Unit 6

Income Tax and VAT

Student Activity Worksheet **2** Solutions

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

1. Fill in the blanks in the following sentences.

The PAYE system is used to collect Income Tax from **employees** and people who receive a work **pension**. The self-assessment system is used to collect Income Tax from people who are self-**employed** and people with non-**PAYE** income. The groups taxed under the self-assessment system are known as **chargeable** persons.

2. Identify the correct Schedule D case number from the following explanations.

Explanation	Schedule D, Case Number
Rental income	**V**
Untaxed interest and foreign income	**III**
Income from a trade	**I**
Taxed income and miscellaneous income	**IV**
Income from a profession	**II**

3. Distinguish between **gross income** and **net income**.

a. Gross income **relates to total income before deductions**.

b. Net income **is calculated as Gross income less deductions**.

4. Identify whether each of the following types of income can be categorised as PAYE income or non-PAYE income.

Income Type	PAYE income / Non-PAYE income
1. Salary	**PAYE**
2. Business profit	**Non-PAYE**
3. Rental income	**Non-PAYE**
4. Bonus	**PAYE**
5. Bank interest received	**Non-PAYE**
6. Commission	**PAYE**

5. Circle the correct answer in the following statements.

   a. An individual must register for self-assessment Income Tax if their net non-PAYE income exceeds €8,000 / **€5,000**.

   b. The pay and file deadline for self-assessed Income Tax is 31st March / **31st October**.

   c. An individual must register for self-assessment Income Tax if their gross non-PAYE income exceeds **€30,000** / €50,000.

   d. VAT is a(n) direct / **indirect** tax on goods and services.

   e. The standard VAT rate is 13.5% / **23%**.

   f. Businesses that sell goods exceeding **€75,000** / €105,000 must register for VAT.

   g. The term 'ROS' means **Revenue Online Services** / Revenue Online Servicing.