If there was an under deduction of tax the employer may not recover it from the pay of a later tax year. The employer remains liable to pay to the Collector General the tax properly due unless it can be shown that reasonable care was exercised and that the under deduction of tax was due to a bona fide error.

Retention of PAYE/PRSI records - See paragraph 6.5

15.7 Completion of end of year returns

Before the end of the tax year Revenue, P35 Unit, will send to every eligible registered employer forms P35 Declaration, P35LF, P35L and P35L/T, if the employer is operating a paper based system, on which to make the end of year returns. (Where an employer ceases to have employees during the course of the year the forms will be issued to the employer, on request, at the time of cessation (paragraph 15.10). The P35 End of Year Return must be returned within 46 days from the end of the tax year, or 46 days from the date on which the employer ceases permanently to be an employer.

Employers who submitted their last P35 end of year return on-line via the Revenue On-Line Service (ROS) require no forms and will receive a reminder on-line to submit the P35 Return.

Form P35 is the employer's annual declaration and certificate for tax and PRSI purposes. It should be completed in accordance with the notes given on the form (See sample form in Appendix 6).

Form P35L is the list on which the employer makes the return of PAYE and PRSI particulars in respect of each employee. One entry only should be made for each employee on form P35L. It should be completed in accordance with paragraph 15.8

Tax relief on medical insurance is normally granted at source on all premiums. Where an employer pays medical insurance as Benefit-in-Kind, the employer pays the lower premium and repays the tax credit to Revenue through the Corporation Tax return/payment. The employee, whose medical insurance has been paid by the employer, must then claim the tax credit individually. The addition of this field from the end of 2007 will enable Revenue to identify employees who have not claimed the appropriate tax credit and process this information with a view to granting the tax credit to the individual.

To facilitate employers in completing forms P35L the name and PPS number of each person who, according to Revenue records, was employed by that employer during the year, will be listed on the forms before issue except where the employer ceases to have employees before the end of the income tax year (paragraph 15.10).

Form P35L/T is a form on which the employer makes the return of PAYE and PRSI particulars in respect of each employee whose PPS number is not known. One entry only should be made for each employee on the form. The employee's private address, date of birth and mother's pre-marriage name (if applicable) must be given on form P35L/T.

Important

A Return must be made for every person employed at any time during the tax year even if no tax was deducted. If an employee is not listed on form P35L when these forms are issued the employer must enter the name and PPS number on one of the blank lines provided on the form.

Form P35LF is the form used to record Total Taxable Benefits. Taxable Benefits are non-cash benefits provided to employees on which PAYE, PRSI and Health Contributions must be operated by employers in respect of the taxable value of those benefits - See paragraph 3.5.2

Form P35LF is also used to record contributions to pension products. The following information is required:

Retirement Benefit Scheme

- Number of employees who contributed to retirement benefits schemes by way of deduction from payroll during the year
- Total amount contributed by employees to retirement benefits schemes by way of deduction from payroll which qualify for tax relief
- Number of employees for whom the employer made contributions to retirement benefits schemes
- Total amount contributed by employer on behalf of employees to retirement benefits schemes during the year

Personal Retirement Savings Account (PRSA)

- Number of employees who contributed to PRSA products by way of deduction from payroll during the year
- Total amount contributed by employees to PRSA products by way of deduction from payroll during the year which qualify for tax relief
- Number of employees for whom PRSA contributions made by employer during the year
- Total amount contributed by employer on behalf of employees to a PRSA Scheme during the year

Retirement Annuity Contract

- Number of employees who contributed to Retirement Annuity Contracts by way of deduction from payroll during the year
- Total amount contributed by employees to Retirement Annuity Contracts by way of deduction from payroll during the year which qualify for tax relief.

Revenue-On-Line Service (ROS)

Employers who use a computer based payroll system can submit their P35 Return via ROS. In order to do so, they should have Internet access and the payroll package used must be compatible with ROS. A full list of compatible packages is available on the ROS homepage at www.revenue.ie If in doubt as to whether the payroll package in use is ROS compatible, employers should contact their software vendor.

Forms P30 / P35/ P35L / P35LF can also be filed through our Revenue On-Line Service (ROS) - See Chapter 16

15.8 How to complete form P35L

Particulars for each employee should be transferred from the relevant boxes on the PAYE/PRSI record (paragraph 15.3) to the corresponding columns on form P35L. The particulars required are:

Pay
Net tax deducted or net tax refunded (enter R in preceding box if net tax refunded).
Employee's share of PRSI contributions.
Total amount of PRSI contributions (employer & employee share)
Total number of weeks of insurable employment.
Initial social insurance contribution class.
Second contribution class (i.e. second class in that employment) at end of year if there was a change of class during the year.
Number of weeks of insurable employment at second class.
Third contribution class (i.e. third class in that employment) if there was a further change of class during the year.
Number of weeks of insurable employment at third class.
Fourth contribution class (i.e. fourth class in that employment) if class changed four times during the year.
Number of weeks of insurable employment at fourth class.
Value of Benefit In Kind - Medical Insurance only - Paid by employer for employee, if any
Date of commencement of employment if this occurred during the year.
Date of cessation of employment if this occurred during the year.

In addition to the particulars set out above the employer must indicate, where relevant, on the employee listing form (P35L), whether the emergency basis (paragraphs 7.8 - 7.9) or temporary basis (paragraph 7.7) of tax deduction was being operated in respect of the employee's pay at the end of the year or period to which the Return relates (1 should be entered in the relevant box to indicate temporary basis, 2 to indicate emergency basis).

15.9 Important points to remember

- A Return must be made for every person employed at any time during the year ended on 31 December even if no tax was deducted. If an employee is not listed on form P35L when these are issued, the employer must enter the name, PPS number and other information required on one of the blank lines provided on the form.
- Where an employee's PPS number is not known and form P35L/T is being completed, it is very important that the employee's full name, full private address, date of birth and mothers pre-marriage name (if applicable and available), are entered. A business address is not sufficient.
- The details supplied by the employer will be transferred directly to computer record. It is therefore very important that all entries are written distinctly.
- Only one entry should be made for each employee. If an employee had more than one period of employment with the employer in the course of the year, the employer should combine the details for all periods and enter the totals in respect of all those periods of employment under each heading on form P35L. (Note, the pay and tax entries required on the P35L are slightly different to the entries required on the P60 - see paragraph 15.11)
- The particulars on the return should relate only to the employment with the employer (see paragraphs 15.4 and 15.5 regarding exclusion of pay and tax in other employments).
- Particular care should be taken to ensure that the PPS number, exactly as shown on the tax credit certificate or on the tax deduction card is accurately entered on the return for each employee. The PPS number may have eight or nine "characters" i.e. 7 digits and 1 letter or 7 digits and 2 letters (see paragraph 11.3). An incorrect entry of the PPS number will cause delay or difficulty in paying social insurance benefits to the employee in question.

15.10 Dates for lodging returns

An employer who continues in business until the end of the income tax year must send to Revenue, by 15 February:

- form P35 - the employer's declaration and certificate
- form P35L - the return in respect of each employee
- form P35LF - taxable benefits and pension products contributions
- any balance of income tax or PRSI due (with completed form P35)

Printed electronic tax deduction cards, emergency tax deduction cards and temporary tax deduction cards superseded in the course of the year by printed electronic tax deduction cards, and "own system" type records should not be sent to Revenue but should be retained in accordance with paragraph 6.5

An employer who ceases to have employees during the course of the year must lodge completed returns within 46 days of ceasing to be an employer. The employer in this case must apply to Revenue, P35 Section for forms P35 and P35L. In such a case the names and PPS numbers of employees will not be pre-printed on the form and it will be necessary for the employer to enter these particulars on the form together with the other information required.

Penalties

There are severe penalties, including imprisonment, for failure to lodge end of year returns within the time provided. It is therefore in the employer's own interest to carry out, without delay, the procedures outlined in this chapter whether at the end of the tax year or following cessation in the course of the year. Also, employers who do not lodge their P35 return on time may cause their employees unnecessary difficulty and delay when claiming Social Welfare benefits.

15.11 Certificates to employees (form P60)

(See sample form P60 template in Appendix 6)

Between 1 January and 15 February the employer must give to every employee who was in their employment on 31 December, a certificate on form P60 showing Total Pay, Tax and PRSI contributions for the year ended on 31 December. These figures should be copied from the payroll record.

Revenue no longer issue P60 stationery. A P60 template is available on the ROS online and offline application. Employers can print P60's (and duplicate copies, as required) for their employees on their own blank stationery from this template. The P60 template is also available through Payroll Software providers.

The certificate will show the amount of "net pay" (paragraph 3.1) paid during the year. In isolated cases the employee may require a statement of the amount earned in the year as distinct from the amount actually paid and this should be given separately on request.

Completing the P60 pay and tax figures

When an employee has worked for the same employer a number of times during the tax year, the pay figure which the employer enters on the P60 at Section (A) PAY Question 3 'Pay in respect of this employment' is the figure of pay in respect of the latest period of employment.

Example

Employee works for 4 periods during the tax year with the same employer

Period 1:	1 January to 15 February
Period 2:	21 April to 10 June
Period 3:	18 August to 29 September
Period 4:	24 November to sometime in the following tax year

When the employer issues a P60 on 31 December, the employee's Pay figure for the period of employment from 24 November to 31 December only should be entered at Section (A) 3 on the P60. The employee's Tax figure for the period 24 November to 31 December only should be entered at Section (B) 3 on the P60.

The Total Pay and Tax from all employments for the period 1 January to 31 December (including other employers, if any) should be entered on the P60 at Sections (A) 1 and (B) 1 respectively.

The 'date of commencement of employment' entered at Section (C) 7 is the date of commencement of the latest period of employment - 24 November.

Note

Employers should note that the pay and tax entries required on the P60 are slightly different to the entries required on the P35L - see paragraph 15.9. When an employee has worked for the same employer a number of times during the tax year, the pay and tax figures that the employer enters on the P35L at J6 and J7 are the combined details of pay and tax for all periods with that employer for the full year.

In the example above, the entries at J6 and J7 on the P35L will be the combined details of pay and tax for the 4 periods of employment with that employer.

Important

The P60 certificate should not be given to an employee who was not in the employment on 31 December.

An employee who was in employment on 31 December and ceased that employment on 31 December should be given a form P45 and a form P60.

Revenue On-Line Service (ROS)

Chapter 16

Revenue On-Line Service (ROS)

16.1 Revenue On-Line service

The Revenue On-Line Service (ROS) is Revenue's interactive internet facility providing business customers with a quick, secure and cost effective method to conduct their business electronically with Revenue.

ROS also provides facilities for PAYE employees to view their Revenue PAYE record, including personal profile information, and to view, claim or amend a range of tax credits and incomes during one ROS session. The information held in their Revenue Profile will determine the availability to them of certain tax credits and reliefs.

Through ROS an employer can do the following:

- Receive employer copy tax credit certificates for employees
- Upload forms P45 in respect of employees who commence or cease employment
- Notify Revenue on form P46 of a new employee commencing or recommencing where they do not have a form P45 from their previous employer
- File monthly and quarterly P30s
- File employers end of year return (P35)

Customer information services on ROS can be accessed to instantly view full details of payments made, returns filed and collection details covering the last seven years.

ROS also has the facility for paying and filing online, filing only or paying only. All payments can be made by ROS Debit Instruction or Laser card.

16.2 How do I make a payment using ROS?

There are currently three methods of making payments through ROS:

ROS Debit Instruction (RDI)

The Debit Instruction method requires that you must 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 can collect the appropriate liability at the due date.

The RDI can be completed online on the ROS site, digitally signed and digitally transmitted to Revenue. Once the RDI has been set up on ROS, each individual payment for the requisite amount and period must then be authorised by the customer.

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 online, the details of the laser card are input and each individual payment must be authorised.

On-Line banking

An online banking facility is available for the payment of Income Tax and Capital Gains Tax only. After selecting the online banking option the customer signs in to online banking and authorises the payment.

16.3 How to 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. Comprehensive Help and Frequently Asked Questions (FAQs) are available throughout the site and there are also online demonstrations available to take you through the main features of the site.

16.4 How to register for ROS

ROS has a simple three-step registration process. From the ROS homepage click on 'Register' under the 'Self-Employed, Business and Practitioners' 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 by post. 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.

16.5 Is ROS confidential and secure?

Yes. You can be certain that information accessed or transmitted through ROS on the Internet is secure. Revenue have invested considerable time and expertise to safeguard the security of ROS and 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.

16.6 What are the benefits of using ROS?

- Online calculation facilities
- Simpler user friendly return forms
- Prompt repayments
- Secure 24 x 7 x 365 access
- Instant acknowledgement
- Effective and efficient use of time - no duplication
- Elimination of clerical error
- Environmentally friendly.

16.7 Other features included on ROS

- 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 online and offline facilities. The offline system allows you to complete the forms on your own PC without being logged on to the internet. Once the offline 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) and demonstrations throughout the site.
- 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 the ROS administrator within the firm to control ROS authorities locally.
- A LoCall Helpdesk to assist customers with technical queries at: 1890 20 11 06

16.8 Who to contact with queries on ROS?

The ROS Help Desk phone number is LoCall 1890 20 11 06 or for callers outside the Republic of Ireland, + 353 1 70 23 021. Staff at the ROS Help Desk will answer your queries on any technical issues concerning ROS. You can also e-mail ROS at roshelp@revenue.ie

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 icon on the ROS Homepage which can be accessed via Revenue's website www.revenue.ie

16.9 PAYE anytime - Revenue's Online Service for employees

PAYE anytime is the quickest and easiest way for an employee to keep their taxes up to date.

PAYE anytime is available 365 days a year from any computer that has an Internet connection. The registration and login process are available in Irish and English.

Employees can:

- claim a wide range of tax credits, including service charges, rent credit, home carers credit, age credit, dependent relative credit, blind persons' credits, etc. Full details are available at www.revenue.ie
- look at their tax record
- request a Review of tax/Balancing Statement (P21) for the past 4 years
- claim a repayment for items such as medical expenses
- share tax credits and rate bands between employments and spouses
- track requests and information that they submit to Revenue
- tell Revenue about additional income.

Income Levy Parking Levy in Urban Areas

Chapter 17

Income Levy
Parking Levy in Urban Areas

17.1.1 Income Levy

A new income levy was introduced with effect from 1 January 2009 and is payable on gross income from all sources before any tax reliefs, capital allowances, losses or pension contributions. It is a separate calculation to PAYE and PRSI.

17.1.2 The rates of the income levy

For payroll purposes the following income levy rates apply:

Applicable to payments made from 1 January 2009 to 30 April 2009 inclusive

Income Thresholds			
Per Year	**Per Week**	**Per Month**	**Rate of Income Levy**
Up to €100,100	Up to €1,925	Up to €8,342	1%
From €100,101 to €250,120 inclusive	From €1,926 to €4,810 inclusive	From €8,343 to €20,844 inclusive	2%
In excess of €250,120	In excess of €4,810	In excess of €20,844	3%

Applicable to payments made on or after 1 May 2009

Income Thresholds			
Per Year	**Per Week**	**Per Month**	**Rate of Income Levy**
Up to €75,036	Up to €1,443	Up to €6,253	2%
From €75,037 to €174,980 inclusive	From €1,444 to €3,365 inclusive	From €6,254 to €14,582 inclusive	4%
In excess of €174,980	In excess of €3,365	In excess of €14,582	6%

17.1.3 The following are exempt from the income levy

- Individuals whose annual income does not exceed €15,028 (€289 per week)
- Holders of Full medical cards
- Social welfare payments
- Individuals aged 65 or over whose annual income does not exceed €20,000 (€385 per week)

Married couples, one or both of whom are aged 65 or over, whose combined income does not exceed twice the single threshold (2 x €20,000) are entitled, after end of the year of assessment, to make a claim for a refund of income levy deducted.

17.1.4 Deductions made on a week 1 / month 1 basis

Employers are responsible for deducting the income levy from income, including notional pay, which they are paying to an employee. They are not required to take account of income arising from other sources/employments. Income levy deductions are made on a week 1 / month 1 basis within each employment.

17.1.5 The income levy is a separate calculation to PAYE and PRSI

The income levy is a separate calculation to PAYE and PRSI. Any deduction for the income levy does not reduce the gross pay for PAYE/PRSI purposes, as illustrated in the following example:

Note - For the purpose of this example the income levy rates applicable to the period from I May 2009 are used.

An employee earns €800 per week.

Their weekly deduction for Salary Sacrifice for the Travel Pass Scheme is €20

Their weekly deduction for employee superannuation is €40

Income levy calculation:

Gross pay	€800
Less Salary Sacrifice for Travel Pass	€ 20
Income levy is applied to	€780 x 2% = €15.60

Note: the income levy is applied before the employee superannuation is deducted.

PRSI calculation:

Gross pay	€800
Less Salary Sacrifice for Travel Pass	€ 20
Less employee superannuation	€ 40
PRSI is applied to	€740 at the appropriate rate(s)

PAYE calculation:

Gross pay	€800
Less Salary Sacrifice for Travel Pass	€ 20
Less employee superannuation	€ 40
PAYE is applied to	€740 at the appropriate rate(s)

17.1.6 Employer records

Employers should keep the following records in relation to the income levy for each employee for each year:

- Amount of emoluments liable to the income levy
- Amount of income levy deducted from each payment made
- Total amount of income levy deducted.

2009 income levy records

As different rates of income levy applied for the periods 1 January 2009 to 30 April 2009 and from 1 May 2009 to 31 December 2009, employers should keep separate records in respect of both these periods in 2009.

17.1.7 Remitting the income levy to the Collector General

Employers should remit the income levy to the Collector General at the same time and in the same manner as the deductions under the PAYE system. The income levy amount is to be included with the figure for PAYE on form P30.

17.1.8 Exclusion Order cases

In circumstances where an individual is in receipt of Schedule E income which is subject to an Exclusion Order, and that individual is resident in a State which has a Double Taxation Agreement with Ireland, then in those particular circumstances income levy should not be deducted from the Schedule E payment, and any income levy deducted since 1 January 2009 may also be refunded.

In any other circumstances where an employer have been issued with an Exclusion Order, the income of the named employee is subject to the Income Levy in the same way as the income of all other employees.

Revenue will be requesting employers to remit the Income Levy collected from such employees subject to Exclusion Orders, by including this figure

- in the PAYE field on the P30
- in the Total Tax/Income Levy Liability field in the P35 Declaration
- in the separate fields provided specifically for employees subject to exclusion orders in the P35LF

17.1.9 Payments made after 1 January 2009 but which relate to an earlier year(s)

Any payments made on or after 1 January 2009 but which relate to 2008, or an earlier year(s), will be subject to the income levy at the appropriate rate(s) even though the payments are in whole or in part for some year of assessment other than that during which the payment is made.

17.1.10 Redundancy payments

Statutory redundancy payments are exempt from the levy. Statutory redundancy payments amount to 2 weeks pay per year of service plus a bonus week subject to a maximum payment of €600 per week.

In addition, ex-gratia redundancy payments in excess of the statutory redundancy amount are exempt from income tax, and therefore also the income levy, up to certain limits. These limits are up to €10,160 plus €765 per complete year of service in excess of the statutory redundancy. The basic exemption as outlined above can be further increased by up to €10,000 if the person is not a member of an occupational pension scheme.

Any relevant emoluments paid which are in excess of these limits are subject to the income levy in accordance with section 531B of the Taxes Consolidation Act 1997. It should be noted that the income levy is charged after granting the statutory exemptions set out above, and after granting any additional relief or deduction for Standard Capital Superannuation Benefit (SCSB).

The taxable element of redundancy payments paid between 1 January 2009 and 30 April 2009 will be subject to the income levy rates and thresholds in force in the first four months of 2009.

17.1.11 Employee expenses

Any expense payments which are only a recompense for expenses incurred in the performance of duties, are not subject to the income levy. Allowances which are in the nature of pay and are part of an individual's gross income are subject to the levy.

17.1.12 Income levy certificate on cessation of employment

When an employee ceases employment the employer should issue an income levy certificate to the employee along with form P45. The employee retains this certificate as their personal record of their income levy deductions while in the employment. They should not send it to Revenue or give it to their new employer. Employers should not send a copy of this certificate to Revenue.

The information detailed on this certificate will be for 'this employment only'. Where an individual had more than one period of employment with the same employer in the year the certificate will state the income levy information in respect of the latest period of employment only. The individual will be given an income levy certificate each time they cease employment. This will mean, for example, that where an individual commenced and ceased employment three times with the same employer in 2010 they will receive three income levy certificates from this employer in 2010. Employers should note that details of the income levy should not be included on forms P45.

The income levy certificate should be issued even when employees have nil income levy deducted during their employment.

Some payroll software systems will print a version of the certificate automatically from the payroll record.

Alternatively employers can use the Revenue template found at www.revenue.ie/en/tax/it/forms/income-levy-certificate-2010.pdf (See sample form in Appendix 6). Simply fill in the details on screen and print it out. A paper version of this income levy certificate is available from

Revenue's Forms & Leaflets Service
Telephone (24-hour service) 1890 30 67 06
+ 353 1 70 23 050
e-mail: custform@revenue.ie

17.1.13 Overpayments and refunds of the income levy

The income levy is calculated on a week 1 / month 1 basis. Where the income levy has been applied for particular pay period(s) throughout the year but the employee is ultimately liable at either a lower rate or are exempt because they have not exceeded the annual thresholds, they will have overpaid the income levy. In this situation they will be due a refund of some or all of any income levy paid.

Where the employee has been in continuous employment with an employer throughout the year in question (for the full 52 weeks/12 months), their employer should refund any overpayment of income levy deducted at that time.

Where the employee has not been in continuous employment with an employer throughout the year in question, Revenue, rather than the employer, will deal with any refund of income levy due.

Where an employee has provided evidence of entitlement to a full medical card at any time during the year the employer may make an immediate refund of any income levy deducted up to that point, and should not deduct any further levy for the remainder of that year.

17.1.14 Under deductions of the income levy

The income levy is applied on a week 1 / month 1 basis. Where an employer/pension provider finds that the income levy has been under deducted at year end they are not to deduct more income levy. Revenue will deal with any underpayments arising.

17.1.15 Use of exemption of €18,304 for persons aged under 65 years

Where an employer used a pro-rata amount of the exemption of €18,304 (€352 per week) for persons aged less than 65 years in the period between 1 January 2009 and 30 April 2009, the exemption used is ring-fenced for income in respect of this period. Employers do not need to recalculate the levy deduction in respect of this period with regard to the revised lower exemption limit of €15,028 (€289 per week), which has effect from 1 May 2009.

Any claims for repayment of levy deducted in cases of this type will be dealt with by Revenue after the end of the year.

17.1.16 End of year records

The P35 suite of forms have been revised to take account of the income levy. There are no changes to the P60. Details of the income levy will not be shown on the P60. An end of year Income Levy Certificate should be given to each employee along with their form P60. This end of year certificate (similar to the income levy certificate on cessation of employment) will show the employee's

- Gross Income for Income Levy, and
- Amount of Income Levy Deducted

for the periods 1 January to 30 April 2009 and from 1 May to 31 December 2009.

The income levy certificate should be issued even when employees have nil income levy deducted during their employment.

Some payroll software systems will print a version of the certificate automatically from the payroll record.

Alternatively employers can use the Revenue template found at www.revenue.ie/en/tax/it/forms/end-year-income-levy-certificate-2009.pdf (See sample form in Appendix 6). Simply fill in the details on screen and print it out. A paper version of this income levy certificate is available from

Revenue's Forms & Leaflets Service
Telephone (24-hour service) 1890 30 67 06
+ 353 1 70 23 050
e-mail: custform@revenue.ie

17.1.17 Frequently Asked Questions document

Revenue's Frequently Asked Questions on the income levy can be found at
www.revenue.ie/en/practitioner/law/income-levy.pdf. Revenue will continue to update this source of income levy information.

17.1.18 Employers to grant the €40,000 income levy exemption in payroll

At present, individuals aged 65 or over whose annual income does not exceed €20,000, are exempt from paying the income levy. However, a married couple,

- who is taxed under joint assessment or separate assessment, and
- one or both of whom are aged 65 or over in the year, and
- whose combined gross income from all sources (excluding Social Welfare payments) does not exceed €40,000,

are exempt from the income levy.

From 1 January 2010, individuals, who qualify for the €40,000 exemption under the above criteria, can apply to have income paid to them throughout the year without deduction of income levy.

To qualify for this treatment, an individual must complete a declaration form and return it to their employer/pension provider. By means of this form Revenue authorise an employer / pension provider to pay the income without deduction of the income levy. The form can be downloaded from the Revenue website at: www.revenue.ie/en/tax/it/forms/income-levy-exemption-form.pdf. A paper version of the form (see sample form in Appendix 6) is available from:

Revenue's Forms & Leaflets Service

Telephone (24-Hour service) 1890 30 67 06

If calling from outside the Republic of Ireland please phone + 353 1 70 23 050

Email: custform@revenue.ie

When an individual gives this completed form to their employer/pension provider, the employer/pension provider should stop deducting the income levy and refund any amount of income levy already deducted from 1 January 2010.

If the individual's circumstances change and they no longer qualify to have their income/pension paid without deduction of income levy, they are obliged to notify their employer/pension provider. In such circumstances the employer/pension provider should then begin deducting the income levy from the next payment in the usual manner.

17.2.1 Parking Levy in Urban Areas

The car parking levy is a charge on employees for the use of car parking facilities provided by the employer in designated urban areas.

17.2.2 Start date for the parking levy

The start date for the levy will be determined by the Minister for Finance and will be included in an Order to be made by that Minister.

17.2.3 The areas where the parking levy will apply

The levy will apply to employer-provided parking facilities in the major urban centres of Cork, Dublin, Galway, Limerick and Waterford. The specific areas in which the levy will apply will be designated by Order of the Minister for Finance following consultation with the 5 city councils. A copy of any such order will be placed on the Revenue website once it is made.

17.2.4 Liability to pay the parking levy

An employee will be liable to the levy where:

- he or she has an entitlement to use a parking space for the parking of a vehicle covered by the levy,
- the parking space is provided directly or indirectly by the employer, and
- the parking space is located in an area designated by the Minister for Finance.

17.2.5 Entitlement to use a parking space

Entitlement to use a parking space arises where any one or more of the following circumstances apply:

- the employee holds or has been issued with any type of authorisation to use a parking space or is given any type of permission (including arrangements or agreements with the employee) to use a parking space,
- the employee holds or has been issued with any form or means of access to a parking space;

- the employee has been allocated a dedicated parking space;
- the employee has been allocated a parking space on a shared basis or other similar arrangement,
- the availability of a parking space to the employee is on a first-come – first-served basis.

17.2.6 When is an employer regarded as providing a parking space to an employee?

In general, an employer is regarded as providing a parking space to an employee where the parking space is provided directly or indirectly, including where:

- the employer provides the parking space at its own premises,
- the parking space is provided at the premises of a person with whom the employer is connected, or
- the employer enters into an arrangement or agreement with an employee or some other person to provide a parking space.

The legislation also covers a situation in the public sector where the employer for the purposes of the Tax Acts i.e. the person who pays an employee's salary, may not be the provider of the parking facility. This arises, for example, in the education area where the Department of Education pays the salaries of certain teachers and other staff while an individual school provides the parking. In that situation, the Department is deemed to be the provider of the parking facility for the purposes of the legislation.

17.2.7 Disclaiming entitlement to use a parking space

An employee can disclaim entitlement to use a parking space by notifying his or her employer in writing or in an electronic format. Additionally, the employee should:

- return whatever form of authorisation he or she holds and any form or means of access to a parking space, and
- cease actual use of the parking space.

In such circumstances, the employer should stop deducting the levy.

The disclaimer provision is designed for situations where an employee wishes to disclaim entitlement to use a parking space on a permanent basis. This permanency is reflected in the fact that a formal notification is required to be made to the employer, any form of authorisation and any form or means of access to a parking space must be returned to the employer, and actual use of a parking space must cease.

The disclaimer provision is not designed for periods of annual leave or short periods where an employee does not make use of a parking space. Revenue will, however, look sympathetically at situations where use of the disclaimer provision may be appropriate for practical reasons. Periods of unpaid leave may be considered in this context.

17.2.8 Parking space provided in a 'customer' car park

Where the availability of a parking space to an employee is in a car-park which is normally available to, or reserved for, customers, the levy will generally apply. For example, the levy will apply in circumstances where the employer is providing the parking spaces and an employee is given a dedicated parking space or the availability of a space to the employee is on a first-come – first-server basis.

17.2.9 Parking space provided in a public car park

The parking levy will apply where an employer enters into any type of arrangement or agreement with an employee (or any other person) to provide a parking space to the employee. This includes where a space is provided in a public car-park.

17.2.10 Reimbursement of parking fees by employer

The parking levy does not apply where an employer reimburses an employee for parking fees incurred for on-street parking or for parking in public car-parks. However, unless such reimbursement arises as a result of a legitimate claim for expenses incurred by the employee in the performance of his or her duties, the employer should apply PAYE to the amount of reimbursement involved.

17.2.11 Employer makes payments to employees to cover the parking levy

In circumstances where an employer makes a payment to an employee in compensation for, or in re-imbursement of, the levy then:

- there is no deduction available to the employer in respect of the payment in computing the amount of its profits which are chargeable to tax, and
- the payment should be subjected to deductions under the PAYE system in the normal manner.

17.2.12 Infrequent use of a parking space

If an employee has an entitlement to use a parking space, but chooses to use it infrequently, the parking levy still applies even if the use of the space arises for 10 days or less in a year. These circumstances do not come with the "occasional permission to use a parking space" exclusion below.

17.2.13 An employee with two employments

If an employee has two employments and has entitlement to use a parking space in both employments, then the parking levy will have to be deducted in both employments. (However, see below for 'Job-sharing and Part-time work').

17.2.14 Two parking spaces available to an employee

If an employee has, due to the nature of his or her employment, more than one parking space available to him or her at different locations, then only one levy will apply in relation to the entitlement to use a parking space in connection with that employment. An example would be where an employee is required to carry out the duties of his or her employment across different offices of the employer.

17.2.15 A car supplied by a car leasing company

It is understood that, in certain circumstances, employees may have access to a car, supplied by or hired from a car-sharing company, at their place of work for business use during the day. Access to the car for specific periods of time would generally be managed by the company supplying the car. Use of a car in such circumstances would not be subject to the parking levy. Where, however, an employee is otherwise entitled to the use of a parking space under the terms of the legislation, the levy would apply.

17.2.16 Amount of the parking levy

Subject to possible reductions in the levy in the situations covered in this section (and any exemption which may apply – see below), the amount of the levy will be a flat rate amount of €200 for a full year. In the first year of the levy, the amount of the levy payable will be reduced on a pro-rata basis to reflect the period of the year in which the levy is effective.

Shared Parking Arrangements

A reduced levy applies where car parking spaces are shared between employees provided that the ratio of employees (who have an entitlement to park) to each car parking space is 2:1 or more. In these circumstances, the levy for employees with an entitlement to park will be reduced to €100.

Job-sharing and Part-time work

Where an employee's normal pattern of work is on the basis of part-time or job-sharing arrangements, then the levy amount payable is reduced pro-rata but not below a minimum of 50 per cent of the amount payable.

Entitlement to use a parking space for only part of a year

Where an employee's entitlement to use a parking space applies for only part of a year, then the amount of the levy payable by the employee is to be reduced on a pro-rata basis. This is designed to cover situations such as where an employee starts or finishes work during the year. For example, if an employee's entitlement to use a space commences on 1 December in a year, then only 1/12th of the levy will apply for that year. This would mean that a person who is given, say, a dedicated space would pay €16.66 for the month of December (i.e. €200 x 1/12th).

Maternity leave

Where an employee is on maternity leave, the 26 week period of maternity leave to which she is entitled is disregarded for the purposes of the levy. Additionally, the 10 week period immediately prior to the commencement of maternity leave is also disregarded.

Shift work

The amount of the levy is also reduced in the case of shift workers. Anyone starting or finishing work after 9 o'clock in the evening or before 7 o'clock in the morning will have the part of the year during which they are on shift work involving those hours disregarded for the purposes of calculating the levy. For example, someone doing such shift work for 3 months of the year would be liable to pay €150 (i.e. €200 less ¼ excluded because of shift work).

An employee on annual leave / sick leave

There is no reduction in the amount of the levy for periods of annual or sick leave.

Employee contributions to the employer towards the cost of a parking space

There is no reduction in the amount of the levy for contributions made by an employee to his or her employer towards the cost of a parking space. The trigger for liability to the levy is that an employee has entitlement to use a parking space and the space is provided directly or indirectly by the employer. Therefore, the levy will apply whether the parking is free or whether a nominal or other amount is paid by an employee to the employer.

17.2.17 Exemptions from the parking Levy

Disabled drivers

An employee who has an entitlement to use a parking space will be exempt from the levy where he or she is the holder of a valid disabled person's parking permit.

Employees of the emergency services

Official vehicles required to be driven by employees of certain emergency services are excluded from the levy (see 'Vehicles excluded from the parking levy' below).

An employee of a State or civil emergency service who does not otherwise have entitlement to use a parking space will be exempt from the levy where the use of a parking space for his or her private vehicle (or for a vehicle provided by the emergency service) relates solely to a response to an emergency situation.

Retired persons

Retired persons are exempt from the levy where a space continues to be provided to them for occasional use. However, in circumstances where a retired person is engaged in employment by his or her former employer, or indeed by any other employer, the retired person will be liable to pay the levy.

Occasional permission to use a parking space

Where an employee does not otherwise have entitlement to use a parking space, permission which is occasionally given to use a space is exempt from the levy provided that the total number of days involved in any year does not exceed 10 days. For the purposes of this exemption, use of a parking space for part of a day is treated as use for a full day.

17.2.18 Vehicles covered by the parking levy

In general, the levy will apply to private cars and vans used as private vehicles (i.e. where such vans are not required to be used by an employee in the performance of his or her duties of employment - see 'Vehicles excluded from the parking levy' below). Jeeps and other vehicles constructed with rear passenger seats are also included.

Company cars

An employee who uses a company car will be liable to the levy where he or she has an entitlement to use a parking space. The charge to the parking levy is a separate matter from any liability to benefit-in-kind which may apply in relation to the car.

Private cars used for business purposes

An employee who uses his or her own car in the performance of his or her duties will be liable to the levy.

17.2.19 Vehicles excluded from the parking levy

In general, motor bikes are excluded from the levy. Certain official cars owned or provided by the State, the Garda Síochána, the Defence Forces and certain other services such as the fire and ambulance service and the Customs service are excluded.

A van is excluded from the levy where the employee is required by the employer to use the van in the performance of his or her duties.

17.2.20 Employer records

Employers will be obliged to keep records, for each year, in relation to:

- the location(s) at which parking facilities are provided, including the number of parking spaces provided at each location
- the name and PPS number of each employee who has, or ceased to have, an entitlement to use a parking space, and
- evidence of the deduction of the parking levy from relevant employees.

17.2.21 Deduction and remittance of the parking levy

Deductions of the levy will be spread throughout the year in line with the frequency of salary payments. Deductions are made from employees' net salary payments after income tax, PRSI, the Health Levy and the new Income Levy are deducted.

Each employer should remit the levy deducted to the Office of the Collector-General at the same time and in the same manner as the employer currently remits deductions made under the PAYE system.

P30

Employers will continue to file their P30 in accordance with their existing filing pattern i.e. whether that is monthly or quarterly. Direct Debit customers and Annual Remitters will continue their existing payment arrangements also. Direct Debit customers should review the amount of their Direct Debit payment to take account of the parking levy and, if necessary, increase the amount of their Direct Debit payment.

There will be no changes to the existing Form P30. Employers will be required to include the amount of the parking levy being remitted to Revenue in the PRSI box on the P30.

17.2.22 Under-deductions and over-deductions of the parking levy

In situations where the amount of the levy deducted from an employee is insufficient or where an over-deduction has been made, the employer should make the appropriate adjustment through the salary or wages of the employee as soon as possible. A corresponding adjustment should then be made to the next remittance of parking levy made to the Collector-General's Office.

17.2.23 End of year records

The Form P35 will be revised to facilitate reporting by employers of the number of employees from whom they have deducted the parking levy and the overall amount of the levy so deducted.

17.2.24 Guidance document on the parking levy in urban areas

Revenue's guidance document on the parking levy can be found at www.revenue.ie/en/tax/it/leaflets/parking-levy-guidance.html

Appendix 1

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 numbers, e-mail and postal addresses, fax numbers and the appropriate offices for calling in person.

Dublin Region

PAYE LoCall Number for Employees 1890 33 34 25
+ 353 1 70 23 011

District Office	Address	Telephone
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 74 000
Fingal (Local Authority area)	Block D, Ashtown Gate, Navan Road, Dublin 15	1890 67 84 56
Dun Laoghaire/Rathdown (Local Authority area)	Lansdowne House, Lansdowne Road, Dublin 4	01 - 63 29 400
Central Revenue Information Office	Cathedral Street, Off Upper O'Connell Street, Dublin 1	Personal callers only: 8.30am to 4pm Mon- Fri.
Tallaght Revenue Information Office	Level 2, The Square, Tallaght, Dublin 24	Personal callers only: 9.30am to 4pm Mon- Fri.

South West Region

PAYE LoCall Number for Employees 1890 22 24 25
+ 353 1 70 23 011

District Office	Address	Telephone
Cork East (includes City Centre, North City and North County east of the Mallow Road)	Revenue House, Blackpool, Cork	021 - 60 27 000
Cork County South West and South East of City	Revenue House, Blackpool, Cork	021 - 60 27 000
Cork County North West and South West of City	Revenue House, Blackpool, Cork	021 - 60 27 000
Limerick	River House, Charlotte's Quay, Limerick	061 - 21 27 00
Clare	River House, Charlotte's Quay, Limerick	061 - 21 27 00
Kerry	Government Offices, Spa Road, Tralee, Co. Kerry	066 - 71 61 000

Border Midlands West Region

PAYE LoCall Number for Employees 1890 77 74 25
+ 353 1 70 23 011

District Office	Address	Telephone
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)	Government Offices, Cranmore Road, Sligo	071 - 91 48 600
Donegal	Government Offices, High Road, Letterkenny, Co. Donegal	074 - 91 69 400
Westmeath/Offaly	Government Offices, Pearse Street, Athlone, Co. Westmeath	090 - 64 21 800
Louth	Government Offices, Millenium Centre, Dundalk, Co. Louth	042 - 93 53 700
Cavan/Monaghan	Government Offices, Millenium Centre, Dundalk, Co. Louth	042 - 93 53 700

East South East Region

PAYE LoCall Number for Employees 1890 44 44 25
+ 353 1 70 23 011

District Office	Address	Telephone
Tipperary	Government Offices, Stradavoher, Thurles, Co. Tipperary	0504 - 28 700
Kilkenny (includes counties Kilkenny, Carlow and Laois)	Government Offices, Hebron Road, Kilkenny	056 - 77 60 777
Waterford	Government Offices, The Glen, Waterford	051 - 86 21 00
Wexford	Government Offices, Anne Street, Wexford	053 - 49 300
Kildare & Meath	Grattan House, Lower Mount Street, Dublin 2	01 - 64 74 000
Wicklow	4 Claremont Road, Sandymount, Dublin 4	01 - 63 16 500

Collector General's Division

Office	Address	E-mail	Telephone
Employer's Helpline	Government Offices, Nenagh, Co. Tipperary	employerhelp@revenue.ie	1890 25 45 65 *or* + 353 67 63 400 (if calling from outside the Republic of Ireland)
Tax Payments, Debt Management	Sarsfield House, Francis Street, Limerick	cg@revenue.ie	1890 20 30 70 or + 353 61 48 80 00
Employer's P35 Returns, Overpayments	Government Offices, Nenagh, Co. Tipperary	P35helpline@revenue.ie	1890 66 63 33 *or* + 353 67 63 400 (if calling from outside the Republic of Ireland)
Direct Debit Section	Sarsfield House, Francis Street, Limerick	cgdd@revenue.ie	1890 20 30 70 or + 353 61 48 80 00

Other Useful Contacts

Office	Address	E-mail	Telephone
Revenue On-Line Service	Trident House, Blackrock, Co. Dublin	roshelp@revenue.ie	1890 20 11 06 or + 353 1 70 23 021
Large Cases Division	Setanta Centre, Nassau Street, Dublin 2	largecasesdiv@revenue.ie	01 - 64 70 710
Revenue's Forms & Leaflets Service	Telephone Service (24-hour service)	custform@revenue.ie	1890 30 67 06 or + 353 1 70 23 050

Appendix 2

List of PAYE forms used by employers

Supplies of the following forms are issued to all employers who are registered for PAYE	
P13/P14	Temporary/Emergency tax deduction card
P45	Four-part cessation certificate
P45 Supplement	Particulars of payments made to a former employee since date of leaving which were not included on the original P45
P46	Employer's notification to Revenue regarding commencement of a new employee
Form 12A	To be completed by an employee who was not previously employed in the State. This should only be completed and sent to Revenue after the employee has been allocated a PPS number by the Department of Social Protection

Other forms issued by Revenue are	
Tax Credit Certificate	Employer copy of the certificate of tax credits and standard rate cut-off point
P9/P11	Tax deduction card (TDC) - Discontinued with effect from 1 January 2009
P11D	Return by employer of benefits, non-cash emoluments and payments not subjected to PAYE provided to directors and certain employees
TR1 / TR2 / Form PREM Reg	To be completed by an employer when applying for registration.

Forms issued by the Collector General include	
P9L/P11L	End-of-year forms lodged by "computer system" employers in cases where emergency or temporary basis was in operation at the end of the tax year or where an employee's PPS number is not known
P30 Bank Giro/Payslip	Employer's monthly/quarterly remittance form (PAYE and PRSI contributions)
P35	Employer's annual declaration of liability for PAYE and PRSI contributions
P35L	Employer's annual return of pay, PAYE, PRSI data, etc. in respect of each employee
P35L/T	Employer's annual return of pay, PAYE, PRSI data, etc. in respect of each employee for whom the PPS number is not known
P35LF	Employers annual return of total non-cash benefits provided to employees and certain information relating to employee pension product contributions.
P60	Employee's certificate of Pay, PAYE and PRSI contributions for the year

Appendix 3

Weekly and monthly income tax calendars

Income tax weeks

Week no.	Week ended
1	7 January
2	14 January
3	21 January
4	28 January
5	4 February
6	11 February
7	18 February
8	25 February
9	4 March
10	11 March
11	18 March
12	25 March
13	1 April
14	8 April
15	15 April
16	22 April
17	29 April
18	6 May
19	13 May
20	20 May
21	27 May
22	3 June
23	10 June
24	17 June
25	24 June
26	1 July
27	8 July

Week no.	Week ended
28	15 July
29	22 July
30	29 July
31	5 August
32	12 August
33	19 August
34	26 August
35	2 September
36	9 September
37	16 September
38	23 September
39	30 September
40	7 October
41	14 October
42	21 October
43	28 October
44	4 November
45	11 November
46	18 November
47	25 November
48	2 December
49	9 December
50	16 December
51	23 December
52	30 December
53	31 December Where there is a pay day

Income tax months

Month no.	Month ended
1	31 January
2	28/29 February
3	31 March
4	30 April
5	31 May
6	30 June

Month no.	Month ended
7	31 July
8	31 August
9	30 September
10	31 October
11	30 November
12	31 December

Dates to be noted

I January	Start of the tax year
31 December	End of the tax year
15 February	Date by which P60 must be given to an employee
15 February	Due date for submission of form P35
14th day of each month	Date by which the monthly P30s and payments must be made
23rd day of each month	Extension due date for employers where the P30 and P35 returns and associated payments are filed electronically via ROS, effective from 1 January 2009

Appendix 4

Information required to claim increased basic lump sum exemption

Where the lump sum payment (or total of such payments, if more than one is made) exceeds the basic exemption of €10,160 plus €765 for each full year of service the following information should be sent by the employer to the employee's Revenue office so that Revenue can advise the employer of the amount which need not be taken into account as pay for tax purposes.

- Employee's name and PPS number
- Employee's date of commencement and date of cessation. If the employee was a director state the date they became a director *
- Amount of statutory redundancy (not taxable)
- Assets given as part of the redundancy package, such as car, house etc
- Gross amount of lump sum payment excluding statutory redundancy
- Pay in lieu of notice, where such a payment is not provided for in the contract of employment
- Gross pay, excluding lump sum for the period 1 January to date of leaving, if available
- Whether the employee received a lump sum(s) previously from the employer submitting the claim or from any related employer
- A letter signed by the employee stating, if such is the case, that this is their first claim to relief for exemption over the basic exemption, SCSB or Top Slicing Relief
- Superannuation Scheme entitlements under the following headings:
    - Refund of pension contributions
    - Lump sum at date of leaving and whether in commutation of all or part of a pension
    - Actuarial value as at date of leaving of any deferred lump sum
    - If the employee irrevocably gives up their right to receive a lump sum from the pension scheme

* Where the employee is a director, attach a copy of the contract of service and a copy of the board minute granting the lump sum payment.

Appendix 5

List of leaflets / guides which may be of further assistance to employers

The following information leaflets and guides are available on www.revenue.ie, from Revenue's Forms and Leaflets Service, telephone LoCall 1890 30 67 06 (+ 353 1 70 23 050 if calling from outside the Republic of Ireland) or from any Revenue office.

Information Leaflets

IT 1	Tax credits, reliefs and rates www.revenue.ie/en/tax/it/leaflets/it1.html
IT 8	Tax exemption & marginal relief www.revenue.ie/en/tax/it/leaflets/it8.pdf
IT20A	Taxation (PAYE/PRSI) of benefits from employments from 1st January 2004 www.revenue.ie/en/tax/it/leaflets/it20a.pdf
IT 21	Lump sum payments on redundancy/retirement www.revenue.ie/en/tax/it/leaflets/it21.html
IT 22	Taxation of illness benefit and short-term occupational injury benefits www.revenue.ie/en/tax/it/leaflets/it22.pdf
IT48	Starting in business - a Revenue guide www.revenue.ie/en/tax/it/leaflets/it48.pdf
IT 51	Employees' motoring/bicycle expenses www.revenue.ie/en/tax/it/leaflets/it51.pdf
IT 54	Employees' subsistence expenses www.revenue.ie/en/tax/it/leaflets/it54.pdf
IT 58	Revenue job assist - information for employees www.revenue.ie/en/tax/it/leaflets/it58.pdf
IT 59	Revenue job assist - information for employers www.revenue.ie/en/tax/it/leaflets/it59.pdf
IT 62	A guide to profit sharing schemes www.revenue.ie/en/tax/it/leaflets/it62.pdf
IT 71	Exemption from income tax in respect of certain payments made by employers to employees arising from claims made under employment law www.revenue.ie/en/tax/it/leaflets/it71.pdf

Guides

Employer's guide to operating PAYE and PRSI for certain benefits. www.revenue.ie/en/tax/it/leaflets/benefit-in-kind/index.html

A Guide to Personal Retirement Savings Accounts (PRSAs) www.revenue.ie/en/tax/it/leaflets/it14a.html

Code of practice for determining employment or self-employment status of Individuals www.revenue.ie/en/tax/it/leaflets/code-of-practice-on-employment-status.pdf

Code of practice for Revenue auditors www.revenue.ie/en/tax/it/leaflets/audcode.pdf

Appendix 6

Sample forms

In the following pages are samples of:

Form P9/P11	Tax deduction card (TDC) - Discontinued with effect from 1 January 2009
Form P13/P14	Temporary/Emergency tax deduction card
Tax credit certificate	Employer copy tax credit certificate
Form P45 Part 1	Cessation certificate
Form P45 Supplement	Particulars of payments made to a former employee since date of leaving which were not included on the original P45
Form P60	Employee's certificate of pay, PAYE and PRSI for the year
Form P30	Employer's monthly/quarterly remittance form
Form P35	Employer's annual declaration of liability for PAYE and PRSI contributions
End of Year – Income Levy Certificate 2009	
Income Levy Certificate 2010	
Application to employer/pension provider to have income paid without deduction of income levy where married applicant and/or spouse is aged 65 or over, for 2010 and following years.	

Form P9/P11 (Discontinued with effect from 1 January 2009)

Tax Deduction Card (Front)

Revenue

TAX DEDUCTION CARD
Incorporating Certificate of Tax Credits and Standard Rate Cut Off Point

The Tax Credits and Standard Rate Cut-off Point set out on this card refer to
These instructions cancel any previously issued card
for the year to
If you have any problems with the operation of this card please refer to the Notice to Employers issued by the Tax Office. You can obtain a copy by phoning your local Tax Office or in Dublin by phoning Revenue Forms and Leaflets Service at:
Lo-Call No. 1890 306 706.

EMPLOYER'S Name & Address

Employer's Number | Date of Issue

This Tax Deduction Card is effective from

and should be implemented accordingly

EMPLOYEE DETAILS

PPS Number | Works Number (N6)

Name | Year

Total Tax Credit | Total Cut-Off Point

Standard Tax Rate: % | Higher Tax Rate: %

C2 | Social Insurance Class
IF Class changed during this employment complete these boxes
Date of Change | Other Class | Weeks at Other Class
Initial Class **B4** | **C3** | **F3**

N.B If more than two classes please furnish details on Form PRC 1

If employment began (a) in Week 1 or later or (b) before Week 1 but first pay day was in Week 1 or later, enter date of commencement at F4

If employment ceased during the tax year enter date of cessation at F5

	Day	Month	Year
F4			
F5			

Issued by:

A	B		C		D		E		F	
Date of Payment	See PAYE Calendar		PRSI Employee's Share		PRSI Total Contribution		Social Ins weekly record		For Employer use Net pay, Employer's PRSI etc	
	Month	Week	€	c	€	c	Insurable Employment ✓	PRSI Class	€	c
		1								
	1 Jan. to 31 Jan.	2								
		3								
		4								
	1	5								
		6								
	1 Feb. to 28 Feb.	7								
		8								
	2	9								
		10								
	1 Mar. to 31 Mar.	11								
		12								
	3	13								
		14								
	1 Apr. to 30 Apr.	15								
		16								
		17								
	4	18								
		19								
	1 May to 31 May	20								
		21								
	5	22								
		23								
	1 June to 30 June	24								
		25								
	6	26								
		27								
	1 July to 31 July	28								
		29								
		30								
	7	31								
		32								
	1 Aug. to 31 Aug.	33								
		34								
	8	35								
		36								
	1 Sept. to 30 Sept.	37								
		38								
	9	39								
		40								
	1 Oct. to 31 Oct.	41								
		42								
		43								
	10	44								
		45								
	1 Nov. to 30 Nov.	46								
		47								
	11	48								
		49								
	1 Dec. to 31 Dec.	50								
		51								
		52								
	12	53								
		K3					Total Weeks			
		K4	↑		F2					

NOTE: The additional grid below the 53-week grid is to be used for the first weeks of the next tax year. This grid is to be completed as you would a new tax deduction card, using the pre-printed tax credit and standard rate cut-off point figures. You will receive a new tax deduction card, which will incorporate the budget amendments to the tax credits and standard rate cut-off point figures early in the next tax year. You should then transfer the figures from the additional grid onto the new tax deduction card and continue completing the new tax deduction card as usual.

Date of Payment	Month	Week	€	c	€	c	✓		€	c
		1								
	1 Jan. to 31 Jan.	2								
		3								
		4								
	1	5								
		6								
	1 Feb. to 28 Feb.	7								
		8								
	2	9								

P9/P11 **If employee leaves your employment during the year to which this card refers, you should complete form P45 Cessation Certificate.**

Form P9/P11 (Discontinued with effect from 1 January 2009)

Tax Deduction Card (Back)

Week No.	G Gross Pay (less Superannuation) this Period		H Cumulative Gross Pay to Date		I Cumulative Standard Rate Cut-Off point		J Cumulative Tax due at Standard Rate		K Cumulative Tax due at Higher Rate		L Cumulative Gross tax		M Cumulative Tax Credit		N Cumulative Tax (cannot be less than 0)		O Tax Deducted this Period		P Tax Refunded this Period	
	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c
1																				
2																				
3																				
4																				
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53																				

← Pay — Previous Employment DEDUCT — Tax →

J6 ← Pay — This Employment Net Tax deducted — J7

or

Net Tax refunded — H9

	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c
1																				
2																				
3																				
4																				
5																				
6																				
7																				
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9																				

Form P13/P14

Temporary/Emergency Tax Deduction Card (Front)

Revenue

Temporary/Emergency Tax Deduction Card

For the Tax Year Ended 31 December 2010

Employer's Name & Address

Employer's Registered Number

EMPLOYEE DETAILS

PPS Number Works Number

Name

Tax Rate 1: 20% Tax Rate 2: 41%

This Tax Deduction Card (TDC) can be used as an Emergency TDC or a Temporary TDC

Used as an Emergency Card ☐ Used as a Temporary Card ☐

Use this as an Emergency TDC when:

- The employer has not received, in respect of the employee, either
  - a tax credit certificate (P2C) for the current year, **or**
  - a tax credit certificate (P2C) for a previous year which states that the certificate is valid for subsequent or following years, **or**
  - a Form P45 for the current year or previous year, **or**
- The employee has given the employer a completed Form P45 indicating that the emergency basis applies, **or**
- The employee has given the employer a completed P45 without a PPS number and not indicating that the emergency basis applies.

Tax is calculated on the gross pay (after deduction of pension contributions and permanent health contributions where relevant). Different rules apply depending on whether or not the employee provides an employer with his/her PPS number.

The tables below outline the tax credits and cut-off points applicable.

Tax Rate 1 is 20%. Tax Rate 2 is 41%.

Employee does not provide a PPS Number

Week or Month	Cut-Off Point	Tax Credit
All	€0.00	€0.00

Employee does provide a PPS Number

Weekly Paid	Cut-Off Point	Tax Credit
Week 1 to 4	€700.00	€36.00
Week 5 to 8	€700.00	€0.00
Week 9 onwards	€0.00	€0.00

Monthly Paid	Cut-Off Point	Tax Credit
Month 1	€3,034.00	€153.00
Month 2	€3,034.00	€0.00
Month 3 onwards	€0.00	€0.00

Where for example an employee starts employment without a PPS Number, provides it in say week 3, but still has not provided a P45 or tax credit certificate, tax should be applied at Week 3 per the schedule listed above and continued into Week 4 and 5 etc., as appropriate, until such time as a P45 or tax credit certificate is provided.

Use this as a Temporary TDC when:

- You have received a P45 from an employee which indicates the tax credits and cut-off point to be used.

P13/P14

A Date of Payment	B See PAYE Calendar Month	Week	C PRSI Employee's Share €	c	D PRSI Total contribution €	c	E Social Ins weekly record ✓
	1 Jan to 31 Jan	1					
		2					
		3					
		4					
	1	5					
	1 Feb to 28 Feb	6					
		7					
		8					
	2	9					
	1 Mar to 31 Mar	10					
		11					
		12					
	3	13					
	1 Apr to 30 Apr	14					
		15					
		16					
		17					
	4	18					
	1 May to 31 May	19					
		20					
		21					
	5	22					
	1 June to 30 June	23					
		24					
		25					
	6	26					
	1 July to 31 July	27					
		28					
		29					
		30					
	7	31					
	1 Aug to 31 Aug	32					
		33					
		34					
	8	35					
	1 Sept to 30 Sept	36					
		37					
		38					
	9	39					
	1 Oct to 31 Oct	40					
		41					
		42					
		43					
	10	44					
	1 Nov to 30 Nov	45					
		46					
		47					
	11	48					
	1 Dec to 31 Dec	49					
		50					
		51					
		52					
	12	53					
		K3					Total Weeks
		K4			▲	F2	

C2

Initial Class

Social Insurance Class

If Class changed during this employment complete these boxes

	Date of Change		Other Class		Weeks at Other Class
B4		C3		F3	

N.B. If more than two classes please furnish details on Form RSC 1

Form P13/P14

Temporary/Emergency Tax Deduction Card (Back)

Week No.	F Gross Pay (Less Superannuation) This Period		G Tax Rate 1 Cut-Off Point This Period		H Tax Due at Tax Rate 1 This Period		I Tax Due at Tax Rate 2 This Period		J Gross Tax This Period		K Tax Credit This Period		L Tax Due This Period		M For Employer Use	
	€	c	€	c	€	c	€	c	€	c	€	c	€	c	€	c
1																
2																
3																
4																
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52																
53																
	J6				◄ Pay						Tax ► J7					

	Day	Month	Year
F4			
F5			

If employment ceased during the tax year enter date of cessation at F5

If employment began
(a) in Week 1 or later, or
(b) before Week 1 but first pay day was in Week 1 or later,
enter date of commencement at F4

Description of Entry for each Column

Column C, D, E
PRSI Details

Column F
Gross pay: (Including overtime, bonus, commissions etc.) after deduction of any Superannuation and contributions to a Revenue Approved permanent health benefit scheme payable and allowable for income tax purposes.

Column G
Temporary TDC:
Cut-off point as shown on Form P45.
Emergency TDC:
See notes overleaf

Column H
Tax due at Tax Rate 1 this period

Column I
Tax due at Tax Rate 2 this period

Column J
Gross tax this period

Column K
Temporary TDC:
Tax credits as shown on Form P45.
Emergency TDC:
See notes overleaf

Column L
Tax due for this period

Column M
Freeflow e.g., net pay, employer's PRSI etc.

Tax Credit Certificate

In all correspondence please quote:
District:
Unit:
Registration No.:
Notice No.:

V430

Enquiries:

INCOME TAX – PAY AS YOU EARN
Certificate of Tax Credits and Standard Rate Cut–Off Point

FOR THE PERIOD UNTIL 31 December AND EACH SUBSEQUENT YEAR
ON A WEEK 1/MONTH 1 BASIS

Employees Name:

Employees Address

Employees PPS No

Staff / Personnel No

Exemption Case

All Tax Credits and Standard Rate Cut–Off Point refer to this employment only

Standard Rate of Tax %	Higher Rate of Tax %

Yearly Tax Credits		Standard Rate Cut–Off Point	
Monthly Tax Credit		Monthly Cut–Off Point	
Weekly Tax Credit		Weekly Cut–Off Point	

This Certificate is effective from **and cancels any previously issued certificates for the period stated**

General Notes

You can now receive Tax Credit Certificate details for your employees via the Revenue–on–Line Service (ROS). To register for ROS and/or obtain further information simply log on to the website www.revenue.ie **and select Revenue On Line Service (ROS).**
If you register with ROS, you may if you wish, also avail of the following options:
File Form P45 Part 1 on line and print parts 2, 3, and 4 for your employees.
File Forms P30 and P35 and make the relevant payments on line.

PAYE 1

Form P45 Part 1

Cessation Certificate (four part form)

P45 | **CERTIFICATE NO.** | **INCOME TAX - PAY AS YOU EARN - CESSATION CERTIFICATE**
Particulars of Employee Leaving

Surname of Employee

Address

First Name

PPS Number

Date of Birth D D M M Y Y

Unit Number

Employer Registered Number

Payroll/Works No.

Date of Cessation D D M M Y Y

Deceased (Mark box ☒ if employee is deceased)

Date of Commencement D D M M Y Y

Mark box ☒ if employee was paid weekly or monthly — Weekly — Monthly

Mark box ☒ if emergency tax operated

Weekly/Monthly Tax Credit

Week/Month Number

Weekly/Monthly Standard Rate Cut-Off Point

(a) **Total Pay & Tax** deducted from 1 January last to Date of Cessation

Total Pay .00 (see Note 3)

Total Tax Deducted

(b) If employment started since 1 January last enter Pay and Tax deducted (or Tax refunded) for this period of employment only

Pay (this employment) .00

Tax Deducted **or** Tax Refunded

Please mark box ☒ if the tax figure at (b) is a refund

(c) Amount of Taxable **LUMP SUM PAYMENT** on termination included in either pay figure above - if applicable .00

(d) Total amount of taxable Disability Benefit included in pay figure above - if applicable .00

(e) Amount by which Tax Credits were reduced - if applicable .00

(f) Amount by which Standard Rate Cut-Off Point was reduced - if applicable .00

Please complete section (d) or (e + f) where an employee was in receipt of taxable Disability Benefit since 1st January last while employed by you

Please mark box ☒ if employee was on Week 1/Month 1 basis at Date of Cessation

PRSI - This Employment Only

Total PRSI

Employee's Share

Total number of weeks of Insurable Employment

Total number of weeks at Class A or Subclass "A" in this period

PRSI Classes other than Class A or Subclass "A" in this period

I certify that the particulars entered above are correct.

Employer

Trade name if different

Address

Date D D M M Y Y

Phone No.

e-mail

Notes

1. Copy PPS Number, Tax Credits, and Standard Rate Cut-Off Point from the latest Certificate of Tax Credits and Standard Rate Cut-Off Point.
2. If the employee commenced with you since 1 January last, please insert Date of Commencement and include pay and tax notified to you in respect of previous employment (if any).
3. In fields (a) to (f) above, where a cent figure of **.00** is pre-printed, please insert Euro figures only. Cent figures are not required here.
4. Detach Part 1 and send it to your Revenue office immediately. Hand Parts 2, 3 and 4 (unseparated) to the employee when he/she leaves.
5. If employee has died please send ALL FOUR PARTS of this form (unseparated) to your Revenue office immediately.
6. A guide to PAYE/PRSI for small employers (IT50) is available from the Revenue website or from our Forms & Leaflets Service 1890 306 706. The Employer Information and Support Service **1890 25 45 65** is available to answer any queries you may have.

Save Time

File P45s on-line using the Revenue On-Line Service

www.revenue.ie

PLEASE COMPLETE THIS FORM IN BLOCK CAPITALS

PART 1

Form P45 Supplement

Particulars of payments made to a former employee since date of leaving which were not included on the original P45

P45 SUPPLEMENT

Particulars of payments made to a former employee since date of leaving which were not included on the original P45

Surname of Employee

Employee Address

First Name

PPS Number

Date of Birth D D M M Y Y

Unit Number

Employer Registered Number

Payroll/Works No.

Date of Cessation D D M M Y Y

Deceased (Mark box ☒ if employee is deceased)

Mark box ☒ if employee was paid weekly or monthly Weekly ☐ Monthly ☐

Mark box ☒ if emergency tax operated ☐

Weekly/Monthly Tax Credit

Weekly/Monthly Standard Rate Cut-Off Point

Week/Month Number

Date of this Supplementary Payment D D M M Y Y

Total Supplementary Pay & Tax deducted since 1 January last to date of cessation which were not included on Form P45 previously issued

Total Supplementary Pay .00

Total Tax Deducted

Where all or part of the Supplementary Pay referred to above relates to a previous year(s), please give a breakdown of the period(s) it refers to and the amounts involved

Date from	Date to	Pay	PRSI
D D M M Y Y	D D M M Y Y	.00	
D D M M Y Y	D D M M Y Y	.00	

PRSI payments relating to this supplementary payment

Total PRSI

Employee's Share

Total number of weeks of Insurable Employment

Total number of weeks at Class A or Subclass "A" in this period

PRSI Classes other than Class A or Subclass "A" in this period

I certify that the particulars entered above are correct

Employer

Trade name if different

Address

Date D D M M Y Y

Phone No.

Employer Payroll Contact Name

1. Payments **already** included in the total pay and tax on the original Form P45 should NOT be included on this P45 Supplement.
2. If the employer holds a Tax Credit Certificate or a Tax Deduction Card for the ex-employee in respect of the current year the employer should deduct tax in accordance with the Tax Credits and Standard Rate Cut-Off Point on a Week 1/Month 1 basis and the employer should enter the pay and tax on the Tax Deduction Card or wages record against the week in which the payment is made.

   If the employer has no Tax Credit Certificate or Tax Deduction Card for the year in which the payment is made the employer should operate Emergency Tax on the payment.
3. This P45 Supplement should be completed and sent to Revenue immediately following any payment being made to an ex-employee which is not included in the Form P45 previously issued. The date of this supplementary payment must be entered above.
4. In the pay fields above, where a cent figure of **.00** is pre-printed, please insert Euro figures only. Cent figures are not required here.

PLEASE COMPLETE THIS FORM IN BLOCK CAPITALS

P45 Supplement

Form P60 Template

Employee's certificate of pay, PAYE and PRSI for the year

P60

CERTIFICATE OF PAY, TAX AND PAY- RELATED SOCIAL INSURANCE YEAR ENDED 31st DEC.

PAYE – PRSI
SOCIAL WELFARE BENEFITS

Two copies to be given to each employee who was in your employment on 31st December whether or not tax was deducted.

Name of Employee:

Address:

Tax Credit €

Standard Rate Cut Off Point €

'1' indicates that temporary basis applied } at 31st December. ☐
'2' indicates that emergency basis applied

Personal Public Service No. (PPS No.) ☐☐☐☐☐☐☐☐☐

Enter 'X' if there were 53 pay days in the year. ☐

Enter 'W' if week 1/month 1 applied ☐

Enter 'D' if employee was a director. ☐

(A) PAY	**€**
1. Total pay (i.e. gross pay less any superannuation contributions allowable for income tax purposes) in above year including pay in respect of previous employment(s), if any.	
2. Pay in respect of previous employment(s), if any, in above year.	
3. Pay in respect of THIS period of employment (i.e. gross pay less any superannuation contributions allowable for income tax purposes).	

(B) TAX	**€**
1. Total net tax deducted in above year (including tax deducted by previous employer(s), if any).	
2. Tax in respect of previous employment(s), if any, in above year.	
3. Net tax deducted (J7)/refunded (H9) in this period of employment. ☐	

(C) PRSI in this employment	**€**
1. EMPLOYEE'S PRSI.	
2. TOTAL (employer + employee) PRSI.	
3. TOTAL number of weeks insurable employment.	
4. Initial social insurance contribution class.	
5. Subsequent social insurance contribution class.	
6. Number of weeks at the class entered at line 5 above.	
7. Date of commencement of employment.	

I/We certify that the particulars given above include the total amount of pay (including overtime, bonus, commission, benefit in kind etc.) paid to you by me/us in the above year, the total tax deducted by me/us less any refunds and the total pay-related social insurance contribution in respect of this employment.

Employer's Name

Employer's PAYE Regd. No. ☐☐☐☐☐☐☐☐

Employer's Phone Number
(for P60 enquiries)

Date

TO THE EMPLOYEE:

THIS IS A VALUABLE DOCUMENT

You should retain it carefully as evidence of tax deducted.

You may also require this document for production to the Collector-General if you are claiming repayment of:
(a) PRSI contributions on the amount of pay in excess of the pay ceiling for contribution purposes or
(b) the Health contribution where income was below the relevant threshold for the year.

You may also require it as evidence if you claim social welfare benefits within the next two years.

Form P60 Laser

Form P30

Employer's monthly/quarterly remittance form

In all correspondence please quote:
Registration No:

Notice No:

Collector-General
Sarsfield House
Francis Street
Limerick

Enquiries: 1890 203070

P30 Monthly PAYE/PRSI return

Please complete details of PAYE, PRSI and Levy deductions on the payslip below as follows :

- In the PAYE field below , please insert Income Tax (PAYE) and Income Levy (including Income Levy collected from exclusion order employees) deductions
- In the PRSI field below , please insert social insurance contributions .

Detach and return the payslip with your full payment in the enclosed prepaid envelope (see notes overleaf regarding completion and method of payment).

Period:

Payment due not later than:

Please do not photocopy this form or payslip or use it for any other period or customer.
Always return the payslip even for nil returns.

BANK GIRO
CREDIT TRANSFER

Payslip P30

Revenue

To: BANK OF IRELAND
COLLEGE GREEN
DUBLIN 2.

90-71-04

For: COLLECTOR-GENERAL
PAYE/PRSI
A/C No. 93288444

Name:

Registration No:
Notice No:
Period:
Date Rec'd:

I declare that the amounts shown below are the amounts I am liable to remit to the Collector-General for the above period(s).

Signed: ______________________ Date: __________

PAYE	.00
PRSI	.00
TOTAL	.00

Receiving Cashier's Brand & Initials

CHEQUES	
TOTAL	

P30
A

P30

Please do do not fold this payslip or write or mark below this line

||•90 |||7104 |: 93288444 ||• 71

Form P35

Employer's annual declaration of liability for PAYE and PRSI contributions

P35 DECLARATION

FOR YEAR ENDED 31 DECEMBER

RETURN BY 15 FEBRUARY
To: Office of the Collector-General, PO Box 354, Limerick.

PLEASE QUOTE REGISTRATION NUMBER BELOW IN ALL CORRESPONDENCE

Guidelines for completion of P35 declaration below

A TOTAL TAX/INCOME LEVY LIABILITY
At A below enter total net tax and total Income Levy deducted for all employees (including employees subject to exclusion orders, if any), minus all net tax refunded, if any.

B TOTAL PRSI/PARKING LEVY LIABILITY
At B below enter total PRSI (employer + employee) and total Car Parking Levy for all employees.

C TOTAL A + B LIABILITY
At C below enter the combined total of A + B.

D TOTAL TAX PAID
At D below enter the total amount already paid.

E CLAIMED REFUND
If the total entered at "C" is less than the amount at "D" enter the difference at "E" to claim the excess credit.

F AMOUNT PAYABLE
If the amount at "D" is less than the total at "C" please enclose payment for that balance and enter the amount of payment at "F".

Please
- Use Black Ball Point Pen.
- Enter whole euro only - do not use cent.
- Remember to sign the Declaration below and give a contact phone number.
- If the amount at Lines A, B or C is **ZERO** enter 0 - **do not** leave blank, **do not** write Nil.

HELPLINE
If you have a query in relation to this form phone Lo-Call **1890 - 25 45 65**
International Customers please phone **+ 353 67 63400**
e-MAIL **p35helpline@revenue.ie**
PHOTOCOPIES OF THIS FORM ARE NOT ACCEPTABLE

Revenue

Please complete below, detach and return

N.B. This declaration can only be used in respect of the employer named.

NAME:

REG. No:

YEAR END: 3 1 D E C

NOTICE NO:

A	, , .00
B	, , .00
C	, , .00
D	, , .00
E	, , .00
F	, , .00

I certify and declare that all particulars required to be entered by me in this return are fully and truly stated to the best of my knowledge and belief.

EMPLOYER'S SIGNATURE: ____________________

PHONE NO: ____________ DATE: ____________

P35 F

Please do not fold or write below this line.

End of Year – Income Levy Certificate 2009

End of Year - Income Levy Certificate 2009

Employee Details

Surname of Employee

Date of Commencement
(if after 1 January 2009)

D D M M Y Y

First Name

PPS Number

Payroll/Works Number

Income Levy Details

Below are the details of the Income Levy deducted in this employment only in the year 2009

	1 January to 30 April 2009	1 May to 31 December 2009
Gross Income for Income Levy	€ .00 (Insert Euro figures only)	€ .00 (Insert Euro figures only)
Amount of Income Levy Deducted	€ (Including cent)	€ (Including cent)

Where an employee had more than one period of employment with the same employer in the year 2009 please insert the Income Levy figures in respect of the latest period of employment.

Employer Details

I certify that the particulars entered above are correct.

Employer

Employer Registered Number

Address

Phone Number

E-mail

Signature

Date

D D M M Y Y

Employer
This certificate is to be given to the employee along with their form P60 for 2009.

Employee
This is a certificate of the Income Levy deducted in this employment in 2009. You should retain it carefully.

PLEASE COMPLETE THIS CERTIFICATE IN BLOCK CAPITALS

Income Levy Certificate 2010

Income Levy Certificate 2010

Employee Details

Surname of Employee

Date of Commencement
(If after 1 January 2010)
D D M M Y Y

First Name

Date of Cessation
D D M M Y Y

PPS Number

Payroll/Works Number

Income Levy Details

Below are the details of the Income Levy deducted in this employment only in the year 2010

Gross Income for Income Levy € .00 (Insert Euro figures only)

Amount of Income Levy Deducted € (Including cent)

Where an employee had more than one period of employment with the same employer in the year 2010 please insert the Income Levy figures in respect of the latest period of employment.

Employer Details

I certify that the particulars entered above are correct.

Employer

Employer Registered Number

Address

Phone No.

E-mail

Signature

Date
D D M M Y Y

Employer
This certificate is to be given to the employee along with their form P45 when they cease employment.
Employee
This is a certificate of the Income Levy deducted in this employment to date of cessation. Please retain carefully.

PLEASE COMPLETE THIS CERTIFICATE IN BLOCK CAPITALS

Application to employer/pension provider to have income paid without deduction of income levy where married applicant and/or spouse is aged 65 or over, for 2010 and following years.

Application to employer/pension provider to have income paid without deduction of Income Levy where married applicant and/or spouse is aged 65 or over, for 2010 and following years

Applicant's Details

Surname		PPS Number	
First Name		Date of Birth	D D - M M - Y Y Y Y
Address		Spouse's Date of Birth	D D - M M - Y Y Y Y
		Year for which you are making your first application	2 0

Employer / Pension Provider Details

Employer / Pension Provider	Registered Number

Declaration

I declare that, to the best of my knowledge and belief, the particulars given by me on this form are correctly stated and that:

- I am a married person and I and/or my spouse are aged 65 years or over during the year, and
- I am taxed under joint assessment or separate assessment, and
- Myself and my spouse's combined gross income for the year (excluding Social Welfare payments) will not exceed €40,000
- I undertake to advise my employer / pension provider of any change in circumstance that may affect my eligibility to have income paid without deduction of Income Levy.

This is a form authorised by the Revenue Commissioners. It may be selected for future audit by Revenue.

Penalties apply for making a false declaration.

Signature ____________________ Date D D M M Y Y

Telephone Number ____________________

Explanatory Notes

Please note that this form is to be returned to your employer / pension provider (not to Revenue)

Income Levy is payable on gross income, excluding Social Welfare payments. Individuals aged 65 or over whose annual income does not exceed €20,000 are exempt from paying the Income Levy. However, a married couple,

- one or both of whom are aged 65 or over in the year, and
- who is taxed under joint assessment or separate assessment, and
- whose combined gross income from all sources (excluding Social Welfare payments) does not exceed €40,000,

are exempt from the Income Levy.

This €40,000 exemption is usually claimed at the end of the year by submitting a claim to Revenue. However, if you qualify under the above criteria, you can apply to your employer/pension provider to have income paid to you throughout the year without deduction of Income Levy.

To apply, simply complete this form and return it to your employer/pension provider who will arrange for your income/pension to be paid to you without deduction of Income Levy. If your circumstances change and you no longer qualify to have your income/pension paid without deduction of Income Levy, you are obliged to notify your employer/pension provider.

Enquiries

Enquiries regarding the Income Levy should be directed to your local Revenue office or www.revenue.ie

Appendix 7

PAYE Regulations

Detailed operation of PAYE is governed by the following regulations:

- Income Tax (Employments) (Consolidated) Regulations, 2001 (S.I. No. 559 of 2001), www.revenue.ie/en/practitioner/law/statutory/si_559.pdf
- Income Tax (Employments) Regulations 2002 (S.I. No. 511 of 2002) www.revenue.ie/en/practitioner/law/statutory/si511_02.pdf
- Income Tax (Employments) Regulations 2008 (S.I. No. 592 of 2008) www.revenue.ie/en/practitioner/law/statutory/si592_08.pdf
- Income Tax (Employments) Regulations 2009 (S.I. No. 573 of 2009) www.revenue.ie/en/practitioner/law/statutory/si573-09.pdf

PART 47 and Schedule 29, Taxes Consolidation Act, 1997 outlines penalties and other sanctions for breach of the PAYE regulations.

This Guide has been compiled by Revenue for employers. It has no legal force and does not purport to be a legal interpretation of the statutory provisions relating to the operation of Pay As You Earn.

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