

The Employers' Guide to PAYE

Part 42-04-35

This manual was applicable until 31 December 2018.

Please refer to [Part 42-04-35A](#) which is effective from 1 January 2019 and reflects PAYE Modernisation.

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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 \(PRSI\)](#), [Universal Social Charge \(USC\)](#) and [Local Property Tax \(LPT\)](#).

Employers are obliged to operate the PAYE system where they make payments in excess of certain levels (see [Chapter 2](#) - Registration of employers for PAYE purposes).

1.2 Brief outline to this Guide

This Guide sets out for employers the requirements of the PAYE system.

Chapter 1 to Chapter 13 describe the system, define 'pay for PAYE purposes' and set out the normal procedures to be followed for tax, USC and LPT (Deduction in payroll).

Chapter 14 sets out employers' duties before commencement of a new tax year.

Chapter 15 explains the procedures for dealing with new employees and recommencing employees.

Chapter 16 deals with employment cessations and related topics.

Chapter 17 deals with Pay Related Social Insurance (PRSI).

Chapter 18 is concerned with payment of tax, USC, PRSI and LPT to the Collector General.

Chapter 19 sets out employers' duties at the end of the tax year.

Chapter 20 deals with the Revenue Online Service.

Chapter 21 provides a brief introduction to the Pension Related Deduction.

Chapter 22 sets out employers' obligations with regard to PAYE Compliance.

1.3 Key messages for employers

As an employer, you must

- be registered as an employer (paragraph [2.1](#))
- have an employee register on which all your employees are listed (paragraphs [7.1](#) and [22.4](#))
- have a tax credit certificate (P2C) for all employees under their correct Personal Public Services Number (paragraphs [7.4](#) and [7.6](#))
- meet your filing and paying obligations (Chapters 14 – 19).

1.4 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](#) - Weekly and monthly income tax calendars.

1.5 PAYE forms

A list of the forms that are used by employers in payroll is given in [Appendix 2](#) - List of PAYE forms used by employers.

1.6 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 – that is, 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 he or she:

- Is under the control of another person who directs as to how, when and where the work is to be carried out
- Supplies labour only
- Receives 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.
- Does not supply materials for the job
- Does 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.
- Is not exposed to personal financial risk in carrying out the work
- Does not assume any responsibility for investment and management in the business
- Does not have the opportunity to profit from sound management in the scheduling of engagements or in the performance of tasks arising from the engagements
- Works set hours or a given number of hours per week or month
- Works for one person or for one business
- Receives expense payments to cover subsistence and/or travel expenses
- Is entitled to extra pay or time off for overtime.

Criteria used to determine if an individual is self-employed

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

- Owns their own business

- Is exposed to financial risk, by having to bear the cost of making good faulty or substandard work carried out under the contract
- Assumes responsibility for investment and management in the enterprise
- Has the opportunity to profit from sound management in the scheduling and performance of engagements and tasks
- Has control over what is done, how it is done, when and where it is done and whether they do it personally
- Is 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
- Provides the materials for the job
- Provides 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
- Has a fixed place of business where materials equipment etc. can be stored
- Costs and agrees a price for the job
- Provides their own insurance cover, for example, public liability cover, etc.
- Controls 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.

See also [The Code of Practice for determining the employment or self-employment status of individuals](#).

1.7 Assistance to employers

1.7.1 Revenue website

A comprehensive range of employer information, services and forms is available on www.revenue.ie – see [Employing people](#)

1.7.2 Revenue Online Service (ROS)

The [ROS Help Centre](#) on www.revenue.ie provides information and instructions on using ROS.

The ROS Technical Help Desk provides support to customers experiencing difficult accessing ROS. The phone number is 01 738 36 99 or for callers outside the Republic of Ireland, + 353 1 738 36 99. You can also email ROS at roshelp@revenue.ie or access [MyEnquiries](#).

If you have access to MyEnquiries please click **Add a new Enquiry** and select 'Other than the above' and 'Revenue Online Service (ROS) Technical Support' from the dropdown options available.

Tax queries on the operation of PAYE should be addressed to the Employer Helpline (contact details hereunder).

1.7.3 Employer helpline

An employer who does not find an answer to a query in relation to the operation of PAYE (income tax and Universal Social Charge) in this guide can get further assistance from the Employer Customer Service Unit, contact details as follows:

Telephone: 01 738 36 38 (+ 353 1 738 36 38 if ringing from outside the Republic of Ireland)

MyEnquiries: Select 'Employers PAYE' in the 'My Enquiry Relates To' box.

1.7.4 Collector General

Queries relating to the payment of tax should be directed to the Collector General's Division:

MyEnquiries - available in myAccount or ROS

Telephone: 01 738 36 63

If calling from outside the Republic of Ireland please phone + 353 1 738 36 63

Postal address:

Sarsfield House,
Francis Street,
Limerick.
Eircode: V94 R972

Queries relating to P35 end-of-year returns should be directed to the Collector General's Division:

MyEnquiries - available in myAccount or ROS

Telephone: 01 738 36 38

If calling from outside the Republic of Ireland please phone + 353 1 738 36 38

Postal address:

Collector General's Division
Sarsfield House,
Francis Street,
Limerick.
Eircode: V94 R972

1.7.5 PRSI queries

Revenue collects Pay Related Social Insurance (PRSI) contributions on behalf of the Department of Employment Affairs and Social Protection.

Queries relating to PRSI contributions should be directed to:

Scope Section,
Department of Social Protection,
Gandon House,
Amiens Street,
Dublin 1.

Telephone: 01 673 2585

If calling from outside the Republic of Ireland please phone + 353 1 673 2585

email: scope@welfare.ie

1.7.6 National Phone number for PAYE employees

The national phone number for PAYE employees is 01 738 36 36

If calling from outside the Republic of Ireland PAYE employees can phone:
+ 353 1 738 36 36.

See the [Contact us](#) page on the Revenue website for a full list of contact details.

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

must be registered 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 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 [Chapter 22](#) for information regarding employers' obligations in this regard.

2.2 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.

See Tax and Duty Manual [Part 42-04-33](#) for additional information.

2.3 e-Registration

eRegistration is a Revenue service that enables agents and customers to manage their Revenue registrations online. Tax registrations may be managed online by:

- individuals who are registered for [myAccount](#). Individuals who are not registered for myAccount, and require access to eRegistration, should register for myAccount in the first instance
- individuals who are registered for the Revenue Online Service (ROS)
- agents who are registered for ROS.

See our [eRegistration Guide](#) for further information.

All employers with 10 or more employees are required to pay and file returns and payment electronically. An employer may be excluded from the obligation of mandatory electronic filing if it can be shown that they do not have the legally defined capacity to do so. See [Statutory Instrument \(S.I.\) No. 223 of 2011](#).

2.4 Registration by paper

Access to eRegistration is unavailable to certain applicants, as outlined below. Applicants in these categories should continue to submit paper applications to their Revenue office.

These applicants include:

- individuals currently not eligible to register for myAccount
- non-assessable spouses
- where a non-resident director exists
- unincorporated bodies and non-profit organisations (for example schools, boards of management, charities)
- liquidators
- receivers
- executors
- collection agents
- re-registrations for Value-Added Tax (VAT) or Relevant Contracts Tax (RCT).

If you are unable to use eRegistration, you can register as an employer by completing one of the following paper forms:

[Form TR1](#) - if you are an Individual/Sole Trader or a Partnership, or

[Form TR1 \(FT\)](#) – if you are a non-resident individual, sole trader or partnership, or

[Form TR2](#) - if you are registering a company, or

[Form TR2 \(FT\)](#) – if you are a non-resident company, or

[Form PREM Reg](#) - if you are already registered for Income Tax (either as self-employed or as an employee) or Corporation Tax.

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

email: custform@revenue.ie

Complete the form and return it to Revenue and you will receive confirmation of your registration as an employer along with a registered number.

Note: All paper registration applications received, which could otherwise be completed online, will be returned with a request that the transaction be dealt with online.

2.5 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, USC and PRSI deductions are not made, Revenue may issue formal notice of estimation in respect of any amounts of PAYE, USC and PRSI not remitted. Further information on such estimates is provided in [Chapter 22](#) - PAYE (Employer) Compliance and [Chapter 19](#) - Employers' duties at the end of the Income Tax Year.

2.6 Register of Employees

Employers are obliged to keep and maintain a Register of Employees. See paragraph [22.5](#) regarding the information that should be included in the Register.

2.7 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 [19.7](#) (Completion of end of year returns) and where necessary the instructions in [Chapter 16](#) (Cessation of Employment / Death of an Employee) regarding the completion of form P45 should then be followed.

2.8 Death of an employer

Where an employer dies and there are no longer any employees (for example, if a business is discontinued) the executors or administrators should carry out the procedures set out in paragraph 2.7 above. If employees are retained (for example, if a business passes to a successor) paragraph 2.9 below applies.

2.9 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.

2.10 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 payroll 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 (for example: office, factory) may wish to make separate PAYE/USC/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 payroll 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/USC/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.

2.11 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 [Chapter 16](#) - Cessation of Employment / Death of an Employee (see especially paragraph [16.9](#)), 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.

Chapter 3 - Definition of pay

3.1 Gross pay / Taxable pay

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 (see paragraph [3.8](#) regarding Exclusion Orders and paragraph [3.9](#) regarding employments carried on outside the State).

A PRSI contribution is payable through the PAYE system for all persons dealt with under the PAYE system. (See leaflet [SW19](#) issued by the [Department of Social Protection](#)).

The terms 'gross pay' and 'taxable pay' as used in this Guide have the following meanings:

Gross Pay is the employee's pay of any kind as described in paragraph [3.6](#) before any deductions are made by the employer.

Taxable pay 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 (Income Continuance) 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 (paragraph [3.7.1](#)) or a Cycle to Work Scheme (paragraph [3.7.7](#)).

These amounts are deducted from gross pay by the employer before tax is calculated.

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:

Office of the Revenue Commissioners,
Financial Services (Pensions),
Large Corporates Division,
Castle View,
52-57 South Great George's Street,
Dublin 2,
D02 HF50

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

Notes:

Employee contributions to occupational pension schemes and other pension arrangements do not qualify for USC and PRSI (employee and employer) relief.

Tax, USC and PRSI should not be applied to pension contributions paid by an employer on an employee's behalf to a Revenue approved occupational pension scheme.

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 tax relief.

However, an employer should not treat such special contributions as reducing pay for tax purposes. Any tax relief, which is due to the employee, will be given as part of their tax credits.

Additional Voluntary Contributions (AVC)

Some employees who are members of occupational pension schemes may opt to make regular additional voluntary contributions (AVCs) from their salaries. Tax relief may be granted by way of the net pay arrangement. This means that tax deductions will be calculated on wages or salary net of additional voluntary contributions. (There is no relief from USC or PRSI). Employers must ensure that the combined contributions, for example, 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 and 39 | Up to 20% |
| Between 40 and 49 | Up to 25% |
| Between 50 and 54 | Up to 30% |
| Between 55 and 59 | Up to 35% |
| 60 and 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 €115,000.

Note:

The taxable portion of a termination payment is not relevant earnings for the purposes of calculating the ceiling on pension contributions. Pension contributions paid by an employer on an employee's behalf to a Revenue approved occupational pension scheme are ignored for the purposes of calculating the maximum tax relief due.

Personal Retirement Savings Account (PRSA)

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 tax 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 tax relief directly from Revenue. Tax relief will be allowed through the PAYE system, as an additional tax credit.

Employee contributions to a PRSA do not qualify for USC and PRSI (employee and employer) relief.

Employer contributions to an employee's PRSA

Even though an employer's contributions to an employee's PRSA are a taxable benefit in kind in the hands of the employee, the contributions are not subject to PAYE.

The contributions are not chargeable to PRSI and with effect from 1 January 2016, they are not chargeable to USC. (Prior to 1 January 2016, such contributions were chargeable to USC).

An employer's contributions to an employee's PRSA qualifies for tax relief.

Retirement Annuity Contract (RAC)

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 tax 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 apply tax 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.

Employee contributions to a RAC do not qualify for USC and PRSI (employee and employer) relief.

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 tax deduction. This means that tax deductions will be calculated on wages or salary net of Permanent Health Benefit contributions. The tax relief due is limited to 10% of the individual's total income for the tax year.

Employees' contributions to Revenue-approved Permanent Health Insurance and Income Continuance Plans (not private health insurance companies) do not qualify for USC and PRSI (employee and employer) relief.

Where an employee is absent from work and receives a payment from a Revenue-approved permanent health benefit scheme, the payment is subject to tax and USC. The payment is not subject to PRSI.

3.3 Deductions from gross pay in calculating taxable pay

Apart from the following:

- ordinary superannuation contributions
- Additional Voluntary Contributions
- Revenue approved permanent health (income continuance) deductions
- Personal Retirement Savings Accounts
- Retirement Annuity Contracts
- salary sacrificed for a Travel Pass Scheme (paragraph [3.7.1](#)) or a Cycle to Work Scheme (paragraph [3.7.7](#)),

no other deductions made from pay should be taken into account in calculating employees' taxable 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 cut-off point and will not reduce the employee's taxable pay (see [Chapter 4](#) - Expenses Payments Paid to Employees).

3.4 Pay for USC purposes

The USC is a tax payable on gross income, including notional pay and before pension contributions. See [Universal Social Charge](#).

3.5 Pay for PRSI purposes

A PRSI contribution is payable through the PAYE system for all persons dealt with under the PAYE system.

Employee contributions to occupational pension schemes and other pension arrangements do not qualify for PRSI (employee and employer) relief.

Only the taxable amount of lump sum payments is liable for PRSI. Class K1 applies. Tax, USC and PRSI 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 [3.6.1](#).

Information regarding the PRSI system can be found in [Operational Guidelines: PRSI - Pay-Related Social Insurance - Contributions and Classes](#) and leaflet [SW19](#) on the Department of Social Protection (DSP) website.

3.6 What pay includes

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

3.6.1 Non-cash payments

Most benefits-in-kind (for example, the private use of a company car, free or subsidised accommodation, preferential loans) 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, that is, 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, for example, vouchers in various forms, the payment of bills, club subscriptions and medical insurance premiums on an employee's behalf.

Further information is available in the [Benefit in kind \(BIK\) for employers](#) section on the Revenue website.

Notional pay

The value of any non-cash benefit or perquisite (called 'Notional Pay') must be added to pay and tax, USC and PRSI must be applied in the normal way.

Valuation of benefits

The general rule for establishing the value of a taxable benefit (that is, notional pay which will be liable to tax, USC and PRSI) 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 €500, tax, USC and PRSI 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 €500 in value the full value of the benefit is to be subjected to tax, USC and PRSI. 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 P35L (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.

The form P35L has two data fields, required to return information, at employee level, about share based remuneration and taxable benefits included in 'Taxable Pay':

- **Company Share-based Remuneration**

The value of any share-based remuneration - consisting of shares in the employer company or a company that controls the employer company – which is included in 'Taxable Pay' is to be shown separately at employee level.

- **Taxable Benefits**

The value of any non-cash benefits, for example private use of a company car, free or subsidised accommodation, preferential loans, shares in companies not owned or controlled by the employer is to be shown separately at employee level.

3.6.2 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 and is liable to tax, USC and PRSI.

3.6.3 '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 tax, USC and PRSI purposes is the amount which, after deduction of the correct tax, USC and PRSI, would give the amount actually paid to the employee, that is, the amount actually paid to the

employee should be re-grossed to arrive at the figure of pay to be taken into account for tax, USC and PRSI purposes.

3.6.4 Payments towards the cost of travelling between home and work

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 [3.7.1](#) - Salary Sacrificed for a travel pass scheme).

3.6.5 Round sum expenses payments

Round-sum expenses payments made to employees, including directors, must be treated as pay and taxed accordingly. See [Chapter 4](#) - Expenses Payments Paid to Employees.

3.6.6 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 the '[Contact us](#)' section of the Revenue website for contact details.

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

Gratuities from customers (for example, service charges in hotels, tips in restaurants) 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.

3.6.8 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.

3.6.9 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 3.6.8, 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.

3.6.10 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, Occupational Injury Benefit or Partial Capacity 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 [11.12](#).

3.6.11 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).

Lifetime limit of €200,000

As and from 1 January 2011, the maximum tax-free amount of a retirement lump sum is €200,000. This tax-free amount is a lifetime limit and encompasses all retirement lump sums paid to an individual on or after 7 December 2005. For more information, see [Chapter 27](#) of the [Pensions Manual](#).

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 specify 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 not in the previous ten years claimed relief in excess of the basic tax-free exemption, and
2. are not a member of an occupational pension scheme, or, if a member of a scheme, the employee has irrevocably given up the right to receive a lump sum from such a scheme.

If an employee receives or is entitled to receive, a pension lump sum then the additional exemption is reduced by the amount of the pension lump sum receivable. Where the pension lump sum is receivable in the future, its actuarial value is taken into account. In practice, the administrator of the pension scheme provides details of the lump sum payable under the scheme or its actuarial value.

Note: Revenue approval does not have to be sought before including this increase in basic 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.

An employee may be due further tax relief on their lump sum payment - namely Top Slicing Relief. The individual can submit a claim directly 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:

- a) Payments on death in service
- b) Lump sums paid under approved Superannuation Schemes
- c) Statutory Redundancy Payments
- d) Payments where an employment has been terminated on account of injury or disability (age is not regarded as a disability for this purpose)
- e) Certain termination payments in respect of an employment in which there was Foreign Service, provided certain conditions are met
- f) Certain payments made under Employment Law, see Revenue's Tax and Duty manual [Part 07-01-27](#) (Exemption from income tax in respect of certain payments made under employment law).

Note 2

In relation to payments mentioned in a) and d) above, employers are required to report these as follows:

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 employee's/office holder's Revenue office:

- 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 the extent of the injury or disability, as the case may be.

Employers should consult Revenue before payments are made under d), e), or f), without deduction of tax.

3.6.12 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, for example, 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, for example, a machinist agreeing to load raw materials or to pack the finished product
- a change in the rate of pay, for example, 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.

3.6.13 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, USC and PRSI must be deducted at source under the PAYE system from these payments.

3.6.14 Foreign sourced employment income

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.

See [Chapter 5](#) - Treatment of Foreign Sourced Employment Income.

3.7 Items not to be treated as pay

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

3.7.1 Salary sacrificed for a travel pass scheme

PAYE, USC and 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 (that is, a benefit instead of cash) cannot be made more frequently than once a year and then only with the consent of the employer.

See Tax and Duty Manual [Part 05-01-01f](#) for further information.

3.7.2 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:

- managers or night care staff in residential or respite centres (where such centres are not nursing facilities)
- governors and chaplains in prisons
- caretakers living on the premises (where they are in a genuine full-time caretaking job).

3.7.3 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 tax, USC or PRSI purposes.

3.7.4 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 Chapter 4 - [Expenses Paid to Employees](#).

3.7.5 Annual membership fees paid to a professional body

Where an employer pays a membership fee to a professional body on behalf of an employee or reimburses such a fee to an employee, deductions of Income Tax, PRSI and USC need not be made from pay in respect of the amount reimbursed or the notional income amount attributable to the cost of such annual membership or registration fee where the membership is **wholly, exclusively and necessarily for the purpose of his or her employment**.

For further information, see Tax and Duty Manual [Part 05-02-18](#) (Deduction for expenses in respect of annual membership fees paid to a professional body)

3.7.6 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.

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

A tax incentive was introduced, 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.

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.

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 charge applies to the balance.

5-year period

The exemption from income tax, USC and PRSI 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 (for example, 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 affect 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 rider's 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 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, USC or PRSI 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 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 (that is, a benefit instead of cash) cannot be made more frequently than once in a 5-year period.
- The choice exercised (that is, a 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 is subject to the normal Revenue audit procedure with the normal obligations on employers to maintain records (for example, 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.

See Tax and Duty Manual [Provision of bicycles](#) for further information.

3.8 PAYE Exclusion Orders

A PAYE exclusion order is a certificate issued to an employer authorising the employer to pay emoluments without the deduction of tax and USC. 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 [9.8](#).

For further information regarding PAYE Exclusion Orders, see Tax and Duty Manual [Part 42-04-01](#).

PRSI where an Exclusion Order is issued

Where a PAYE Exclusion Order has issued to an employer relieving the employer of the obligation to make PAYE deductions from certain emoluments, a liability to PRSI (both employee and employer) may still arise. Any PRSI contributions due may be deducted and remitted through the PAYE system even though no income tax is being deducted. However, employers are not obliged to do so. Any individuals for whom this presents difficulties should contact the Special Collection Section to make arrangements to remit any PRSI directly to that section instead of through the PAYE system. For clarification on whether PRSI contributions are due and on how they should be remitted, employers should be directed to:

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

Telephone: +(353) 1 471 5898 or 01 471 5898
email e101spc@welfare.ie

The contact details are printed on all PAYE Exclusion Orders.

It is not necessary to forward a copy of the PAYE Exclusion Order to the Department of Social Protection.

Completing Form P35 where an Exclusion Order is issued

Where an exclusion order was in place for any period in the tax year, the employee should be returned on form P35L. The exclusion order check box should be selected.

If an exclusion order is in place for a full tax year, the taxable pay and gross pay for USC should be recorded as nil.

If an exclusion order is in place for only part of the tax year, you should enter the Taxable Pay, Tax deducted, Gross Pay for USC purposes and USC deducted in respect of the period that was not covered by the exclusion order.

All PRSI deducted from the employee in payroll should be included on the Form P35L. The entries should relate to the full year. The PRSI class(es) and the number of insurable weeks should also be included.

Where the employee had a PRSI Exemption, the 'PRSI Exempt' box should be ticked.

3.9 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,
Gandon House,
Amiens Street,
Dublin 1.

Telephone: 01 673 2585 (from the Republic of Ireland)
+ 353 1 673 2585 (if ringing from outside the Republic of Ireland)
email scope@welfare.ie

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 (2017). 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 (pre-determined 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.

Staff entertainment expenses do not qualify for relief; consequently any reimbursement of entertainment expenses must be treated as pay.

Where an employer reimburses an employee for vouched business entertainment expenses, such payments should not be charged to income tax where the employee incurred the expenses incurred wholly, exclusively and necessarily in the performance of the duties of their employment. The expenses will, however, be disallowed in the employer's tax computation.

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

4.5 Subsistence payments

Reimbursement 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 reimbursed 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:

- Reimbursement 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 Civil Service subsistence rates for absence within the State is available in Tax and Duty Manual [Part 05-01-06](#) (Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees).

- Reimbursement of subsistence expenses based on any other schedule of rates and related conditions (for example, 'country money' in the Construction Industry), which do no more than reimburse 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, USC and PRSI purposes.

All records relating to any reimbursement 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 Tax and Duty Part [05-01-06](#) (Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees).

Foreign subsistence rates, which apply when employees are working abroad on behalf of their Irish based employers, can be found on the [Department of Public Expenditure website](#).

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, reimbursement of allowable motoring/bicycling expenses can be made to the employee free of tax by way of

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

Expenses, which are incurred by employees in travelling to and from their place of employment, are not allowable for tax purposes and any reimbursement 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 in Tax and Duty Manual [05-01-06](#) (Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees).

Either of these two reimbursement 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.

Actual expenses which have been vouched with receipts

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

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) may be paid free of tax, USC and PRSI 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 Tax and Duty Manual [Part 05-01-06](#) - Tax treatment of the reimbursement of Expenses of Travel and Subsistence to Office Holders and Employees.

Chapter 5 - Treatment of foreign sourced employment income

5.1 PAYE and foreign employments

As regards the income of a foreign employment, it is necessary to distinguish:

1. that part of the income attributable to the performance in the State of duties of such employment, and
2. that part of the income attributable to the performance outside the State of duties of such employment.

As regards the income at (1), irrespective of the residence or domicile position of the employee, such income is chargeable to Irish tax and within the scope of the PAYE system of deductions at source.

As regards the income at (2), 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

More detailed information on the tax treatment of foreign sourced employment income is contained in Tax and Duty Manual [Part 42-04-65](#) - Employee payroll tax deductions in relation to non-Irish employments exercised in the State. 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, Exchange Rates and miscellaneous other issues are addressed.

Chapter 6 - Special Assignee Relief Programme (SARP)

6.1 Introduction

SARP provides Income Tax relief for certain people who are assigned to work in Ireland from abroad.

Full information is provided in Tax and Duty Manual [Part 34-00-10](#) .

Chapter 7 - Employers' PAYE records

7.1 Register of employees

Employers have an obligation to keep and maintain, in paper or electronic format, a register of all employees.

See [Chapter 22](#) for full details.

7.2 Procedure at the end of the tax year and before the beginning of the following year

See paragraphs [19.3](#) and [19.10](#) regarding the completion of the employee's PAYE record at the end of the tax year and paragraphs [14.1](#) and [14.2](#) regarding the setting up of the record for the coming tax year.

7.3 Errors made in deducting or refunding tax

It is very important that the entries on the PAYE record should be made correctly. The tax and USC, which the employer is liable to pay over to the Collector General, is the total tax and USC deductible from the salaries or wages etc. paid to the employees, less any refunds of tax and USC 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 or USC in an earlier pay period, the matter should be put right in the pay period 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 pay period.

Large under-deductions

No attempt should be made to adjust an under-deduction of tax or USC where it is so large that it cannot be put right in the pay period in which it is discovered, or if to do so could cause considerable hardship to the employee. This would apply, for example, if tax and/or USC 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 paragraph [19.6](#) regarding errors discovered at the end of the tax year and the employer's liability for tax under-deducted.

7.4 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 under

the new PPS number before inputting this new number on their own records. Where such a change is advised, the tax/USC/PRSI/LPT records kept under the former PPS number should be transferred to and continued under the new PPS number.

See paragraph [15.3](#) for additional information on PPS numbers.

7.5 Inspection of employers' 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, USC, PRSI and LPT 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 and USC or calculation of PRSI contributions (wages sheets, 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 authorise by notice in writing to the employer) and must be available for inspection by an authorised Revenue officer. For further information on Revenue interventions, please see the [Code of Practice for Revenue Audit and other Compliance Interventions](#).

7.6 Tax credit certificates

7.6.1 Employees' Tax credit certificates

Revenue provides 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, tax rate bands and USC rate bands 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, for example, married person's or civil partner's tax credit, employee tax credit, dependent relative 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 [9.5](#))

Tax rate band

There are currently two rates of income tax – the standard rate of 20% and a higher rate (40% in 2018). An employee's tax credit certificate will show the amount of income that is taxable at the standard rate of tax, 20%. This is known as the rate band.

In each pay period, an employee pays tax at the standard rate of tax up to the limit of their rate band. Any pay above this limit is taxed at the higher rate.

Where an employee's rate band exceeds taxable 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.

USC rate band

The employee's tax credit certificate will also show the USC rate bands that apply to the employee's income.

7.6.2 Employers' tax credit certificate (P2C)

In addition to issuing an employee tax credit certificate to each employee, Revenue also issues a tax credit certificate to the employer. The employers' version is called a 'P2C'. The P2C will show the employee's 'cut-off point' instead of the rate band. The cut-off point is the amount of the individual's personal standard rate tax band.

The P2C shows:

- the total amount of the employee's tax credit
- the total amount of the employee's cut-off points for tax and USC
- the rates of tax and USC payable by the employee
- the employee's previous pay, tax and USC from 1 January, if applicable (see paragraph [15.5](#))
- where applicable, the amount of Local Property Tax to be deducted by the employer.

The P2C also shows where the employee/pensioner is entitled to Tax Exemption and Marginal Relief (see paragraph [9.8](#)).

Where an employee's/pension recipient's PPS number has changed (see paragraph [15.3.2](#)), the P2C will issue under the new PPS number and the former PPS number will also be referenced.

No information regarding the personal circumstances of the employee is disclosed on the P2C. It shows only the total amount of the tax credits and cut-off points to which the employee is entitled together with the equivalent weekly and monthly figures.

7.6.3 '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 and USC (but not for Local Property Tax*) deduction for each succeeding income tax year until an amended certificate is received.

***Note regarding 'Multi-year' tax credit certificates and Local Property Tax**

LPT can only be deducted in payroll when it is stated on the employee's/pensioner's P2C. The amount of LPT shown on the P2C is the amount to be deducted in payroll to 31 December in the year to which the P2C refers. It refers to one year only and must not be carried forward to the following tax year(s). The amount of LPT to be deducted in the following year, if any, will be shown on the following year's P2C. See [Chapter 13 – Local Property Tax - Deduction in Payroll](#).

7.6.4 Tax credits and rate bands 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 until amended instructions have been received from Revenue.

The employer should continue to deduct tax and USC by reference to the tax credit certificate until an amended certificate is issued, even if advised by the employee that a higher tax credit/rate band is due or has been claimed. Only Revenue can advise an employer of changes to a tax credit certificate.

7.6.5 Amended tax credit certificates

An amended tax credit certificate will issue to an employee whose tax credits/rate band(s) 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 (P2C) will be sent directly to the employer at the same time. The employer will operate PAYE on the basis of the amended P2C.

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 instruction.

7.6.6 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.

Chapter 8 - Universal Social Charge (USC)

8.1 Introduction

The Universal Social Charge (USC) is a tax payable on gross income, including notional pay, after any relief for certain capital allowances, but before pension contributions.

All individuals are liable to pay the USC if their gross income exceeds the annual threshold of €13,000 in 2018.

Employers/pension providers are responsible for deducting the USC from emoluments. As with tax credits and rate bands, Revenue notify employers/pension providers (on Employers' Tax Credit Certificates - P2Cs) of the USC rates and thresholds to be applied for all employees.

Employers/pension providers should pay the USC to the Collector General at the same time and in the same manner as the deductions under the PAYE system.

Penalties similar to those that apply where the employer/pension provider fails to operate PAYE correctly will apply for failure to operate to the USC correctly. Interest will be payable on late payments of the USC to the Collector General.

Regulations for the deduction and paying over of USC from relevant emoluments are contained in the Universal Social Charge Regulations 2011 ([S.I. No. 658 of 2011](#)).

8.2 Rates of USC

Standard Rates

The standard rates of USC are:

| 2018 | 2017 |
|---------------------------|---------------------------|
| 0.5% on the first €12,012 | 0.5% on the first €12,012 |
| 2% on the next €7,360 | 2.5% on the next €6,760 |
| 4.75% on the next €50,672 | 5% on the next €51,272 |
| 8% on the balance | 8% on the balance |

Reduced Rates

Reduced Rates of USC apply to the following categories of individuals:

| 2018 | 2017 |
|---|--|
| Individuals aged 70 or over whose aggregate income for the year is €60,000 or less. | Individuals aged 70 or over whose aggregate income for the year is €60,000 or less. |
| Individuals aged Under 70 who holds a full Medical card whose aggregate income for the year is €60,000 or less. | Individuals aged Under 70 who holds a full Medical card whose aggregate income of the year is €60,000 or less. |
| 0.5% on the first €12,012 | 0.5% on the next €12,012 |
| 2% on all income over €12,012 | 2.5% on all income over €12,012 |

[USC rates for previous years](#) can be found on the Revenue website.

8.3 Exempt Categories

| 2018 & 2017 |
|---|
| Where an individual's total income for a year does not exceed €13,000 |
| All Department of Social Protection payments |
| Income already subjected to DIRT |

Where Revenue determine that the employee's total annual income (from all sources that are chargeable to USC) will not exceed the annual USC exemption threshold of €13,000, the USC exemption will be stated on the P2C.

8.4 Emergency basis of USC

While the rules applicable to emergency tax operable in PAYE include a gradual escalation in emergency tax rates over a given period, in USC there is just a flat % rate (with no cut-off points) applied to all payments:

| 2018 & 2017 | | |
|------------------------|--------------------------|-----------------|
| Week or month | USC cut-off point | USC rate |
| All | €0.00 | 8% |

Example:

An employee commences employment in February 2018 and emergency USC applies. They earn €800 per week.

Emergency USC:

- Rate: 8%
- Cut-off point: 0.00

| | | |
|-----------------------------|---------|------------|
| Gross Pay for USC purposes: | €800.00 | |
| USC deducted: | €64.00 | (800 x 8%) |

See [The Emergency Basis of Tax & USC Deduction 2015-2018](#)

8.5 Gross pay for PAYE/PRSI/USC purposes

Any deduction for USC does not reduce the gross pay for PAYE/PRSI purposes.

Example:

An employee earns €800 per week in 2018.

Their weekly deduction for Salary Sacrifice for the Travel Pass Scheme is €20

Their weekly deduction for employee superannuation is €40

USC calculation

| | |
|---------------------------------------|------------|
| Gross pay | €800 |
| Less Salary Sacrifice for Travel Pass | <u>€20</u> |
| USC is applied to | €780 |

Note: USC is applied before the employee superannuation is deducted.

PRSI calculation

| | |
|---------------------------------------|------------|
| Gross pay | €800 |
| Less Salary Sacrifice for Travel Pass | <u>€20</u> |
| PRSI is applied to | €780 |

PAYE calculation

| | |
|---------------------------------------|------------|
| Gross pay | €800 |
| Less Salary Sacrifice for Travel Pass | €20 |
| Less employee superannuation | <u>€40</u> |
| PAYE is applied to | €740 |

8.6 USC and Exclusion Orders

In circumstances where an individual is in receipt of Schedule E income which is subject to an Exclusion Order, USC should not be deducted from the Schedule E payment. This applies to **all** PAYE exclusion Orders, irrespective of the residency status of the individual or whether a Double Taxation Agreement exists or not.

8.7 Certain Bank Bonuses

Employees of the six financial institutions that have received financial support from the State –

- Irish Life and Permanent
- Bank of Ireland
- AIB
- Irish Bank Resolution Corp (formerly Anglo-Irish Bank)
- EBS
- Irish Nationwide Building Society

are chargeable to a special Universal Social Charge rate of 45% where they receive performance-related bonus payments.

Normal rates apply where the cumulative amount of any bonus payments does not exceed €20,000 in a single tax year. Where this threshold is exceeded, the full amount is charged at 45% and not just the excess over €20,000.

Regular salary that does not vary with the performance of the business or the employee is not subject to the increased charge.

8.8 Week 53 payments

Where a Week 53 (fortnight 27, 4-weekly 14) payment occurs, the following instructions apply:

Subject to the Note below, the employer should set USC cut-off points against week 53 (fortnight 27, 4-weekly 14) payments on a non-cumulative basis (week 1 basis) in accordance with the following table:

| Payroll basis | USC Deduction | | |
|--|---|--|---|
| | Weekly-Paid | Fortnightly-Paid | 4-Weekly-Paid |
| Where payroll is operating on a cumulative basis | Set the amount of the weekly USC cut-off points as shown on the P2C against pay on a week 1 basis. | Set the amount of the fortnightly USC cut-off points as shown on the P2C against pay on a week 1 basis. | Set the amount of the 4-weekly USC cut-off points as shown on the P2C against pay on a week 1 basis. |
| Where payroll is operating on a week 1 basis | Set the amount of the weekly USC cut-off points as shown on the P2C (or P45) against pay on a week 1 basis. | Set the amount of the fortnightly USC cut-off points as shown on the P2C (or P45) against pay on a week 1 basis. | Set the amount of the 4-weekly USC cut-off points as shown on the P2C (or P45) against pay on a week 1 basis. |
| Where the P2C advises that USC exemption applies | Continue to apply the exemption. Do not deduct USC from the Week 53 pay. | Continue to apply the exemption. Do not deduct USC from the Fortnight 27 pay. | Continue to apply the exemption. Do not deduct USC from the 14 th 4-Weekly pay. |

| Payroll basis | USC Deduction | | |
|---|--|--|--|
| | Weekly-Paid | Fortnightly-Paid | 4-Weekly-Paid |
| Where payroll is operating on the emergency basis | Continue to apply the emergency basis. | Continue to apply the emergency basis. | Continue to apply the emergency basis. |

8.9 Arrears of pay due to an employee who has ceased employment

Arrears of pay are treated for USC purposes in payroll in the same manner as they are treated for PAYE.

- **Arrears of pay paid to a former employee in the year(s) following the year of cessation of employment**

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 USC (paragraph [8.4](#)) should be applied to the arrears.

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

- **Arrears of pay paid to a former employee in the year of cessation of employment**

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

- if a tax credit certificate (P2C) is held by the employer, the employer must deduct USC on the arrears by reference to the former employee's USC rates and cut-off points as if the payment is being made on the date the employee ceased to be employed by the employer
- if no tax credit certificate (P2C) is held by the employer, the emergency basis of USC (paragraph [8.4](#)) deduction should be applied to the arrears.

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

8.10 Employee and employer contributions to a Permanent Health Insurance (Income Continuance) scheme

Employee contributions to a Permanent Health Insurance (Income Continuance) scheme do not reduce the figure of pay for USC purposes. For example:

| | |
|---------------------------------------|--------|
| Gross Pay | €1,000 |
| Employee contribution to a PHI scheme | €20 |
| Gross Pay for USC purposes | €1,000 |

Employer contributions to a Permanent Health Insurance scheme are treated as a taxable benefit-in-kind and are chargeable to USC. For example:

| | |
|---------------------------------------|--------|
| Gross Pay | €1,000 |
| Employer contribution to a PHI scheme | €20 |
| Gross Pay for USC purposes | €1,020 |

8.11 Personal Retirement Savings Account (PRSA)

An employer contribution to a Personal Retirement Savings Account (PRSA) is chargeable to income tax in the hands of the employee as a benefit-in-kind under section 118 of the Taxes Consolidation Act 1997. However, such contributions are exempt from USC.

It should be noted that while employer contributions to a PRSA are a taxable benefit in the employee's hands, these same contributions qualify for full tax relief subject to certain age-related limits. They are not subject to PAYE and they are not chargeable to PRSI (both employer and employee share).

8.12 Redundancy Payments

Statutory redundancy payments are exempt from the charge. 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 Universal Social Charge, up to certain limits. These limits are up to €10,160 plus €765 per complete year of service in excess of the statutory redundancy. This basic exemption can be further increased by up to €10,000 – see Paragraph 5.2 of Tax and Duty Manual [Part 05-05-19](#) - Payments on Termination of an Office or Employment or Removal from an Office or Employment. There is a lifetime tax-exempt limit of €200,000 on ex-gratia payments.

Any relevant emoluments paid which are in excess of these limits are subject to the USC. It should be noted that the charge applies after granting the statutory exemptions set out above and after granting any additional deduction for Standard Capital Superannuation Benefit (SCSB).

8.13 Retirement Lump Sums

There is a lifetime limit of €200,000 on the amount of retirement lump sums that are exempt from income tax. Amounts in excess of this limit are subject to income tax in two stages. The portion between €200,000 and €500,000 is taxable at a special 20% rate of income tax and any portion above that is taxable at the individual's marginal income tax rate.

Universal Social Charge is only payable on the portion above €500,000.

8.14 Maintenance Payments

How maintenance payments made to spouse or civil partner are treated for USC purposes will depend on the nature of the maintenance payments arrangements in place, that is, are they voluntary payments or legally enforceable payments.

Voluntary maintenance payments (payments paid under an informal arrangement)

- The spouse or civil partner making the payments does not receive exemption from the USC on the portion of their income which they pay as maintenance.
- The spouse or civil partner who receives the payments is not subject to the USC on the maintenance payments they receive.

Legally enforceable maintenance payments (payable under legal obligation)

- The spouse or civil partner making the payments is entitled to receive an exemption from the USC on the portion of their income which they pay as maintenance either directly or indirectly to their spouse or civil partner.

There is no USC exemption due in respect of any portion of the maintenance payments paid towards the maintenance of children.

An employee wishing to claim USC exemption in respect of legally enforceable maintenance payments throughout the year must give the information required to their Revenue office. Revenue will then issue a letter to their employer advising an amount of salary to be disregarded for USC purposes. Alternatively, the employee can apply to Revenue at the end of the year to claim any refund of USC that may be due in respect of maintenance paid.

- The spouse or civil partner who receives the payments is subject to the USC on the portion of the maintenance payments they receive in respect of themselves. Any portion of the maintenance payments paid towards the maintenance of children is not subject to the USC.

Note: In the case of a legally enforceable maintenance arrangement, where a separated couple has jointly elected to be treated as a couple in a marriage or in a civil partnership, for income tax purposes, the spouse or civil partner making the payments does not receive exemption from the USC on the portion of their income which they pay as maintenance. The spouse or civil partner who receives the payments is not subject to the USC on the maintenance payments they receive.

8.15 Community Employment Schemes and USC

Payments such as DSP payments, payments paid under the Community Employment Schemes, Back to Education Allowance, etc. are exempt from USC. See Tax and Duty Manual [Part 18D-00-01](#) for further examples of these payments. USC should not be deducted from these exempt payments.

Where these payments are administered through payroll, employers (payers of these payments) will have received employer tax credit certificates (P2Cs) showing USC rates and thresholds or USC exemption. These USC rates and thresholds apply only to payments that are chargeable to USC. It should be noted that the P2C continues to apply for income tax purposes.

Completing Forms P45, P60 and P35

As these payments are exempt from USC, they should not be returned on forms P45, P60 and P35. Gross Pay for USC purposes should be recorded as zero and USC Deducted should be recorded as zero.

8.16 The difference between the Income Tax (PAYE) Exemption marker and the USC Exemption marker

Where an employee is exempt from income tax (PAYE) and/or USC, this will be advised on the P2C. The USC Exemption marker operates in a different way to the Income Tax Exemption marker.

Example (2018 figures)

An employee earns €11,000 in 2018. She is exempt from both Income Tax (PAYE) and from USC. A cumulative P2C issues to her employer, advising:

- **USC Exemption marker**

The USC Exemption marker instructs that USC is **not** to be deducted from any payments being made to the employee/pensioner in this employment/pension.

Payroll - USC

Payday 1: 5 January 2018

Gross Pay for USC purposes this payday: €210

Cumulative Gross Pay for USC purposes to date: €210

P2C: USC Exemption applies in this case (therefore, do not deduct USC)

USC deducted: €0.00

The 2018 P35 will state:

Gross Pay for USC purposes: €11,000.00

USC Deducted: €0.00

- **Income Tax (PAYE) Exemption marker**

Where Income Tax (PAYE) Exemption applies, it is **not** an instruction to the employer that tax is not to be deducted (unlike USC). Instead, the employee is given a special-amount cut-off point and Tax Credit, and the higher rate of tax to be applied is the Marginal Relief rate of 40%.

(**Note:** the 2018 highest rate of tax is 40% and the Marginal Relief rate of tax is also 40%).

The above P2C advises that the tax cut-off point to be applied in this employment is €18,000 (weekly €346.16), and that the Tax Credits to be applied are €3,600 (weekly €69.24). The rates of tax to be applied are 20% and 40%.

Payroll – Income Tax (PAYE)

Payday 1: 5 January 2018

| | |
|-------------------------------|---------|
| Gross Taxable Pay: | €210.00 |
| Cumulative Gross Taxable Pay: | €210.00 |

| | |
|---------------------------|---------------|
| Gross Tax: 210.00 x 20% = | €42.00 |
| Less tax credits: | <u>€69.24</u> |
| Tax due | €0.00 |

The 2018 P35 will state:

| | |
|--------------------|------------|
| Total taxable Pay: | €11,000.00 |
| Net Tax Deducted: | €0.00 |

8.17 USC Exemption and refunds

Where a P2C indicates the employee is exempt from USC, and where the employee has paid USC already in the tax year, the following instructions apply:

- Where the P2C issues on a cumulative basis, all previous USC should be refunded.
- Where the P2C issues on a Week 1 basis, normal Week 1 basis rules apply and no refund is due.

8.18 Further information

Further information regarding USC is provided in Tax and Duty Manual [Part 18D-00-01](#).

Chapter 9 - Calculation of tax and USC under the PAYE system

9.1 Employers' duty to deduct tax and USC

It is the employers' duty to calculate and deduct the tax and USC, if any, due from the pay, including notional pay, of every liable employee.

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

9.2 Calculation of tax - 4 different methods

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

- Cumulative Basis (see paragraph [9.3](#))
- Non-Cumulative Basis (Week 1/Month 1 Basis) (see paragraph [9.4](#))
- Temporary Basis (see paragraph [9.5](#))
- Emergency Basis (see paragraph [9.6](#))

9.3 Cumulative basis

The purpose of the PAYE system is to ensure that an employee's tax and USC 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 and USC liability of an employee, they actually calculate the total tax and USC due from 1 January to the date on which the payment is being made.

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

The basis of deduction stated on the P2C applies to both tax and USC. Where an employee is on cumulative basis for tax, they will be on cumulative basis for USC, and vice versa.

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

Calculation of tax

The calculation of tax for each pay period is made by applying the information advised in the tax credit certificate to the taxable pay (paragraph [3.1](#)), using the following steps:

1. Tax is calculated at the standard rate of tax on taxable pay up to the amount of the individual's cut-off point
2. Any balance of taxable pay above the cumulative 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 pay period.

Example

A weekly-paid employee earns €44,200 per annum (€850 per week). He pays €50 per week to an occupational pension scheme. Revenue issued a tax credit certificate to his employer showing the following figures:

- Tax cut-off point: €34,550 (per year), €664.43 (per week)
- Tax credits: €3,300 (per year), €63.47 (per week)

For the purposes of this example, the rates of tax are taken as 20% (standard rate) and 40% (higher rate).

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

Gross pay for tax purposes: €800

| | |
|-------------------------------|---------------|
| €664.43 @ 20% = | €132.88 |
| €135.57 @ 40% = | <u>€54.22</u> |
| Gross tax = | €187.10 |
| Less tax credit | <u>€63.47</u> |
| Net tax due this pay period = | €123.63 |

Calculation of USC

The calculation of USC for each pay period is made by applying the USC cut-off points and rates advised in the tax credit certificate to the gross pay, before any pension contributions are deducted.

Example

A weekly-paid employee earns €44,200 per annum (€850 per week). He pays €50 per week to an occupational pension scheme. Revenue issued a tax credit certificate to his employer advising the following USC cut-off points and rates:

| 2018 Rates of USC | | 2018 USC cut-off points | | | |
|-------------------|-------|--------------------------|------------|-------------|------------|
| USC Rate 1 | 0.5% | | Yearly COP | Monthly COP | Weekly COP |
| USC Rate 2 | 2% | USC Rate 1 Cut-Off Point | 12,012.00 | 1,001.00 | 231.00 |
| USC Rate 3 | 4.75% | USC Rate 1 Cut-Off Point | 19,372.00 | 1,614.34 | 372.54 |
| USC Rate 4 | 8% | USC Rate 1 Cut-Off Point | 70,044.00 | 5,837.00 | 1,347.00 |

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

Gross pay for USC purposes: €850 (there is no relief from USC for pension contributions)

| | |
|---------------------------------|--------|
| €231.00 @ 0.5% = | €1.15 |
| €141.54 (€372.54 - €231) @ 2% = | €2.83 |
| €477.46 @ 4.75% = | €22.67 |
| Total USC due this pay period = | €26.65 |

9.3.1 Cumulative tax credits and tax and USC cut-off points

The totals of the employee's tax credits and tax and USC cut-off points for the year are given on the tax credit certificate issued to the employer by Revenue. The monthly and weekly breakdown is also provided.

If the employee is paid weekly, the employer uses the weekly figures on a cumulative basis, as in the following example:

| | Cut-off point | Tax credits |
|---------|---------------|-------------|
| Yearly | €34,550.00 | €3,300.00 |
| Monthly | €2,879.17 | €275.00 |
| Weekly | €664.43 | €63.47 |

Example 1 - employee paid weekly

| Tax credits and tax and USC cut-off points for employees paid on a weekly basis | | | |
|--|---------------------|------------------------|---|
| Week no. | Tax credit € | Cut-off point € | USC cut-off points € |
| 1 | 63.47 | 664.43.00 | COP 1: 231.00 COP 2: 372.54 COP 3: 1,347.00 |
| 2 | 126.94 | 1,328.86 | COP 1: 462.00 COP 2: 745.08 COP 3: 2,694.00 |
| 3 | 190.41 | 1,993.29 | COP 1: 693.00 COP 2: 1,117.62 COP 3: 4,041.00 |
| 4 | 253.88 | 2,657.72 | COP 1: 924.00 COP 2: 1,490.16 COP 3: 5,388.00 |
| 5 | 317.35 | 3,322.15 | COP 1: 1,155.00 COP 2: 1,862.70 COP 3: 6,735.00 |

Tax and USC for any week is computed by reference to the cumulative tax credits and cut-off points.

For a pay day falling in week 3, the cumulative tax credits are €190.41 and the cut-off point is €1,993.29. The USC cut-off points are as above.

For a pay day in week 5 the cumulative tax credits are €317.35 and the cut-off point is €3,322.15. The USC cut-off points are as above.

If any change occurs which affects the employee's tax credits or tax and USC cut-off points Revenue will issue a new tax credit certificate showing the new tax credits and cut-off points now due.

Example 2 - employee paid monthly

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

| Tax credits and tax and USC cut-off points for employees paid on a monthly basis | | | |
|---|---------------------|------------------------|--|
| Month no. | Tax credit € | Cut-off point € | USC cut-off points € |
| 1 | 275.00 | 2,879.17 | COP 1: 1,001.00 COP 2: 1,614.34 COP 3: 5,837.00 |
| 2 | 550.00 | 5,758.34 | COP 1: 2,002.00 COP 2: 3,228.68 COP 3: 11,674.00 |
| 3 | 825.00 | 8,637.51 | COP 1: 3,003.00 COP 2: 4,843.02 COP 3: 17,511.00 |
| 4 | 1,100.00 | 11,516.68 | COP 1: 4,004.00 COP 2: 6,457.36 COP 3: 23,348.00 |
| 5 | 1,375.00 | 14,395.85 | COP 1: 5,005.00 COP 2: 8,071.70 COP 3: 29,185.00 |

Tax and USC for any month is computed by reference to the cumulative tax credits and cut-off points.

For a pay day falling in month 3 the cumulative tax credits are €825.00 and the cut-off point is €8,637.51. The USC cut-off points are as above.

For a pay day in month 5 the cumulative tax credits are €1,375.00 and the cut-off point is €14,395.85. The USC cut-off points are as above.

If any change occurs which affects the employee's tax credits or tax and USC cut-off points Revenue will issue a new tax credit certificate showing the new tax credits and cut-off points now due.

9.3.2 Tax and USC deductions and refunds by the employer (cumulative basis)

Tax Credits are non-refundable. They are used to reduce the tax payable by the employee.

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

If the gross tax payable in a pay period is €50 and the tax credit due is €63.47, the employee simply has no tax liability for that pay period. The difference of €13.47 is not refunded.

The unused tax credit of €13.47 is carried forward for offset against tax due in the subsequent pay period(s).

Refunds generally

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

Example

(USC is not included in this example)

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

- The employee's tax credits are €110 per week
- The tax cut-off point is €664.43 per week.

The tax is calculated as follows:

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

| Tax refunds and cumulative tax credits | | | | | |
|--|--------------------------------|--------------------------|----------------------|-----------------------|--------------------|
| Week no. | Cumulative taxable pay to date | Cumulative cut-off point | Cumulative gross tax | Cumulative tax credit | Cumulative tax due |
| 1 | 500 | 664.43 | 100 | 110 | 0 |
| 2 | 1000 | 1,328.86 | 200 | 220 | 0 |
| 3 | 1500 | 1,993.29 | 300 | 330 | 0 |
| 4 * | 2200 | 2,657.72 | 440 | 440 | 0 |
| 5 ** | 3000 | 3,322.15 | 600 | 550 | 50 |
| 6 | 3800 | 3,986.58 | 760 | 660 | 100 |
| 7 | 4600 | 4,651.01 | 920 | 770 | 150 |
| 8 *** | 4600 | 5,315.44 | 920 | 880 | 40 (110 refunded) |
| 9 **** | 5400 | 5,979.87 | 1080 | 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 Employment Affairs and Social Protection.

Note

When the cumulative basis applies, even though the employee may have no pay in a particular pay period, he or she is still entitled to their tax credits and tax and USC cut-off points (see paragraph [12.3](#) – Absence from work for some cause).

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 cut-off point are as in earlier weeks.

The tax payable in week 9 is:

| | |
|--------------------------------------|-------------|
| Cumulative tax payable in week 9: | 90 |
| Less: Cumulative tax paid in week 8: | <u>- 40</u> |
| Tax payable in week 9: | 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 and tax and USC cut-off points are effective from the previous 1 January.

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

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

The basis of deduction stated on the tax credit certificate applies to both tax and USC. Where an employee is on a Week 1 basis for tax purposes, they will also be on a Week 1 basis for USC, and vice versa.

Where the week 1/month 1 basis applies, the pay, tax credits, and tax and USC cut-off points, are not accumulated for payroll purposes.

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

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

9.5 Temporary basis

The temporary basis of deduction 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 uploaded part 3 of the form P45 to Revenue and is awaiting the issue by Revenue of a tax credit certificate.

The calculation of tax and USC due each pay period is done on the same basis as in the week 1/month 1 procedure outlined in paragraph [9.4](#).

The tax credits and tax and USC cut-off points shown on the form P45 should be given to the employee on a non-cumulative basis (week 1/month 1 basis).

A refund of tax or USC should not be made to the employee where the temporary basis applies.

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

9.6 Emergency basis

The emergency basis of tax and USC deduction should be used when:

- the employer has not received, in respect of the employee, either
 - a tax credit certificate for the current year, or
 - a tax credit certificate 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.

[Current Emergency tax and USC rates](#) can be found on the Revenue website.

9.6.1 Emergency Basis of USC deduction

While the rules applicable to emergency tax operable in PAYE include a gradual escalation in emergency tax rates over a given period, in USC there is just a flat % rate (with no cut-off points) applied to all payments. The 2018 rates are as follows:

| Week or month | USC Cut-off point | USC rate |
|---------------|-------------------|----------|
| All | €0.00 | 8% |

9.6.2 Emergency Basis of Tax deduction

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 pay.

| Tax credits and cut-off point for employees that have not provided their PPS number | | |
|--|---------------|------------|
| Week or month | Cut-off point | Tax credit |
| All | 0.00 | 0.00 |

If a new employee does not hold a PPS number they should be advised to contact the [Department of Social Protection](#) (DSP) to get one.

When they have been allocated their PPS number from the DSP, the employee should then register for myAccount to access Revenue's range of online services.

Once they have received their password for myAccount, the employee must register the details of their job using the Jobs and Pensions service in myAccount.

- **Where the employee provides their PPS number**

Where the employee provides their PPS number the provisional tax credits and 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 cut-off point | Weekly tax credit |
| First | 1/52nd of single personal 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 | Monthly cut-off point | Monthly tax credit |
| First | 1/12th of single personal 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 cut-off point | Fortnightly tax credit |
| First | 2/52nds of single personal 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 cut-off point | Four-weekly tax credit |
| First | 4/52nds of single personal 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 cut-off point | Twice-monthly tax credit |
| First | 1/24th of single personal 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 cut-off point is 1/12th of the single personal 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 pay. Where the employee subsequently provides their PPS number (while still on emergency basis), the tax credits and 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 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 pay. 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 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 cut-off point for those weeks.

9.7 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.

Emergency tax

- 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 (that is, 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 cut-off points and tax rates.

Emergency USC - Apply a flat % rate to all payments.

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.

Emergency tax

- 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.

Emergency USC - Apply a flat % rate to all payments.

9.8 Tax exemption and marginal relief

Some employees/pensioners are entitled to [tax exemption and marginal relief](#) each year.

Any individual/married or civil partner couple whose total income from all sources is less than or equal to the tax 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 the marginal relief rate of 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%. (Note: the 2018 highest rate of tax is 40% and the Marginal Relief rate of tax is also 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 latest tax credit certificate issued.

9.9 USC exemption

Where Revenue determines that the employee/pensioner's total annual income (from all sources that are chargeable to USC) will not exceed the annual USC exemption threshold (€13,000 in 2018), the USC exemption will be stated on the P2C issued by Revenue.

The USC exemption marker is an instruction to the employer/pension provider not to deduct USC from payments being made.

Where a P2C has issued showing USC exemption and the employer knows that an employee's/pensioner's pay for USC purposes will in fact exceed the annual USC exemption threshold, the employer/pension provider should advise the employee/pensioner to contact his or her Revenue office to have a revised Tax Credit Certificate issued. This will avoid a situation where the employee/pensioner has an under-deduction of USC at the end of the year.

Alternatively, an employee can update his or her USC exempt (or reduced rate) status online in Jobs and Pensions (in [myAccount](#)). Your employee should click on 'Manage your tax 2018', click on 'Overview', click on 'Universal Social Charge', click on 'Edit' and input the updated (higher) expected salary for the tax year. Click 'Next', 'I accept', 'Sign and submit'.

See paragraph [8.16](#) regarding the difference between the Income Tax (PAYE) Exemption marker and the USC Exemption marker on the P2C.

Chapter 10 - Employee pay day – calculating tax and USC due

10.1 Applying tax credits and tax and USC cut-off points

Under the tax credit system an employee is entitled to tax credits and a tax cut-off point depending on personal circumstances, for example, married person's or civil partner's tax credit, Employee tax credit, married/civil partner or single or widowed cut-off point, etc.

Depending on personal circumstances, an employee is also entitled to USC cut-off points.

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

An employee's tax credits and tax and USC cut-off points are given on the tax credit certificate (P2C). The P2C will indicate whether the tax credits and tax and USC cut-off points are to be given on a cumulative basis or on a week 1/month 1 basis. If there is no P2C, the temporary basis (paragraph [9.5](#)) or emergency basis (paragraph [9.6](#)) will apply.

10.2 Weekly pay

(See Appendix [3](#) 'Weekly and monthly income tax calendars' 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 tax and USC cut-off points are to be set against pay:

If cumulative basis applies

The cumulative tax credits and tax and USC cut-off points 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 credits and tax and USC cut-off points as shown on the tax credit certificate.

If temporary basis applies

The amount of the weekly tax credits and tax and USC cut-off points as shown on the form P45.

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

Week 53

If there are 53 weekly pay days in the income tax year, see paragraph [19.2](#) regarding tax and USC deductions in this situation. 'Week 53' occurs where 31 December, or in a leap year 30 or 31 December, is a pay day.

10.3 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 tax and USC cut-off points are to be set against pay:

If cumulative basis applies

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

If the tax credits and tax and USC cut-off points at week number 1 were set against a fortnightly payment made in this week the employee would get only one week's tax credits and tax and USC cut-off points against two week's pay. At the end of 52 weeks, they would have had only fifty-one weeks' tax credits and tax and USC cut-off points set against fifty-two weeks' pay.

If week 1 basis applies

Twice the amount of the weekly tax credits and tax and USC cut-off points as shown on the tax credit certificate. This includes the situation where fortnightly pay is paid in week number 1.

If temporary basis applies

Twice the amount of the weekly tax credits and tax and USC cut-off points as shown on the form P45. This includes the situation where fortnightly pay is paid in week number 1.

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

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 [19.2](#) regarding tax and USC deductions in this situation.

10.4 Four-weekly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies

| Income tax week in which payment is made | Cumulative tax credits and tax and USC cut-off points 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 credits and tax and USC cut-off points 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 credits and tax and USC cut-off points as shown on the form P45 (irrespective of the week in which the payment is made).

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

Week 53

See paragraph [19.2](#) regarding a four-weekly payment made in week 53.

10.5 Monthly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

| Month number | Month ended |
|--------------|----------------|
| 1 | 31 January |
| 2 | 28/29 February |
| 3 | 31 March |
| 4 | 30 April |
| 5 | 31 May |
| 6 | 30 June |
| 7 | 31 July |
| 8 | 31 August |
| 9 | 30 September |
| 10 | 31 October |
| 11 | 30 November |
| 12 | 31 December |

If cumulative basis applies

The cumulative tax credits and tax and USC cut-off points 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 tax and USC cut-off points as shown on the tax credit certificate.

If temporary basis applies

The amount of the monthly tax credit and tax and USC cut-off points as shown on the form P45.

See paragraph [15.8](#) 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 [9.6](#) and [9.7](#).

10.6 Twice-monthly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies

The amounts of cumulative tax credits and tax and USC cut-off points to be set against the payment made at the end of the month are the cumulative tax credits and tax and USC cut-off points 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 tax and USC cut-off points for month number 1. The amounts to be set against a mid-month payment made in any other month are half of the monthly tax credits and tax and USC cut-off points figures plus the cumulative tax credits and tax and USC cut-off points 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 tax and USC cut-off points for July plus half of the monthly tax credits and tax and USC cut-off points for August.

If month 1 basis applies

Half of the monthly tax credits and tax and USC cut off points as shown on the certificate.

If temporary basis applies

Half of the monthly tax credits and tax and USC cut-off points as shown on the form P45.

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

10.7 Quarterly pay

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

If cumulative basis applies

| Payments made between: | Cumulative tax credits and tax and USC cut-off points 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 tax and USC cut-off points as shown on the tax credit certificate.

If temporary basis applies

Three times the monthly (or 13 times the weekly) tax credits and tax and USC cut-off points as shown on form P45.

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

10.8 Half-yearly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies

The cumulative tax credits and tax and USC cut-off points 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 tax and USC cut-off points as shown on the tax credit certificate.

If temporary basis applies

Six times the monthly (or 26 times the weekly) tax credits and tax and USC cut-off points as shown on form P45.

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

10.9 Yearly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies

The cumulative tax credits and tax and USC cut-off points 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 tax and USC cut-off points.

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

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, tax and USC cut-off points and income tax and USC rates for the year in which the remuneration is voted apply (not those of the year to which the remuneration relates). See paragraphs [3.6.8](#) and [3.6.9](#) regarding the treatment of payments in advance and final payments.

10.10 Payments at irregular intervals (continuous employment)

If cumulative basis applies

Set off the cumulative tax credits and tax and USC 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 tax and USC cut-off points for the income tax weeks from week number 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 tax and USC cut-off points for the income tax weeks from the week in which the employment commenced to the week in which the payment is made, both weeks inclusive. (If the temporary basis applies see paragraph [15.7](#) regarding the tax credits and tax and USC cut-off points for the week of commencement).

If emergency basis applies

See paragraphs [9.6](#) and [9.7](#).

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

Where in any income tax week or month a payment (for example, a bonus, arrears of pay) is made on a different day from the regular pay day, the employer may have difficulty in deciding what tax and USC to deduct, if any. The essential point to bear in mind is that the tax and USC 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 tax and USC cut-off points (cumulative or week 1/month 1 etc.) at that week or month. Tax credits and tax and USC cut-off points 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 tax/USC/PRSI purposes on the next pay day.

Example

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

The employee's 2018 weekly tax credits and tax and USC cut off points are as follows:

- | | |
|-----------------------|----------------------|
| • Tax cut-off point | €664.43 |
| • Tax credits | €63.47 |
| • USC cut-off point 1 | €231.00 |
| • USC cut-off point 2 | €372.54 |
| • USC cut-off point 3 | €1,347.00 |
| • USC rates | 0.5%, 2%, 4.75% & 8% |

For the purposes of this example, the rates of tax are taken as 20% (standard rate) and 40% (higher rate).

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

| Cumulative pay | Cumulative gross tax due | Cumulative tax credits | Cumulative tax due |
|----------------------|--------------------------|--------------------------|--------------------|
| 22,200 (600 x 37) | 4,440 (22,200 @ 20%) | 2,348.39 (63.47 x 37) | 2,051.61 |

USC in week 37 is calculated on gross pay of €22,200 using the USC cut-off points and rates provided, on a cumulative basis.

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

| Cumulative pay | Cumulative gross tax due | Cumulative tax credits | Cumulative tax due |
|----------------------------|--------------------------|--------------------------|--------------------|
| 23,000 (600 x 38 + 200) | 4,600 (23,000 @ 20%) | 2,411.86 (63.47 x 38) | 2,188.14 |

USC in week 38 is calculated on gross pay of €23,000 using the USC cut-off points and rates provided, on a cumulative basis.

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 and USC due on €800 (€600 normal pay for week 38 plus the €200 bonus).

10.12 Deduction of tax and USC from 'holiday pay'

The tax credits and tax and USC cut-off points 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 tax and USC cut-off points 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 'multiyear' tax credit certificate (P2C) or a P2C 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 and USC appropriate to such net amount on the basis of the cumulative tax credits and tax and USC cut-off points at Week 52.

- If at the time the payments are being made neither a 'multi-year' P2C nor a next year's P2C has been received, the tax and USC to be deducted should be calculated on the basis of the cumulative tax credits and tax and USC cut off points at week 52 and entries made in this year's record only.

The benefit of the cumulative tax credits and tax and USC cut-off points from January 1 will be given when the first payment of salary or wages is being made to the employee in the next year.

10.13 Salary and other payments earned before 1 January but paid on or after that date

Tax and USC must be deducted from salary and other payments earned before 1 January but paid on or after that date in accordance with the tax credits and tax and USC cut-off points due and the tax and USC rates applicable at the time the payment is made.

An employee's tax credits and tax and USC cut-off points are given on the tax credit certificate (P2C). The P2C will indicate whether the tax credits and tax and USC cut-off points are to be given on a cumulative basis or on a week 1/month 1 basis. If there is no P2C, the temporary basis (paragraph [9.5](#)) or the emergency basis (paragraphs [9.6](#) and [9.7](#)) will apply.

10.14 Recoupment of overpaid salary, allowances and expenses

Overpayments to employees of salary, allowances, and expenses may occur for various reasons. Where employers seek to recoup such overpayments, the following instructions apply:

Recouping the overpayment during the tax year in which the overpayment occurred

If the overpayment is being recouped during the tax year in which the overpayment occurred, the amount of overpayment to be recouped is the gross amount of the overpayment.

If the overpayment is recouped by means of salary deductions, the gross amount of the overpayment should be deducted from gross salary. Any refund due to the employee in respect of overpaid tax, USC and PRSI will be generated through payroll.

Recouping the overpayment in a tax year(s) following the tax year in which the overpayment occurred

If the overpayment is being recouped in a tax year(s) following the tax year in which the overpayment occurred, the amount of the overpayment recouped is the gross amount of the overpayment.

If the overpayment is recouped by means of salary deductions, the gross amount of the overpayment should be deducted from net (take home) salary. The employee can submit a claim to Revenue for any refund due in respect of overpaid tax and USC and to the Department of Employment Affairs and Social Protection for any overpaid PRSI.

For further information, see Tax and Duty Manual [Part 42-04-70](#) (Recoupment of Overpayments of Salary by an Employer from an Employee).

Chapter 11 - Social welfare payments

11.1 Introduction

In general, payments from the Department of Employment Affairs and Social Protection (DSP) are taxable sources of income - subject to income tax but not Universal Social Charge (USC) or Pay Related Social Insurance (PRSI). A list of [taxable social welfare payments](#) is available on the Revenue website.

Individuals in receipt of taxable social welfare payments who pay their tax through the PAYE system will have their annual tax credits and tax cut-off points reduced by the taxable amount of the DSP payments which will result in additional tax being stopped from any employment/non-DSP pension they have.

11.2 Taxation of Illness Benefit, Occupational Injury Benefit and Partial Capacity Benefit

Illness Benefit, Occupational Injury Benefit and Partial Capacity Benefit payable by the Department of Social Protection (DSP) are taxable payments. However, Universal Social Charge (USC) and PRSI does not apply.

References to Illness Benefit below include Occupational Injury Benefit and Partial Capacity Benefit. Taxable Illness Benefit refers to Illness Benefit payable less any Child Dependent additions.

As part of the ongoing exchange of information arrangements between DSP and Revenue, Revenue will receive Illness Benefit details which will be updated onto Revenue's records.

An Illness Benefit recipient who pays their tax through the PAYE system will have their annual tax credits and cut-off point reduced by the Illness Benefit amount which will result in additional tax being stopped from any employment/non-DSP pension they have. Employees' USC rate bands will not be affected.

Employers will be advised of the adjusted tax credits and cut-off points on employer tax credit certificates (P2Cs).

As Illness Benefit is being taxed by reducing employees' tax credits and cut-off points, employers are not to include figures for Illness Benefit in payroll or on forms P45, P60 or P35L.

Note: Prior to 1 January 2018, the DSP notified employers of the taxable amount of benefits the employee received, and employers taxed the payments by including them with pay.

11.2.1 How the reduction in tax credits and tax cut-off point operates

An amended tax credit certificate (P2C) will issue to the employer after 4 weeks of Illness Benefit payments or once the Illness Benefit claim closes, whichever is sooner. The P2C

will issue on a week 1/month 1 or a cumulative basis depending on the length of the Illness Benefit claim and the amount received – for example, in most cases where the Illness Benefit is received for less than 4 weeks, a cumulative basis P2C will issue. For Illness Benefit claims that exceed four weeks, the weekly amount will be annualised, and a week 1/month 1 P2C will issue. Once the DSP confirm the claim has closed, the annualised amount will be replaced with the actual amount of Illness Benefit received and an amended P2C will issue to the employer.

Example 1: 3 weeks Illness Benefit claim

The employee is in receipt of Illness Benefit of €198.00 per week from 12 March 2018. The DSP send details of the first weekly payment to Revenue.

Revenue issues a letter to the employee advising them that the payment is a taxable source of income and that Revenue will collect any tax that may be due on this income by reducing their tax credits.

An amended tax credit certificate (P2C) will not issue at this time.

The following week Revenue receives notification of a second weekly payment of €198.00.

Again, an amended P2C will not issue at this time.

On the third week of the claim, commencing 26 March, the DSP inform Revenue that the employee has been paid one more weekly payment of €198.00 and that the claim has now ceased.

Revenue will now issue a cumulative basis P2C to the employer reducing the employee's tax credits by the total amount of the Illness Benefit received:

| | Tax cut-off point (COP) | Tax credits |
|---|--------------------------------|---------------------------------|
| Original amounts | €34,550.00 | €3,300.00 |
| Reduced by total amount of Illness Benefit received | €594.00 (198.00 x 3) | €118.80 [(198.00 x 3) x 20%] |
| Revised amounts | €33,956.00 | €3,181.20 |

Example 2: Illness Benefit claim that runs for 4 weeks or more

The employee is in receipt of Illness Benefit of €198.00 per week from 19 March 2018. The DSP send details of the first weekly payment to Revenue.

Revenue issues a letter to the employee advising them that the payment is a taxable source of income and that Revenue will collect any tax that may be due on this income by reducing their tax credits.

Over the next three weeks the DSP continues to send details of the employee's weekly Illness Benefit payments to Revenue.

In week 4 of the claim, commencing 9 April, Revenue annualises the weekly Illness Benefit amount and reduces the employee's tax credits and cut-off point as follows:

| | Tax cut-off point (COP) | Tax credits |
|---|--------------------------------|-----------------------------|
| Original amounts | €34,550.00 | €3,300.00 |
| Reduced by annualised Illness Benefit payments | €10,296.00 (198.00 x 52) | €2,059.20 (10,296 x 20%) |
| Revised amounts | €24,254.00 | €1,240.80 |

Revenue issue an amended P2C on a week 1/month 1 basis.

From week 5 to week 9 of the Illness Benefit claim the DSP continues to send details of the employee's weekly Illness Benefit payments. (Note: during this period in medium to long term Illness Benefit claims, a further amended P2C will only issue where the weekly Illness Benefit payment increases or decreases and the annualised amount changes).

In Week 10, commencing 21 May, the DSP informs Revenue that the Illness Benefit claim has ceased.

Revenue will now issue an amended P2C on a week 1/month 1 basis to the Employer reducing the employee's Tax Credits and cut-off point by the **actual** amount of the Illness Benefit received:

| | Tax cut-off point (COP) | Tax credits |
|---|--------------------------------|----------------------------------|
| Original amounts | €34,550.00 | €3,300.00 |
| Reduced by actual amount of Illness Benefit received | €1,980.00 (198.00 x 10) | €396.00 [(198.00 x 10) x 20%] |
| Revised amounts | €32,570.00 | €2,904.00 |

11.2.2 How Payroll operates while the employee is out sick

How employers operate payroll while the employee is out sick will depend on whether or not the employer operates a sick pay scheme and the particular arrangements between employers and employees while employees are out sick. These arrangements are set out in the following paragraphs.

Employers who pay wages, salary, etc. to employees while out sick (top-up etc.) and recover the Illness Benefit from the employees

The employer should calculate tax, USC and PRSI only on the difference between the wages, salary etc., and the amount of the taxable Illness Benefit received. The tax due on the Illness Benefit is collected by reducing the tax credits and cut-off point on the P2C. The Illness Benefit payment is not chargeable to USC or PRSI.

Example:

An employee earns €700 per week.

The employee is out sick and receives taxable Illness Benefit of €198 per week. He gives this to his employer. The employer tops up his wages in full and applies PAYE/USC/PRSI to €502 (€700 - €198).

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

The employer should calculate tax, USC and PRSI only on the difference between the wages, salary etc., and the amount of the taxable Illness Benefit received. The tax due on the Illness Benefit is collected by reducing the tax credits and cut-off point on the P2C. The Illness Benefit payment is not chargeable to USC or PRSI.

Example:

An employee earns €700 per week.

The employee is out sick and receives taxable Illness Benefit of €198 per week. The employer tops up his wages in full and applies PAYE/USC/PRSI to €502 (€700 - €198).

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

The tax due on the Illness Benefit received will be collected by reducing the employee's tax credits and cut-off point on the P2C. When the employee returns to work the employer will apply the amended P2C in payroll.

11.2.3 Illness Benefit payments payable at the end of the year (2017)

The following table explains how end of year (2017) Illness Benefit (IB) payments payable by DSP are to be treated in payroll.

| | Illness Benefit Payable in | Tax year to which the Illness Benefit payment relates | Illness Benefit Notification received from DSP? | Is 2017 payroll still open? | Action by Employer |
|---|-----------------------------------|--|--|------------------------------------|--|
| 1 | December 2017 | 2017 | Yes (in December 2017) | Yes | Include taxable IB amount with pay in December payroll. |
| 2 | December 2017 | 2017 | No | Yes | The basic personal rate of IB payment (2017: €193 per week) should be assumed and included with pay in December payroll. |
| 3 | December 2017 | 2017 | Yes (in December 2017) | No | As the 2017 payroll is closed, the employer cannot include the IB payment in 2017 payroll. Revenue |

| | Illness Benefit Payable in | Tax year to which the Illness Benefit payment relates | Illness Benefit Notification received from DSP? | Is 2017 payroll still open? | Action by Employer |
|---|----------------------------|---|---|-----------------------------|---|
| | | | | | will receive details of this payment from DSP. No further action on the employer's part. As this is a 2017 IB payment, employers must not carry this payment into 2018 payroll. |
| 4 | December 2017 | 2017 | No | No | As the 2017 payroll is closed, the employer cannot include the IB payment in 2017 payroll. Revenue will receive details of this payment from DSP. No further action on the employer's part. As this is a 2017 IB payment, employers must not carry this payment into 2018 payroll. |
| 6 | December 2017 | 2017 & 2018 | No | Yes | The basic personal rate of IB payment (2017: €193 per week) should be assumed. Divide the IB payment into 2017 and 2018 tax years. The portion of IB that relates to 2017 should be included in 2017 payroll. The portion that relates to 2018 should be ignored. Revenue will receive details of this payment from DSP and reduce the employee's 2018 tax credits and cut-off point and issue an amended 2018 P2C. (See Example A hereunder) |
| 7 | December 2017 | 2017 & 2018 | Yes (in December 2017) | Yes | Divide the IB payment into 2017 and 2018 tax years. The portion of IB that relates to 2017 should be included in 2017 payroll. The portion that relates to 2018 should be ignored. Revenue will receive details of this payment from DSP and reduce the employee's 2018 tax credits and cut-off point and issue an amended 2018 P2C. |
| 8 | December 2017 | 2017 & 2018 | Yes (in December 2017) | No | 2017 payroll: As the 2017 payroll is closed, the portion of the IB payment that |

| | Illness Benefit Payable in | Tax year to which the Illness Benefit payment relates | Illness Benefit Notification received from DSP? | Is 2017 payroll still open? | Action by Employer |
|--|----------------------------|---|---|-----------------------------|---|
| | | | | | <p>belongs to 2017 cannot be included in 2017 payroll. Revenue will receive details of this payment from DSP. No further action on the employer's part. As this is a 2017 IB payment, employers must not carry this payment into 2018 payroll.</p> <p>2018 payroll: The portion that relates to 2018 should be ignored. Revenue will receive details of this payment from DSP and reduce the employee's 2018 tax credits and cut-off point and issue an amended 2018 P2C.</p> <p>(See Example B hereunder)</p> |

Example A

A weekly-paid employee (Thursday pay day), is out sick from Thursday 21 December 2017. As the employer has not been notified of the amount of taxable Illness Benefit awarded, he/she assumes the basic personal rate of payment - €193 per week. As no Illness Benefit payment is made for the first 6 days of illness, the employer takes Thursday 28 December as the date of first payment.

- **Pay day Thursday, 28 December 2017**

Taxable Illness Benefit to be included with pay:

1 day - Thursday 28 December: €193.00 / 6 x 1 = €32.16

Example B

A fortnightly-paid employee (Thursday pay day), is out sick from Monday 18 December 2017. The DSP notification to the employer advises that the amount of taxable Illness Benefit awarded is €193 per week from (Monday) 25 December 2017.

- **Pay day Thursday, 28 December 2017 (2017 tax year)**

As the 2017 payroll is closed, the portion of the IB payment that belongs to 2017 cannot be included in 2017 payroll. Revenue will receive details of this payment directly from DSP. There is no further action required on the employer's part for 2017 payroll. As this is a 2017 IB payment, employers **must not** carry this payment into 2018 payroll.

- **Pay day Thursday, 11 January 2018 (2018 tax year)**

The employee is still out sick.

The employer is not to tax the IB payment. With effect from 1 January 2018, employers are no longer to include taxable Illness Benefit with pay. Instead Revenue will collect any tax due on these payments by reducing the employee's tax credits and cut-off point and issue an amended P2C to the employer.

Tax documents

P60, P35L and P35L/T

- 2017
Taxable Illness Benefit should be included in the Pay figure and also shown in the Illness Benefit fields.
- 2018
Taxable Illness Benefit should **not** be included in the Pay figure or in the (ROS versions) Illness Benefit fields. (Note: The Illness Benefit fields have been removed from the paper versions of these forms).

P45

- 2017
Taxable Illness Benefit should be included in the Pay figure and also shown in section (d) 'Total amount of taxable Illness Benefit included in pay figure above'.
- 2018
Taxable Illness Benefit should **not** be included in the Pay figure or in the (ROS version) Illness Benefit field. (Note: The Illness Benefit field has been removed from the paper version of this form).

11.3 Jobseeker's benefit

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

11.4 Tax treatment of Maternity, Adoptive and Health & Safety Benefits

Maternity Benefit, Adoptive Benefit and Health & Safety Benefit payments, payable from the Department of Social Protection(DSP), are taxable in full. However, Universal Social Charge (USC) and PRSI does not apply.

The tax treatment of the three benefits mentioned above is similar and references below to 'Maternity Benefit / leave' may be taken to include each of the other two Benefits.

As part of the ongoing exchange of information arrangements between DSP and Revenue, Revenue will receive Maternity Benefit details which will be updated onto Revenue's records.

A DSP Maternity Benefit recipient who pays their tax through the PAYE system will have their annual tax credits and cut-off point reduced by the Maternity Benefit amount which will result in additional tax being stopped from any employment/non-DSP pension they have.

Employers will be advised of the adjusted tax credits and cut-off points on employer tax credit certificates (P2Cs).

As Maternity Benefit is being taxed by reducing employees' tax credits and cut-off points, employers are **not** to include figures for Maternity Benefit on forms P45, P60 or P35L.

Action by employers

How Maternity Benefit affects payroll will depend on the particular circumstances or arrangements between employers and employees while employees are out on maternity leave. These arrangements are set out in the following paragraphs.

Employers who pay wages, salary, etc., to employees while out on maternity leave and recover the Maternity Benefit from the employees or directly from the DSP.

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

Example

An employee is out on maternity leave from 1 August 2017 and receives their normal gross salary of €700 per week. Maternity Benefit of (say) €235 per week is paid directly to the employer (or handed over in full by the employee to the employer).

Revenue receives notification of the Maternity Benefit from the DSP, reduces the tax credits and cut-off point by the appropriate amount, and issues a revised tax credit certificate to the employer.

The employee's weekly salary of €700 paid over by the employer to the employee is effectively made up of:

| | |
|-------------------|-------------|
| Maternity Benefit | €235 |
| Company salary | <u>€465</u> |
| | €700 |

Revenue have taxed the Maternity Benefit by reducing the employee's tax credits and cut-off point. Maternity Benefit is not subject to USC or PRSI.

Only the company salary portion (€465) is chargeable to tax, USC, Employee PRSI and Employer PRSI and is included on forms P45, P60 or P35L.

Maternity Benefit is not included on forms P45, P60 or P35L.

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

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

The position is similar to that outlined in the example immediately above.

Example

An employee is out on maternity leave from 1 August 2017. She retains the Maternity Benefit of (say) €235 per week paid directly to her by the DSP. As her normal gross salary is €700 per week, her employer tops up her salary to this amount.

| | |
|---|-------------|
| Maternity Benefit (paid directly to the employee) | €235 |
| Company salary top-up | <u>€465</u> |
| | €700 |

Revenue receives notification of the Maternity Benefit from the DSP, reduces the tax credits and cut-off point by the appropriate amount, and issues a revised tax credit certificate to the employer.

Only the company salary portion (€465) is chargeable to tax, USC, Employee PRSI and Employer PRSI and is included on forms P45, P60 or P35L.

Maternity Benefit is not included on forms P45, P60 or P35L.

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

In all cases, Revenue will receive the Maternity Benefit notification from the DSP, reduce the tax credits and tax cut-off point by the appropriate amount, and issue a revised tax credit certificate (P2C) to the employer.

If the employee is not entitled to receive any pay on the usual pay day, where cumulative basis applies, the employee may contact her employer to request a repayment of any tax that might be due. Where week 1/month 1 basis applies, no repayment of tax should be made. In this case the employee can claim any refund due directly from Revenue after 31 December.

Alternatively, on the employee's return to work after a period of maternity leave, where cumulative basis applies, any refund of tax which may be due to the employee, can be calculated. 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 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.

11.5 Taxation of Paternity Benefit

Statutory paternity leave of 2 weeks together with a new Paternity Benefit was introduced in respect of births and adoptions on or after 1 September 2016.

Paternity Benefit (including any increases for adults and child dependants), payable by the Department of Social Protection (DSP) is liable to tax. However, Universal Social Charge (USC) and PRSI does not apply.

As part of the on-going exchange of information arrangements between DSP and Revenue, Revenue will receive details of the benefit payments which will be updated onto Revenue's records.

Individuals who pay their tax through the PAYE system will, where possible, automatically have their annual tax credits and cut-off points reduced by the amount of the Paternity Benefit payments. Employers/pension providers will be advised of the adjusted tax credits and cut-off points on employer tax credit certificates (P2Cs).

All queries relating to the payments should be directed to the DSP.

Chapter 12 - Refunds of income tax and USC to the employee

12.1 Recording of refunds

In the course of the operation of PAYE a refund of tax and/or USC to an employee may be made by the employer or by Revenue (during a period of unemployment). An employer who makes a refund of tax and/or USC should record it as a separate entry on the employee's payroll record.

(See [PRSI Refunds](#) – Employers' Guide to PRSI Contributions, issued by the Department of Social Protection regarding refunds of overpaid PRSI contributions).

12.2 Refunds arising from the operation of the cumulative system

Refunds of Tax

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 €60.00 and his weekly cut-off point is €664.43.

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

| Tax refunds arising from the operation of the cumulative system | | | | | |
|---|------------------------|--------------------------|----------------------|------------------------|--------------------------------|
| | Cumulative pay to date | Cumulative cut-off point | Cumulative gross tax | Cumulative tax credits | Cumulative tax due |
| Week 20* | €12,000 | €13,288.60 | €2,400 | €1,200.00 | €1,200.00 |
| Week 21** | €12,600 | €13,953.03 | €2,520 | €1,332.87 | €1,187.13 (€12.87 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 €63.47. His tax cut-off point is unchanged at €664.43.

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 €12.87.

| | |
|-------------------------------------|------------------|
| Cumulative tax deducted to week 20: | €1,200.00 |
| Cumulative tax due in week 21: | <u>€1,187.13</u> |
| Refund due: | €12.87 |

Refunds of USC

A refund of USC may arise where, for example, an employee changes from the [standard rates of USC](#) to the [reduced rates of USC](#).

Example

An employee earns €600 per week.

His 2018 weekly USC cut-off points and rates are:

- USC cut-off point 1 €231.00
- USC cut-off point 2 €372.54
- USC cut-off point 3 €1,347.00

USC rates 0.5%, 2%, 4.75% and 8%

| USC refunds arising from the operation of the cumulative system | | | |
|---|--|---------------------------|-------------------------------|
| Cumulative pay to date | Cumulative USC cut-off points (COP) | USC rates | Cumulative USC due |
| Week 20* €12,000 | COP1: 4,620.00 COP2: 7,450.80 COP3: 26,940.00 | 0.5% 2% 4.75% 8% | €295.79 |
| Week 21** €12,600 | COP1: 4,851.00 | 0.5% 2% | €179.23 (€116.56 refunded) |

*Up to week 20 the employee has earned €12,000 and paid €295.79 USC

**In week 21 the employer receives an amended cumulative tax credit certificate showing his weekly USC cut-off points and rates are now:

- USC cut-off point 1 €231.00
- USC rates: 0.5% and 2%

As the cumulative basis applies, the USC cut-off points and rates change applies from the previous 1 January.

As USC of €295.79 has already been deducted, the employer should give the employee a refund of €116.56.

| | |
|-------------------------------------|----------------|
| Cumulative USC deducted to week 20: | €295.79 |
| Cumulative USC due in week 21: | <u>€179.23</u> |
| Refund due: | €116.56 |

Refunds of USC where the tax credit certificate shows USC Exemption

Where a cumulative basis P2C indicates that the employee is [exempt from USC](#), if the employee has paid USC already in the tax year (including in previous employments), all

previous USC should be refunded. Where the P2C issues on a Week 1 basis, normal Week 1 basis rules apply and no refund is due.

12.3 Absence from work for some cause

Where the employee is absent from work (for example, a 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, where the cumulative basis applies, the employer either:

- a) makes any refund of tax and USC which is due to the employee in accordance with the cumulative tax credits and tax and USC cut-off points which apply on that pay day.

Example:

A weekly-paid employee earns €600 per week. His 2018 cumulative tax credit certificate shows the following:

- Tax cut-off point €664.43
- Tax credits €63.47

- USC cut-off point 1 €231.00
- USC cut-off point 2 €372.54
- USC cut-off point 3 €1,347.00

USC rates 0.5%, 2%, 4.75% and 8%

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

| Tax refund due where employee is absent from work | | | | | |
|---|--------------------------|----------------------|------------------------|------------------------------|--|
| Cumulative pay to date | Cumulative cut-off point | Cumulative gross tax | Cumulative tax credits | Cumulative tax due | |
| Week 12* 7,200 | €7,973.16 | €1,440 | €761.64 | €678.36 | |
| Week 13** 7,200 | €8,637.59 | €1,440 | €825.11 | €614.89 (€63.47 refunded) | |

| USC refund due where employee is absent from work | | | | |
|---|-------------------------------------|-----------|--------------------|------------------------------|
| Cumulative pay to date | Cumulative USC cut-off points (COP) | USC rates | Cumulative USC due | |
| Week 12* €7,200 | COP1: | 2,772.00 | 0.5% | €177.46 |
| | COP2: | 4,470.78 | 2% | |
| | COP3: | 16,164.00 | 4.75% | |
| Week 13** €7,200 | | | 8% | €163.76 (€13.70 refunded) |
| | COP1: | 3,003.00 | 0.5% | |
| | COP2: | 4,843.02 | 2% | |
| | COP3: | 17,511.00 | 4.75% | |
| | | | 8% | |

* Up to week 12 the employee has earned €7,200 and paid €678.36 tax and €177.46 USC.

** The employee is absent in week 13, receives no pay for that week and applies for and makes arrangements to collect the €77.17 refund (€63.47 tax and €13.70 USC).

Or (in exceptional circumstances) –

b) 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, tax and USC up to the last pay day before the absence commenced.

An employer who sends the information at (b) 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 and USC made to the employee of which they are notified by Revenue in calculating tax and USC on any payment due to the employee after resumption of work and before the following 1 January.

See paragraph [9.12](#) regarding the situation where an employee is absent due to illness and receives or is entitled to receive Illness Benefit or Occupational Injury Benefit from the Department of Social Protection.

12.4 Reimbursement of employer for tax and/or USC refunded to employee

An employer who makes a refund of tax and/or USC to an employee should deduct the amount refunded from the next remittance of PAYE tax and/or USC to be paid to the Collector General.

If, however, the next remittance of PAYE tax and/or USC to be paid is less than the amount of the refund made to the employee, the employer may apply to the Collector General for reimbursement. Details regarding the refund should be submitted using MyEnquiries or by post to:

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

12.5 Refund of tax and USC during unemployment

Revenue will make any refund of tax and USC due to an employee who has become unemployed. The employee may apply for a refund directly to Revenue on [Form P50](#) accompanied by parts 2 and 3 of their Form P45.

Chapter 13 - Local Property Tax – deduction in payroll

13.1 Introduction

Property owners can opt to pay their Local Property Tax (LPT) in phased payments by deduction at source from salary or occupational pension.

Employers/pension providers are required to make this facility available to their employees/pensioners. Where this payment option is chosen, Revenue notify the employer on the P2C of the amount of LPT to deduct from net salary/occupational pension. The deductions are spread evenly over the year. Employers are required to account for and remit the deducted LPT to Revenue.

Note:

Where individuals do not submit a LPT return or fail to meet their LPT payment obligations, mandatory deduction at source from salary or occupational pension will be imposed.

Employers/pension providers will not know from the P2C whether the LPT was chosen voluntarily or imposed mandatorily. All P2Cs will just show the LPT to be deducted.

13.2 Applying the figure of LPT shown on the P2C in payroll

LPT can only be deducted in payroll when it is stated on the employee's/pensioner's P2C.

The LPT stated on the P2C is the total amount of LPT that should be deducted from the employee's salary to 31 December. Deductions are to be spread evenly over the number of pay days occurring in the period to 31 December.

Example 1

A weekly paid employee opts for LPT deduction at source in 2018. In January 2018, a P2C issues to his employer, advising - Total LPT to be deducted: 520.00

This shows that LPT in the amount of €520 is to be deducted in the period 1 January to 31 December 2018. In this employment 52 weekly pay days occur between 1 January and 31 December. The employer calculates that the employee will pay €10 LPT every weekly pay day. At 31 December 2018, €520 (€10 x 52 pay days) will have been deducted.

Example 2

A weekly paid employee opts for LPT deduction at source in 2018. In January 2018, a P2C issues to his employer, advising - Total LPT to be deducted: 520.00. The employer deducts LPT of €10 per week.

On 1 July 2018, a revised P2C is received, showing a reduced LPT amount of €416. LPT of €260 (€10 per week x 26 weeks) has been deducted to date. The employer will calculate the new weekly LPT deduction as follows:

| | |
|--|---------|
| Amount of LPT to be deducted per P2C in 2018 | €416.00 |
| Amount of LPT deducted to date in the employment | €260.00 |
| Balance to be deducted in the period 1 July to 31 December | €156.00 |

Number of pay days remaining in the period to 31 December 2018: 26

Amount of weekly LPT to be deducted in the period July to December:
 €156.00 / 26 = €6.00

Example 3

A weekly paid employee opts for LPT deduction at source in 2018. In January 2018, a P2C issues to his employer, advising - Total LPT to be deducted: 520.00. The employer deducts LPT of €10.00 per week.

On 1 October 2018, a revised P2C is received, showing a reduced LPT amount of €350.00. LPT of €390.00 (€10.00 per week x 39 weeks) has been deducted to date.

The employer will calculate the new weekly LPT deduction as follows:

| | |
|---|---------|
| Amount of LPT to be deducted per P2C in 2018 | €350.00 |
| Amount of LPT deducted to date in the employment | €390.00 |
| Balance to be deducted in the period 1 October to 31 December | €0.00 |

As the amount of LPT stated on the P2C has already been deducted, the employer will cease deducting LPT with immediate effect.

In this example the employee has overpaid his LPT. Employers are NOT to refund LPT. Revenue will deal with ALL refunds after 31 December.

13.3 Notification to stop deducting LPT from an employee's salary

An LPT amount of 0.00 shown on the P2C is the instruction to stop deducting LPT.

Until such time as an employer receives a P2C showing 'LPT: 0.00', they are obliged to operate on the amount of LPT stated on the current P2C.

Example

A P2C in respect of a weekly-paid employee issues in January 2018, showing LPT of €520 is to be collected in the period 1 January to 31 December 2018. The weekly LPT to be collected is €10.00.

On 1 July 2018, the employer receives a P2C showing an LPT amount of 0.00. (The employee has paid off the LPT balance or has elected to pay it by another payment option). The employer will stop deducting LPT with effect from this date.
 (Note, this is **not** an instruction to the employer to refund LPT already deducted in the employment. Revenue will deal with ALL refunds of LPT).

In this example, the employee ceases employment on 15 July 2018. The employer will insert the amount of LPT deducted in the period 1 January to 30 June on the P45.

13.4 LPT applied to holiday pay paid in advance of the usual pay day

The 'increased' pay the employee receives in the week immediately preceding the week / 2 weeks holidays is not extra pay earned in that particular week but rather the pay for the following week / 2 weeks brought forward and paid in that particular week.

In this situation, the amount of LPT due in the following week(s) is brought forward to be paid in that particular week. It should be noted that this does not apply where the employee is being paid holiday pay immediately before leaving the employment.

13.5 LPT deductions where an individual has two periods of employment with the same employer in the year

This is best illustrated by way of an example:

A P2C in respect of a weekly-paid employee issues in January 2018, showing LPT of €520 is to be collected in the period to 31 December 2018. The weekly LPT to be collected is €10.00.

The employee ceases employment on 31 March 2018. At date of leaving, the amount of LPT deducted is €120 (€10 pw x 12 pay days).

P45

The employer will complete the P45 as follows:

Total amount of Local Property Tax deducted in this period of employment: €120.00

The individual recommences employment with the same employer on 2 July 2018 and hands in a P45. The employer submits P45 Part 3 to Revenue. As a pay day occurs before a new P2C is received, the employer applies the [Temporary basis](#). As the employer has not received a P2C showing LPT for this period of employment (commencing 2 July), no deduction is made for LPT.

A cumulative P2C is received on 5 July, advising previous pay, tax and USC details to be taken into account in payroll, along with an LPT amount of €280. This is an instruction to the employer that €280 LPT is to be deducted in this period of employment - from the date of commencement 2 July to 31 December 2018. As there are 26 pay days remaining in the period to 31 December, the amount of LPT to be deducted per week is €280 / 26 = €10.76.

The employee ceases employment on 28 August 2018. At date of leaving, the amount of LPT deducted in this second period of employment is €86.08 (€10.76 pw x 8 pay days).

P45

The employer will complete the P45 as follows:

Total amount of Local Property Tax deducted in this period of employment: €86.08

P35L

The 2018 P35L will show:

Local Property Tax: €206.08 (€120 plus €86.08)

13.6 Insufficient net pay in a pay period to pay LPT

When an employee has insufficient net pay in a pay period to pay their LPT, the employer should deduct, as far as possible, the LPT as per the instruction on the P2C and in the next pay period they should recalculate the amounts to be deducted evenly in the remaining pay periods to 31 December.

If it is evident to the employer that the employee will continually have insufficient net pay to deduct the LPT that is due to be deducted by 31 December, the employer must notify Revenue through [MyEnquiries](#) that the employee has insufficient income to satisfy the employee's full LPT liability for the year, based on the expected income for the employee.

13.7 LPT deduction where the employee is absent from work on sick leave or maternity leave throughout the year

How LPT will be deducted will depend on the particular circumstances or arrangements between employers and employees while employees are absent from work on sick leave or on maternity leave – whether the employee is paid or unpaid while absent.

- **Employers who pay full or partial salary to employees while absent from work on sick leave or on maternity leave**

As the employee is receiving either full or partial salary, the employer should deduct LPT as normal.

- **Employers who do not pay salary to employees while absent from work sick leave or on maternity leave**

During the period of absence, as the employee is not being paid, no LPT can be deducted. When the employee returns to work the amount of LPT per pay period to be deducted is adjusted to ensure the full amount of LPT is collected by year end.

13.8 LPT deduction where an employee is off pay and is due a refund of PAYE and/or USC in cumulative payroll

Where an employee is off pay and is due a refund of PAYE and/or USC in cumulative payroll, LPT is to be deducted from the overpaid PAYE/USC before any refund is issued.

13.9 LPT deduction in week 53, fortnight 27, etc

Where an extra pay period occurs in the year, for example, 53 weekly pay periods, the employer can choose to deduct the total LPT due over 53 weeks or to deduct the total amount due over 52 weeks, leaving the 53rd week free of LPT deduction.

13.10 Priority of LPT deduction in payroll

The priority of LPT deduction in payroll is as follows:

- LPT is deducted after allowable pension contributions, PAYE, USC and PRSI
- LPT takes precedence over all non-statutory deductions
- Where a Court Order is already made at the time of issuing the P2C (advising LPT deduction) the Court Order will take precedence over the LPT deduction. If the Court Order is made after the P2C (advising LPT deduction) has issued, the LPT deduction will take precedence.

Example 1

A Court Order is already made **before** the P2C (advising LPT deduction) is issued.

A Court Order is made since 2016. A P2C showing LPT of €495 issues in January 2018. (For the years 2016 and 2017, the employee paid their LPT by debit card). As the Court Order was made before the issue of the P2C, the Court Order deduction will take precedence.

| Order of deductions up to 31 December 2017 | |
|--|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | Court Order |
| 3 | Non-statutory deductions |

| Order of deductions from 1 January 2018 | |
|---|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | Court Order |
| 3 | LPT |
| 4 | Non-statutory deductions |

A revised P2C showing LPT of €405 issues in October 2018. The date of the original P2C for 2018 applies for priority of deductions. The order of deductions will not change.

| Order of deductions from October 2018 | |
|---------------------------------------|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | Court Order |
| 3 | LPT |
| 4 | Non-statutory deductions |

Example 2

A Court Order is made **after** the P2C (advising LPT deduction) is issued.

A P2C showing LPT of €495 issues in January 2018. (For the years 2016 and 2017, the employee paid their LPT by debit card). There is no Court Order made at this time.

| Order of deductions up to 31 December 2017 | |
|---|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | Non-statutory deductions |

| Order of deductions from 1 January 2018 | |
|--|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | LPT |
| 3 | Non-statutory deductions |

A Court Order is made from 1 July 2018. As the Court Order was made after the P2C, the LPT deduction takes precedence.

| Order of deductions from 1 July 2018 | |
|---|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | LPT |
| 3 | Court Order |
| 4 | Non-statutory deductions |

A revised P2C showing LPT of €405 issues in November 2018. The date of the original P2C for 2018 applies for priority of deductions. The order of deductions will not change.

| Order of deductions from November 2018 | |
|---|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | LPT |
| 3 | Court Order |
| 4 | Non-statutory deductions |

Example 3

A P2C (advising LPT deduction) is issued **at the same time** that a Court Order is made.

A P2C showing LPT of €495 issues on 5 January 2018. (For the years 2016 and 2017, the employee paid their LPT by debit card). A Court order is made with effect from 5 January 2018. In this situation, the Court Oder takes precedence.

Example 4

Deduction at source stops and subsequently recommences in the same year. A Court Order made in the period before the Revised P2C (advising LPT recommencement) is issued.

Note

For priority of deduction purposes, where a revised P2C issues stopping LPT deduction at source (that is, showing LPT: 0.00), the date of any subsequent P2C (advising LPT deduction) issued in the year should be treated as the date of first instruction to deduct LPT in the year.

A P2C showing LPT of €495 issues in January 2018. (For the years 2016 and 2017, the employee paid their LPT by debit card). There is no Court Order made at this time. LPT deductions commence from 1 January 2018.

| Order of deductions from 1 January 2018 | |
|--|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | LPT |
| 3 | Non-statutory deductions |

A Court Order is made from 1 May 2018. As the Court Order was made after the P2C issued, the LPT deduction takes precedence.

| Order of deductions from 1 May 2018 | |
|--|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | LPT |
| 3 | Court Order |
| 4 | Non-statutory deductions |

In September 2018, the employee changes his method of LPT payment. A revised P2C showing 'LPT: 0.00' issues. The employer stops deducting LPT.

| Order of deductions from September 2018 | |
|--|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | Court Order |
| 3 | Non-statutory deductions |

In October 2018, a revised P2C showing 'LPT: 200.00' issues.

Priority of deduction:

As the Court order is already made at the time the revised P2C (advising LPT recommencement) issues, the Court Order takes precedence.

| Order of deductions from October 2018 | |
|--|---|
| 1 | Allowable pension contributions / PAYE / USC / PRSI |
| 2 | Court Order |
| 3 | LPT |
| 4 | Non-statutory deductions |

13.11 LPT deductions where employee leaves mid pay period

Where, for example, a four-weekly paid employee leaves employment having worked only one week in their last pay period, the full four-weekly amount of LPT should be deducted.

The same principle applies to fortnightly-paid employees - the full fortnightly amount should be deducted.

13.12 Arrears of pay paid to an ex-employee and LPT

LPT should not be deducted from any payment paid to an employee who has ceased employment. Once the individual has ceased employment the employer ceases deduction of LPT.

Chapter 14 - Employers' duties before the income tax year commences

14.1 Issue of tax credit certificates (P2Cs) 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 tax and USC cut-off points (and Local Property Tax, where deduction in payroll applies) for the coming year for each employee. An email will be sent from ROS advising that new/amended P2C data has been issued to the Employer's ROS account. Non-ROS enabled employers will receive P2Cs in paper format.

If, on the first pay day of the new tax year, the employer has not received a P2C for the new tax year for an employee, a number of options are available:

- Where the cumulative basis of tax and USC deduction (paragraph [9.3](#)) is in operation, the employer should use the multi-year certificate received in a previous year provided it has the employer's name on it
- Where the non-cumulative basis (week 1/month 1 basis) (paragraph [9.4](#)) is in operation, the employer should use the tax credits and tax and USC cut-off points, as advised in the previous year's non-cumulative P2C.
- Where the temporary basis of tax and USC deduction (paragraph [9.5](#)) is in operation, the employer can continue to use, on a temporary basis, the tax credits and tax and USC cut-off points as advised on the P45, provided the P45 relates to the current year or previous year. Otherwise the emergency basis of tax and USC deduction (paragraphs [9.6](#) and [9.7](#)) will apply from 1 January until a P2C is received.
- Where the emergency basis of tax and USC deduction (paragraphs [9.6](#) and [9.7](#)) is in operation, the employer should continue to use the emergency basis.

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

An employer is legally obliged to deduct tax and USC and pay it over to the Collector General whether or not a P2C has been received.

14.2 Employee leaving before beginning of tax year

An employer who receives a P2C for the coming tax year for an employee who has already left the employment, or who leaves the employment before 1 January should:

1. ensure that a Form P45 has been completed in respect of the ceased employee, and
2. if the P2C was issued in paper format, dispose of it in a confidential manner.

Chapter 15 - New employees and employees recommencing

15.1 When a new employee commences employment (or an employee resumes employment after a previous cessation)?

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

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.

Where the new employee provides a Form P45

- **ROS Users**

To commence an employment, ROS users must enter a P45 Part 3 on ROS. On receipt of a valid P45 Part 3, Revenue will automatically issue an updated tax credit certificate (P2C) electronically providing the necessary details to allow the employer operate payroll accurately and a tax credit certificate to the new employee.

- **Non-ROS Users**

The employer should complete and send Form P45 part 3 to the employee's Revenue office.

Note

The emergency basis of tax deduction (paragraphs [9.6](#) and [9.7](#)) must be operated if the P45 given to the employer:

- refers to a year prior to the previous tax year, or
- indicates that the emergency basis applied, or
- omits the PPS number and the number has not been provided to the employer.

Following the above steps, Revenue will issue a P2C to the employer. This will show the employee's tax credits, and tax and USC cut-off points. 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, tax and USC details, if any, from the previous 1 January to the date of commencement with the new employer) or on a Week 1 Basis.

While awaiting a P2C, the temporary basis of tax and USC deduction (paragraph [9.5](#)) must be operated.

Where the new employee has not provided a Form P45 and has a PPS Number

If the new employee has not provided a Form P45 he or she should be asked for it. Every effort should be made to obtain a P45 from the new employee. Where the new employee has not provided a Form P45 and has a PPS Number:

- Verify the PPS number (paragraph [15.3](#))
- Advise the employee to register their new job using Revenue's [Jobs and Pensions service](#). Where the new employee does not register their new job using Jobs and Pensions, the employer can notify Revenue using Form P46.

Form P46

Form P46 is the employers' notification to Revenue of a new employee who has not provided a P45 or registered their new job using Revenue's [Jobs and Pensions service](#).

ROS-registered employers must upload a Form P46 using ROS. Forms P46 containing valid PPS numbers are auto-processed by Revenue and 'week 1 basis' tax credit certificates (P2Cs) issue automatically. Where no PPS number or an invalid PPS number is input, the P46 will be rejected with an on-screen message listing the error(s).

Non-ROS users must complete a paper Form P46 and send it to the employee's Revenue office. Paper Forms P46 can be ordered from Revenue's Forms and Leaflets Service: email: custform@revenue.ie

While awaiting a P2C, the emergency basis of tax and USC deduction (paragraphs [9.6](#) and [9.7](#)) must be operated).

Where the new employee has not provided a Form P45 and does not have a PPS Number

- If the employee does not have a PPS number, they should be advised to contact the Department of Social Protection to apply for one. Contact details are available on www.welfare.ie
- Where this is the employee's first ever employment in Ireland, they should be advised that when they receive their PPS number, they must register for [myAccount](#) and use the [Jobs and Pensions service](#) to tell Revenue about their new job. (This replaces the Form 12A process).

Following the above steps Revenue will issue a P2C to the employer. This will show the employee's tax credits and tax and USC cut-off points. The P2C 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, tax and USC details, if any, from the previous 1 January to the date of commencement with the new employer) or on a Week 1 Basis.

While awaiting a tax credit certificate, the emergency basis of tax and USC deduction (paragraphs [9.6](#) and [9.7](#)) must be operated.

15.2 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 (for example, a school-leaver), the employee should be advised to enter the details of the job online through the [Jobs and Pensions service](#) in [myAccount](#). The employee will need to register for myAccount to use the Jobs and Pensions service.

Shortly afterwards, a P2C will issue to the employer.

15.3 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](#) (DSP). It is used for a wide variety of public services, such as social welfare, public health, education and Revenue.

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 Public Services card or a Social Services card or PPS number registration letter issued by the DSP
- 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 payslip from a previous employer which shows the PPS number.

If a new employee does not hold a PPS number, they should be advised to contact the DSP for one. Contact details are available on www.welfare.ie

ROS PPS number checker

A PPS number checker is available in ROS (under My Services / Other Services), which allows ROS users to check a PPS number or W-number (see paragraph [15.3.2](#)) to ensure that it is valid.

A ROS user will input selected details relating to a current or newly recruited employee, to check the validity of the PPS/W number which has been provided. A simple Valid or Invalid response will be returned.

15.3.1 The format of the employee PPS number

The format of the PPS number changed for all new numbers issued to individuals on or after 1 January 2013.

- **PPS numbers issued prior to 1 January 2013**

For all PPS numbers issued prior to 1 January 2013, the format of the PPS number is 7 numeric characters (including leading zeros), a check character (alpha) and possibly a W or a T.

| | | |
|-----------|-------------------------|--|
| 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 | <p>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.</p> <p>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.</p> <p>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.</p> |

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 DSP.

Note 2: In Example 3 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.

- **PPS numbers issued on or after 1 January 2013**

For all new PPS numbers issued to individuals on or after 1 January 2013, the format of the PPS number is 9 characters, that is, 7 numeric followed by 2 alpha characters with the second alpha character being A.

| | | |
|-----------|-------------------------|--|
| Example 4 | PPS number 1234567SA | This is the most common 'new format' PPS number format. |
| Example 5 | PPS number 1234567SZ | <p>Second live employments with the same employer can be identified by using the letter Z in the ninth character.</p> <p>This PPS number format is used to advise the employer that the individual with PPS number 1234567SA 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.</p> <p>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 4 below.</p> <p>The tax credit certificate with PPS number 1234567SA is used for the first employment. The tax credit certificate with PPS number 1234567SZ is used for the second employment with the same employer.</p> |

Note 3: The PPS number 1234567SA 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 DSP.

Note 4: In Example 5 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.

15.3.2 W-Numbers

W-numbers, which are PPS numbers that include a 'W' as the second alpha character, (for example 1234567TW), are being updated where a new, distinct PPS number has been issued by the Department of Social Protection (DSP).

Since September 2017, Revenue is identifying and replacing a significant volume of 'W-numbers' that have been replaced by new, distinct PPS numbers. As the Revenue records

are updated, we are writing to employees/pensioners to advise them to use their new, distinct (correct) PPS number in all future communications.

Employers/pension providers may notice an increase in the number of cases where PPS numbers are changed on tax credit certificates (P2Cs), and should ensure that all relevant payroll records are updated to the new PPS number.

Where an employee's/pension recipient's PPS number has changed, the P2C will issue under the new PPS number and the former PPS number (W-number) will also be referenced.

The correct PPS number must be used in payroll and on the P35L

Employers/pension providers must ensure that the correct PPS number is used for their employees/pensioners. All employers/pension providers should have a P2C with the correct PPS number for all their employees or pensioners; and that PPS number should be subsequently used in completing the P35L detail.

Issues have arisen when, for example, an employee/pensioner changes from a 'W' number and has a new PPS number issued by the DSP and Revenue issue a new P2C under the new PPS number. The employee's/pensioner's new PPS number must be recorded on the P35L. Where an employer continues to use a cancelled or incorrect PPS number on the P35L, this will cause delay in updating the individual employee's or pensioner's pay and PRSI information to the DSP.

15.4 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.

Information regarding the PRSI system can be found in [Operational Guidelines: PRSI - Pay-Related Social Insurance - Contributions and Classes](#) and leaflet [SW19](#) on the Department of Social Protection (DSP) website.

15.5 Employee's previous pay, tax and USC 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, tax and USC details from 1 January up to the date of the new employment will be included on the tax credit certificate (P2C) issued by Revenue to the new employer.

The previous pay, tax and USC figures from the form P45 should not be used to operate the PAYE cumulative system. Only the tax credit and tax and USC cut-off points should be taken from the P45 (where the temporary basis is used) and operated on a week 1/month 1 basis. When the P2C is received the pay, tax and USC figures notified thereon can be entered onto the payroll record.

If details of previous pay, tax and USC are not known or are not available (for whatever reason), a P2C will issue for that employee on a week1/month1 basis and previous pay, tax and USC figures will not be shown on the P2C.

The details of previous pay, tax and USC (if available) will also be shown on all subsequent amended cumulative P2Cs issued for this employee for the rest of the tax year.

If Revenue is advised of supplementary pay, tax and USC for an employee for the current year, the supplementary pay, tax and USC details will be added to the details already known and sent to the employer on the next P2C issued for that employee.

The P2C will not give a breakdown of each employment or employer where the employee received the payments or paid the tax and USC - 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 pay to date is taken into account when calculating an employee's tax and USC. 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, tax and USC already paid to the employee during different periods of employment but they must use the cumulative pay, tax and USC from all employments to date (notified to them on the P2C) when calculating tax and USC liability.

The pay, tax and USC figures notified to the employer on the cumulative P2C 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, tax and USC details are included on the P2C to assist the employer in calculating the correct tax and USC. The pay, tax and USC figures are the most up-to-date figures available to Revenue. If the pay, tax and USC figures are not available, the P2C will be on a week1/month1 basis.

The pay, tax and USC details sent from Revenue can be checked by the employer against information they already hold in respect of the employee. If the employer is aware that the pay, tax and USC figures on the P2C are incorrect, this should be brought to the attention of the relevant Revenue office.

Note: It is Revenue policy not to issue a P2C that would cause hardship to the employee. If the implementation of a cumulative P2C generates a nil salary or a large underpayment the employer should contact Revenue for instruction.

15.6 Refund of tax to a new employee

A refund of tax and/or USC may be made to a new employee where a cumulative tax credit certificate (P2C) is received by the employer and the refund arises as a result of applying the tax credits and tax and USC cut-off points on the P2C.

Any refund of tax and/or USC due to a new employee who is a former employee of the same employer must be made on the basis of tax and/or USC shown on the P2C received

from Revenue and not on the basis of the employer's record of tax and USC deducted during the former period of employment.

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

The entries for Pay Frequency and Pay Period Number on the form P45 indicates to the new employer the pay period up to which the previous employer gave tax credits and tax and USC cut-off points to the employee. If the new employer makes a payment in the same pay period, there may be no tax credits or balance of tax and USC cut-off points remaining to be set against that payment.

Example:

An employee who is paid €700 per week leaves employment in week 10 in 2018. His cumulative tax credit certificate shows the following weekly amounts:

- Tax cut-off point €664.43
- Tax credits €63.47

- Tax rates 20% and 40%

- USC cut-off point 1 €231.00
- USC cut-off point 2 €372.54
- USC cut-off point 3 €1,347.00

- USC rates 0.5%, 2.5%, 5% and 8%

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

The tax position at date of leaving in week 10 as shown on form P45:

| Week no. | Cumulative pay € | Cumulative cut-off point | Cumulative tax due at 20% | Cumulative tax due at 40% | Cumulative gross tax € | Cumulative tax credits € | Cumulative tax due € |
|----------|----------------------------------|--------------------------|---------------------------|---------------------------|------------------------|--------------------------|----------------------|
| 10 | 6,800.00 [(700 x 9) + 500] | 6,644.30 | 1,328.86 | 62.28 | 1,391.14 | 634.70 | 756.44 |

The USC position at date of leaving in week 10 as shown on form P45:

| Cumulative pay to date | Cumulative USC cut-off points (COP) | USC calculation | | Cumulative USC due |
|------------------------|-------------------------------------|--------------------|---------------|--------------------|
| Week 10 €6,800 | COP1: 2,310.00 | 2,310.00 x 0.5% = | 11.55 | €185.89 |
| | COP2: 3,725.40 | 1,415.40 x 2% = | 28.30 | |
| | COP3: 13,470.00 | 3,074.60 x 4.75% = | <u>146.04</u> | |
| | | | 185.89 | |

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

The new employer uploads form P45 part 3 on ROS and operates tax and USC on the temporary basis.

He notes from the form P45 that tax credits and tax cut-off points have been allowed up to and including week 10. There are no unused tax credits and tax cut-off points available to the new employee in week 10. He calculates the new employee's tax as follows:

| Week no. | Pay € | Cut-off point | Tax due at 20% | Tax due at 40% | Gross tax € | Tax credits € | Tax due € |
|----------|--------|---------------|----------------|-----------------------------|-------------|---------------|-----------|
| 10 | 300.00 | Nil | Nil | 120.00 (300.00 @ 40%) | 120.00 | Nil | 120.00 |

Regarding the USC cut-off points (COP) at cumulative week 10 - the P45 shows that USC COP 1 (0.5%) and USC COP 2 (2%) have been used in full. USC COP 3 (4.75%) has not been used in full:

P45 - Pay for USC: €6,800
USC COP 3 at week 10: €13,470

The employer calculates the new employee's USC in week 10 as follows:

| Week no. | Net pay € | USC calculation |
|----------|-----------|-------------------------|
| 10 | 300.00 | 300.00 x 4.75% = €14.25 |

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 11 and subsequent weeks will be as follows:

| Week no. | Cumulative taxable pay € | Cumulative cut-off point | Cumulative tax due at 20% | Cumulative tax due at 40% | Cumulative gross tax € | Cumulative tax credits € | Cumulative tax due € |
|----------|--------------------------|--------------------------|---------------------------|---------------------------|------------------------|--------------------------|----------------------|
| 11 | 7,900 | 7,308.73 | 1,461.74 | 236.50 | 1,698.24 | 698.17 | 1,000.07 |
| 12 | 8,700 | 7,973.16 | 1,594.63 | 290.73 | 1,885.36 | 761.64 | 1,123.72 |
| 13 | 9,500 | 8,637.59 | 1,727.51 | 344.96 | 2,072.47 | 825.11 | 1,247.36 |

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

The form P45 shows the pay frequency and the pay period number at date of leaving. If there is a different frequency of payment in the new employment (for example, 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 tax and USC cut-off points 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.

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 the following weekly amounts:

- Tax cut-off point €664.43
- Tax credits €63.47

- USC cut-off point 1 €231.00
- USC cut-off point 2 €372.54
- USC cut-off point 3 €1,347.00

In the new employment he is to be paid on a monthly basis. His employer calculates the tax credits and tax and USC cut-off points 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 amounts and then divide the annual figures into monthly amounts:

| Weekly figures on P45 | | Convert the weekly figures to annual amounts | Divide the annual figures into monthly amounts |
|-----------------------|-----------|--|--|
| Tax cut-off point | €664.43 | €34,550.36 | €2,879.20 |
| Tax credits | €63.47 | €3,300.44 | €275.04 |
| USC cut-off point 1 | €231.00 | €12,012.00 | €1,001.00 |
| USC cut-off point 2 | €372.54 | €19,372.08 | €1,614.34 |
| USC cut-off point 3 | €1,347.00 | €70,044.00 | €5,837.00 |

Chapter 16 - Cessation of employment / death of an employee

16.1 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.

ROS-registered employers must file forms P45 and P45 Supplement through ROS. Non-ROS employers complete the paper versions of the forms. Paper forms P45 and P45 Supplement can be ordered from:

Revenue's Forms & Leaflets Service
email: custform@revenue.ie

Revenue issues a P45 Help Sheet to employers with all supplies of paper P45s. The Help sheet provides detailed information regarding how to complete the P45.

Care should be taken that the employee's name and PPS 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)

The form P45 is a four-part form certifying the employee's pay, tax, USC, PRSI, and Local Property Tax (LPT) (where relevant) within the tax year up to date of cessation.

P45 Part 1

Part 1 of the form P45 is a notification to Revenue that the employee has ceased employment and must be uploaded/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 uploaded/sent to Revenue contains the details of the employee's pay, tax, USC, PRSI and LPT to date of cessation, and is held by Revenue on computer record along with pay, tax, USC, PRSI and LPT 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, tax and USC details from 1 January up to the date of the new employment are included on the cumulative tax credit certificate (P2C) issued by Revenue to the new employer.

Where a previous employer delays in uploading/sending part 1 of the form P45 to Revenue, the employee's previous pay, tax and USC record is incomplete and therefore it is not possible to issue a cumulative P2C. In these cases the P2C 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 must be given to the employee on the day the employment ceases.

The employee requires parts 2, 3 and 4 to:

- give to their new employer to avoid paying emergency tax and USC
- claim a refund of tax and USC 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 uploads/sends part 3 to Revenue as a request for a tax credit certificate (P2C).

Part 4 is used for claiming Jobseeker's 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, USC, PRSI and LPT information.

Deceased employee

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

Where Revenue is notified (by the General Register Office, etc.) that an employee/pensioner has died, we can advise the employer/pension provider by requesting them to complete a Form P45 for that employee/pensioner.

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.

Payments already included in the total pay, tax, USC and PRSI on the original form P45 should not be included on the P45 Supplement.

The form should be completed and uploaded/sent to Revenue immediately following any such payment being made to a former employee.

ROS-registered employers must file forms P45 Supplement through ROS. Non-ROS employers complete the paper version of the form. Paper forms P45 Supplement can be obtained from Revenue's Forms & Leaflets Service:

email: custform@revenue.ie

Forms P45 Supplement where an employee receives more than one payment after date of cessation

Each form P45 Supplement should show the total of all payments received since date of leaving which were not included on the original P45.

Example:

An employee ceased employment on 30 November 2017. In January 2018 he received a payment of arrears of €300. The employer completed the P45 Supplement as follows:

- Total Supplementary Pay: €300
- Total Tax Deducted: €120
- Total USC Deducted: €24

The employee received a further arrears payment of €100 in February 2018. The employer will complete another form P45 Supplement:

- Total Supplementary Pay: €400
- Total Tax Deducted: €160
- Total USC Deducted: €32

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

Tax and USC liability at date of leaving should be calculated by reference to the instructions in paragraphs [10.1](#) to [10.11](#) even if the payment made at that date relates to a period shorter than the employee's normal pay period. For example, 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 tax and USC cut-off points, if any, due for the month, even if the payment relates to part of the month only.

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

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 cut-off point due for the fortnight, even though the payment relates to part of the fortnight only (see paragraph [9.7](#)).

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 USC 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 [16.4](#) – [16.6](#).

16.3 Completing form P45

The form P45 is divided into 5 sections:

1. [Employment details](#)
2. [PAYE](#)
3. [USC](#)
4. [PRSI](#)
5. [LPT](#)

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

16.3.1 Employment details section

PPS Number

Enter employee's Personal Public Service (PPS) number. If you do not know this number, the employee's date of birth must be entered.

Employer Registered Number

Enter employer's registered number. This section has 9 boxes. Start in the first box at left. Where the employer number is 8 characters long, leave the last box (at right) blank.

Date of commencement

To be completed where the employee started employment on or after 1 January in the current year. Where they have worked for more than one period in the current year, the most recent commencement must be inserted.

Deceased (Mark box X if employee is deceased)

If the employee has died, insert an 'X' in the box, state name and address of personal representative of the deceased employee (if known) and forward P45 (Parts 1, 2, 3 & 4) to Revenue.

Mark box X if employee was on Week 1/Month 1 basis at Date of Cessation

If the employee was on a Week 1/Month 1 basis at Date of Cessation, insert an 'X' in this box.

Mark box X if employee was on emergency basis at Date of Cessation

If the employee was on emergency basis at the date of cessation, insert an 'X' in this box.

Pay Frequency (0: weekly, 1: fortnightly, 2: monthly, 3: 4-weekly, 4: other)

Enter the pay frequency at date of leaving. Where weekly-paid, insert 0; where fortnightly-paid, insert 1, etc.

Pay Period Number

Enter the pay period number in which the date of leaving falls.

16.3.2 PAYE section

Weekly/Monthly Tax Credit

Enter amount as shown on the employee's latest tax credit certificate or P45.

Weekly/Monthly Cut-Off Point

Enter the weekly or monthly cut-off point, as shown on the employee's latest tax credit certificate or P45.

(a) Total Pay & Tax deducted from 1 January to Date of Cessation**Total Pay**

Total Pay means all pay from 1 January to Date of Cessation. Where the employee was taxed on the cumulative basis at date of leaving, enter the cumulative amount of pay from the previous 1 January to date of cessation. This will include any amounts of previous pay of which you have been notified by Revenue. Where the employee was taxed on the non-cumulative basis at date of leaving, enter the amount of pay from the latest period of employment only. The figure entered should be rounded down to the nearest Euro.

Total Tax Deducted

Where the employee was taxed on the cumulative basis at date of leaving, enter the cumulative amount of tax deducted from the previous 1 January to Date of Cessation. This will include any amounts of previous tax of which you have been notified by Revenue. Where the employee was taxed on the non-cumulative basis at date of leaving, enter the amount of tax deducted from the latest period of employment only.

(b) If employment started since 1 January 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. 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.

Example:

Employee is now leaving his/her second period of employment with the same employer in this tax year. Only the figures of pay and tax in respect of this second period of employment with the company should be entered at (b) Pay (this employment).

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.

Mark box X 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, that is, 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.

(c) Amount of Taxable LUMP SUM PAYMENT on termination included in either pay figure above - if applicable

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.

16.3.3 USC section

Weekly/Monthly USC Cut-Off Points

Enter the weekly or monthly cut-off points as shown on the employee's latest tax credit certificate or P45.

(d) Total Gross Pay for USC purposes & USC deducted from 1 January to Date of Cessation

Total Gross Pay for USC purposes

Total gross pay for USC purposes means all pay from 1 January to Date of Cessation. Where the employee was taxed on the cumulative basis at date of leaving, enter the cumulative amount of gross pay for USC purposes from the previous 1 January to date of cessation. This will include any amounts of previous gross pay for USC purposes of which you have been notified by Revenue. Where the employee was taxed on the non-cumulative basis at date of leaving, enter the amount of pay for USC purposes from the latest period of employment only. The figure entered should be rounded down to the nearest Euro.

Total USC Deducted

Where the employee was taxed on the cumulative basis at date of leaving, enter the cumulative amount of USC deducted from the previous 1 January to Date of Cessation. This will include any amounts of previous USC deducted of which you have been notified by Revenue. Where the employee was taxed on the non-cumulative basis at date of leaving, enter the amount of USC deducted from the latest period of employment only.

USC Exemption (as per P2C)

If the employee was exempted from paying USC at date of leaving, insert an 'X' in this box. Note, USC Exemption can only be applied where it is stated on the P2C.

(e) If employment started since 1 January enter Gross Pay for USC purposes and USC deducted (or USC refunded) for this period of employment only

Gross Pay for USC purposes (this employment)

This section should only be completed if this period of employment commenced since the previous 1 January. Enter the amount of gross pay for USC purposes in respect of this period of employment only. The Gross Pay for USC purposes figure entered should be rounded down to the nearest Euro.

Example:

Employee is now leaving his/her second period of employment with the same employer in this tax year. Only the figures of gross pay for USC purposes and USC deducted in respect of this second period of employment with the company should be entered at (e) Gross Pay for USC purposes (this employment).

USC Deducted or USC Refunded

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

Mark box X if the USC figure at (e) is a refund

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

16.3.4 PRSI section

PRSI - This Employment Only**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.

Total number of weeks of insurable employment

Enter the total number of weeks of insurable employment in this period of employment only.

Total number of weeks at Class A or Subclass 'A' in this period

Enter the total number of weeks where PRSI was deducted at PRSI Class A or Subclass 'A' in this period of employment only.

PRSI Classes other than Class A or Subclass 'A' in this period

If PRSI was deducted (in this period of employment only) at PRSI Classes other than Class A or Subclass 'A', enter the other Classes here (space is provided for up to three Classes).

PRSI Exemption

If the employee was exempted from paying PRSI at date of leaving, insert an 'X' in this box.

16.3.5 LPT section

Total amount of Local Property Tax deducted in this period of employment - if applicable

Enter the amount of Local Property Tax deducted from the employee in this period of employment.

16.4 Payments made after date of cessation and before the following 1 January

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

- if a tax credit certificate is held by the employer, the employer must deduct tax and USC on the arrears by reference to the former employee's tax credits and tax and USC cut-off points 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 and USC deduction should be applied to the arrears.

The pay, tax and USC entries should be made on the payroll record for the pay period in which payment is made. Form P45 Supplement should be completed and uploaded/sent to Revenue immediately.

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

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 and USC deduction should be applied to the arrears.

The pay, tax and USC entries should be made on the payroll record for the pay period in which payment is made. Form P45 Supplement should be completed and uploaded/sent to Revenue immediately.

16.6 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 tax, USC and PRSI should be applied accordingly.

If it is not known, a form P45 Supplement should be completed and uploaded/sent to Revenue 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 and USC 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 and USC on the arrears by reference to the former employee's tax credits and tax and USC cut-off points 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 and USC deduction should be applied to the arrears.

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

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 and USC deduction should be applied to the arrears.

The pay, tax and USC entries should be made on the payroll record for the pay period in which payment is made. Form P45 Supplement should be completed and uploaded/sent to Revenue immediately.

16.7 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 payroll record as though it represented continuation of pay, and deduction or refund of tax and USC should continue in the normal way. See also [Operational Guidelines: PRSI - Pay-Related Social Insurance - Contributions and Classes](#) on the Department of Social Protection (DSP) website 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 from the DSP 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.

16.8 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 benefits in circumstances similar to those set out in paragraph 16.7 the same procedure should be adopted, that is, a letter should be provided to the employee giving the required information.

16.9 Employee transferred from one branch to another

(See paragraph [2.10](#) 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 employer with its own distinct registered number in respect of which separate tax/USC/PRSI returns are made, the employer must operate the P45 procedure on the occasion of each transfer.

16.10 Married (non-assessable spouse) employee becoming a widow(er) / Other civil partner becoming a surviving civil partner

Under [Joint Assessment](#) the tax credits and reliefs available to a couple in a marriage or a civil partnership can be divided between each person to suit their circumstances. One person is nominated as the 'assessable spouse' or 'nominated civil partner' and as such is responsible for completing the tax return for the couple and is chargeable to tax on their joint income. The other person is referred to as the 'non-assessable spouse' or 'other civil partner'.

Where the assessable spouse or nominated civil partner dies and the non-assessable spouse or other civil partner remains in employment, Revenue will issue a new P2C.

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

The widow(er) or surviving civil partner will need to contact the Department of Social Protection (DSP) for a new (own, distinct) PPS number. They should advise you of the new number when they receive it.

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 or civil partner and the other in respect of the period commencing from the date of death of the employee's spouse or civil partner.

See also [Operational Guidelines: PRSI - Pay-Related Social Insurance - Contributions and Classes](#) on the Department of Social Protection (DSP) website regarding change of contribution class.

Revenue will notify the employer of any change in the employee's tax credits and tax and USC cut-off points and/or any instructions in regard to the employee's PPS number and payroll record. In the meantime, the employer must calculate tax and USC in accordance with the last P2C.

Chapter 17 - Pay Related Social Insurance (PRSI)

17.1 PRSI

A PRSI contribution is payable in respect of full-time and part-time employees and consists of an employer's and an employee's share of PRSI.

The PRSI class of the individual employee determines the rate at which PRSI is calculated.

For information on PRSI and your responsibilities as an employer please see [Operational Guidelines: PRSI - Pay-Related Social Insurance - Contributions and Classes](#) on the Department of Social Protection (DSP) website. An employer requiring advice should contact the DSP. Contact details are available on www.welfare.ie

17.2 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).

Chapter 18 - Payments to the Collector General

See [Agent's Guide to the Collector-General's Division](#)

18.1 Monthly remittance to Collector General

The total of:

- the total PAYE (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), plus
- the total USC, plus,
- the total LPT for all employees who have requested LPT 'Deduction at Source' through their pay as per the P2C,

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

For employers who file their returns and associated tax payments through ROS (see [Chapter 20](#)), the time limit is the 23rd of the month immediately following the income tax month during which the deductions were made.

Note:

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.

18.2 Quarterly remittance to Collector General

Employers, who have been registered as an employer for a period in excess of twelve months, filed a P35 and whose total PAYE, PRSI, USC and LPT payments for the year are €28,800 or less may request approval to return the P30 on a quarterly, rather than on a monthly basis.

Employers who are exempt from e-filing should apply in writing to:

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

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

| Tax Period | Due Date | Pay & File ROS Extension Date |
|--------------------|------------|-------------------------------|
| January – March | 14 April | 23 April |
| April - June | 14 July | 23 July |
| July - September | 14 October | 23 October |
| October - December | 14 January | 23 January |

Eligible employers who are currently on a monthly basis for PAYE/USC/PRSI/LPT remittance and who wish to remit on a quarterly basis should apply in writing to the Collector General using MyEnquiries.

18.3 Methods of payment

18.3.1 ROS

ROS Debit Instruction (RDI)

The ROS Debit Instruction (RDI) enables regular payments to be made directly from the customer's bank account. With the RDI the amount and date of each payment is determined solely by the customer. The RDI does not confer on Revenue a right to take money from a customer's bank account until each payment is initiated and authorised by that customer. An RDI mandate can be completed by accessing the RDI link on the ROS 'My Services' screen. Bank details can be updated/amended at any time. Please allow 2/3 working days for the amended bank details to update on ROS.

You can contact our ROS payment support:

- using [MyEnquiries](#) available on ROS
- by telephone at 01 738 36 63
(+ 353 1 738 36 63 if calling from outside the republic of Ireland).

18.3.2 Credit Card / Debit Card

No charges apply to payments to Revenue by credit card/debit card, irrespective of whether the cards are personal, business or international. (Up to 4 April 2018, credit card transactions incurred a facilitation fee at 1.1% of the tax liability).

All credit card/debit card payments will be processed on the day of completion. A facility to pay by credit card or debit card by phone is also available at 01 738 36 65 or + 353 1 738 36 65 if calling from outside the Republic of Ireland.

Mandatory e-filers must file and pay on ROS. Further information can be found on the Revenue website under [Online services](#).

18.3.3 RevPay (Payments in myAccount)

RevPay is an online payment facility in [myAccount](#). RevPay enables non-ROS customers to make online payments of tax, interest and penalties for a wide range of taxes and other payments.

18.4 Use of form paper P30 bank giro / payslip

Each registered employer who is a paper filer and not a mandatory e-filer, is issued each month (or each quarter in the case of quarterly filers) with a P30 Bank Giro/Pay slip on which their name, address, registration number and the relevant month are printed. The figures for total PAYE, USC, PRSI and LPT 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/Pay slip at any bank,
or
- by sending the total amount due with the completed Bank Giro/Pay slip to:

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

Important note for paper users:

As each form P30 Bank Giro/Pay Slip 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/Pay slip 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 ROS – see [Revenue Online Service](#).

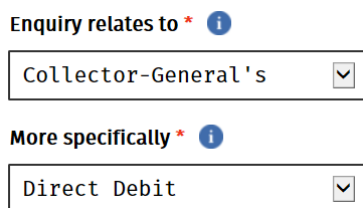
18.5 Direct debit

Employers can apply to pay their PAYE/USC/PRSI/LPT in monthly instalments by direct debit. Such amounts paid by direct debit should be sufficient to cover 90% of the employer's overall P30 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. There is no requirement to file a monthly P30 return where the employer avails of the direct debit option.

Contact: Direct Debit, Collector General:

- by post: Sarsfield House, Francis Street, Limerick.
- by Telephone: 01 738 36 63 (+ 353 1 738 36 63 if calling from outside the Republic of Ireland)
- using MyEnquiries on ROS:



The image shows a screenshot of the MyEnquiries on ROS interface. It features two dropdown menus. The first menu is labeled 'Enquiry relates to *' with an information icon (i) and has 'Collector-General's' selected. The second menu is labeled 'More specifically *' with an information icon (i) and has 'Direct Debit' selected.

Figure 1: Dropdown menus in MyEnquiries on ROS

18.6 Negative PAYE/USC on a P30 return

If there is a negative amount on the P30 return for PAYE or USC, you must insert a 'nil' figure for PAYE and reduce the USC amount by the refund due, or vice versa. You cannot recover a PAYE or USC refund from PRSI contributions as PRSI is collected on behalf of the Department of Social Protection.

If the full refund cannot be recovered in the current P30, the PAYE and USC can be reduced on the following P30s. (See paragraph [12.4](#)).

18.7 Interest on overdue payments

The employer will be charged interest on any overdue payment at the following rates for each day or part of a day for which payment is overdue:

- IT, CT and CGT - 0.0219%
- PAYE/PRSI, VAT and RCT - 0.0274% (for PAYE/PRSI, interest will be charged from 14th of the relevant month).

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

18.8 Estimates by Revenue of the tax, USC, PRSI contributions and LPT payable by an employer

If Revenue has reason to believe that an employer, who was liable to pay tax and/or PRSI and/or USC and/or Local Property Tax (LPT) 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. (See Revenue's [Tax and Duty Appeals Manual](#)).

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 lodgment of a completed return through ROS on form P30 Bank Giro/Pay slip and payment of any tax, PRSI, USC, LPT, 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.

An employer may, within 30 days after the date of the notice, appeal the estimate to which the notice refers. An appeal may be made by completing and submitting a Notice of Appeal form to the Tax Appeals Commission (TAC). The Notice of Appeal form, which can be obtained from [the TAC website](#), contains the address to which an appeal is to be sent. You must submit a copy of this Notice of Estimation with the Notice of Appeal. The TAC can be contacted by email at info@taxappealsireland.ie.

Notwithstanding an appeal, the employer will be charged interest (currently at the rate of 0.0274% 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 PRSI contributions were normally due for payment for the month, quarter or year concerned.

18.9 Notification to Collector General if no tax, USC, PRSI and LPT due for month or quarter

A registered employer who is not liable to remit any tax, USC, PRSI or LPT payments 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 showing '0.00' in the money columns for PAYE, PRSI, USC and LPT.

18.10 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.

Chapter 19 - Employers' duties at the end of the income tax year

19.1 End of year check list for employers

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

- ensure that the correct PPS number is used for their employees – see paragraph [15.3.2](#)
- ensure that a PAYE/PRSI/USC/LPT record is set up for each employee for the coming income tax year (paragraph [14.1](#) and [14.2](#))
- deal with 'week 53' and similar cases (paragraph [19.2](#)) if there is a pay day on 31 December (or in a leap year on 30 or 31 December)
- complete the employees' PAYE/PRSI/USC/LPT records for the year (paragraph [19.3](#))
- complete and file end-of-year P35 returns to Revenue (paragraph [19.7](#))
- give a form P60 to each employee (paragraph [19.10](#)).

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

19.2 Week 53, fortnight 27, etc.

'Week 53' occurs when there are fifty-three weekly (or 27 fortnightly or 14 four-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 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 tax and USC cut-off points to be set against payment is: |
| 53 Weekly | As for week 1 basis (paragraph 10.2) |
| 27 Fortnightly | As for week 1 basis (paragraph 10.3) |
| 14 Four-weekly | As for week 1 basis (paragraph 10.4) |

As a result, the employee will get the benefit of more than the year's total tax credits and tax and USC cut-off points.

If the emergency tax basis applies, the tax credits and 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 [9.6](#) and [9.7](#)).

For details on USC in week 53, see paragraph [8.8](#).

19.3 Completion of employees' PAYE / PRSI / USC / LPT records

At the end of the tax year the employer should complete the PAYE/PRSI/USC/LPT record for every person employed at any time during the tax year prior to entering the required information on forms P35 and P35L.

19.4 End of year pay figures

The end of year pay figures are 'taxable pay' and 'pay for USC purposes as defined in paragraphs [3.1](#) and [3.4](#) respectively, paid by the employer to the employee in the course of the tax year.

Under the cumulative system the amount of pay (for tax purposes and for USC purposes) from employments with other employers (advised by Revenue on P2C) will be entered on the employee's payroll record in the course of the year. These should be deducted from the cumulative pay figures for the year to arrive at the end of year taxable pay for USC purposes figures.

Where an employee had separate periods of employment with the same employer during the year, the total pay for all the periods should be taken for P35 end of year return purposes.

19.5 End of year tax and USC figures

The figures for total tax deducted and total USC deducted during the year are the total tax and USC deducted by the employer less any refunds made by the employer. (If these refunds exceed the tax deducted and the USC deducted, the 'net tax refunded' figure should be shown on the PAYE record).

Under the cumulative system the amount of tax and USC deducted from pay from employments with other employers (advised by Revenue on P2C) will be entered on the employee's payroll record in the course of the year. These figures should be deducted from the cumulative tax and USC figures for the year to arrive at the end of year tax and USC figures.

Where an employee had separate periods of employment during the year with the same employer the total tax and total USC for all periods should be taken for P35 end of year return purposes.

19.6 Errors discovered at the end of the year

The final figures entered on the employee's PAYE record for tax deducted and USC 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 amounts actually deducted as the final figures. If there was an under deduction of tax and/or USC, the employer may not recover it from the pay of a later tax year. The employer remains liable to pay to Revenue the tax, USC and LPT properly due unless it can be shown that reasonable care was exercised and that the under deduction of tax, USC and LPT was due to a bona fide error.

19.7 Completion of end of year returns

Before the end of the tax year, ROS-registered employers will receive a reminder to submit their P35 Return. Employers who have a mandatory e-filer exemption will be sent forms P35 Declaration, P35LF, P35L and P35L/T 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. The P35 must be submitted 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.

Form P35 is the employers' annual declaration and certificate for PAYE, USC, PRSI and LPT purposes. (See [sample Form P35](#)).

Form P35L is the list on which the employer makes the return of PAYE, USC, PRSI and LPT particulars in respect of each employee. One entry only should be made for each employee on form P35L.

Form P35L/T is a form on which the employer makes the return of PAYE, USC 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 surname at birth (if applicable) must be given on form P35L/T.

Important: A Return must be made for every person who was employed at any time during the tax year, even if no tax or USC was deducted.

Form P35LF is the form used to record Total Taxable Benefits. Taxable Benefits are non-cash benefits provided to employees on which PAYE, USC and PRSI must be operated by employers in respect of the taxable value of those benefits – See paragraph [3.6](#).

Form P35LF is also used to record contributions to pension products.

19.7.1 Amended and Supplementary Forms P35

Once the original P35 has been filed, adjustments to details provided can be made by filing either an amended or a supplementary P35.

Amended Form P35

An amended P35 should be used to revise employee details on a P35L that has already been submitted.

Supplementary Form P35

A supplementary P35 should be used when an employee who was omitted from the original P35 is to be added to the return.

19.8 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.

- Employers must ensure that the correct PPS number is used for their employees – see paragraph [15.3.2](#)
- 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 mother's surname at birth (if applicable and available), are entered. A business address is not sufficient.
- 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, tax and USC entries required on the P35L are slightly different to the entries required on the P60 – see paragraph 18.10.
- The particulars on the return should relate only to the employment with the employer (see paragraphs [19.4](#) and [19.5](#)).

Particular care should be taken to ensure that the PPS number, exactly as shown on the tax credit certificate or on the tax form P45 is accurately entered on the return for each employee. An incorrect entry of the PPS number will cause delay or difficulty in paying social insurance benefits to the employee in question.

19.9 Dates for lodging returns

An employer who continues in business until the end of the income tax year must submit to Revenue, by 15 February (extended to 23 February if the employer uses ROS to pay and file):

- Form P35 - the employers' declaration and certificate
- Form P35L - the return in respect of each employee
- Form P35L/T – the return in respect of each employee where the PPS number is not known
- Form P35LF - taxable benefits and pension products contributions
- any balance of income tax, USC or PRSI due (with completed Form P35)

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 or through ROS.

Penalties

As an employer you may face criminal proceedings for the non-submission of a P35 return. On conviction, you will be liable to a penalty of up to a maximum of €5,000 or to a term of imprisonment, or both, at the discretion of the judge.

If you fail to submit a complete P35 return by the 15th February deadline you will be liable to a penalty up to a maximum of €4,000 and you also risk a possible tax audit.

Furthermore, if you do not submit a complete P35 return on time it may cause your employees unnecessary difficulty and delay when claiming social welfare benefits.

19.10 Form P60 employee certificates

Between 1 January and 15 February, the employer must make available to every employee who was in their employment on 31 December, a certificate on form P60 showing Total Pay, Tax, USC, PRSI contributions and LPT (where applicable) for the year ended on 31 December.

Where an employer provides a paper version of the form P60 to employees, these should be printed onto blank paper. There is no need to use specialised stationery.

A P60 template is available at: <https://rospublictest.ros.ie/devsupport/schemas-and-notes.html>

In the case of payroll software, the P60 template and P60 production is normally incorporated into the software package.

The certificate will show the employee's pay (see Chapter 3) 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, tax and USC 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 period of 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. Cumulative basis applied at 31 December:

| | |
|-----------|---|
| 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 same applies to USC. Pay for USC purposes in respect of this period of employment should be entered at (D) 3. USC deducted in this period of employment should be entered at (E) 3. The Total Pay for USC purposes and USC deducted from all employments for the period 1 January to 31 December (including other employers, if any) should be entered on the P60 at Sections (D) 1 and (E) 1 respectively.

The 'date of commencement of employment' entered on the P60 is the date of commencement of the latest period of employment - 24 November.

Note:

Employers should note that the pay, tax and USC entries required on the P60 are slightly different to the entries required on the P35L – see paragraph [19.8](#). When an employee has worked for the same employer a number of times during the tax year, the pay, tax and USC figures that the employer enters on the P35L are the combined details of pay, tax and USC for all periods with that employer for the full year.

In the example above, the entries on the P35L will be the combined details of pay, tax and USC for the 4 periods of employment with that employer.

See paragraph [13.5](#) regarding LPT where an individual has more than one period of employment with the same employer in the year.

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.

Chapter 20 - Revenue Online Service (ROS)

20.1 Revenue Online service

ROS is Revenue's online facility providing business customers with a quick and secure way to conduct their business electronically with Revenue.

Through ROS an employer can do the following:

- Register as an employer on eRegistration
- Receive employer copy tax credit certificates (P2Cs) 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)
- Employers and agents with an active digital cert and PREM tax registration can check on ROS if a PPS number for an employee or pensioner is valid. They will be permitted to enter up to 10 PPS numbers a time.

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.

20.2 What are the benefits of using ROS?

- Online calculation facilities
- Simpler user-friendly return forms
- Prompt repayments
- Secure 24 / 7 / 365 access
- Instant acknowledgement
- Effective and efficient use of time - no duplication
- Elimination of clerical error
- Environmentally friendly.

20.3 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.
- 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 to control ROS authorities and permissions for filing and paying, etc.

A Helpdesk to assist customers with technical queries at: 01 738 36 99

20.4 How to register for ROS

ROS has a simple three-step registration process. On the [Online services](#) page on the Revenue website, click on '[Register for ROS](#)' and follow the three-step process.

Step 1: Apply for ROS Access Number (RAN), which for security reasons is sent by post to the customer's address on our records. The RAN is valid for 3 months.

Step 2: Apply for Digital Certificate by inputting the RAN and awaiting the receipt of a system password. The temporary ROS system password is sent by email or text message depending on which option the customer chooses. Text messages are sent only to Irish and UK mobile numbers. Customers are advised that their system password is valid for 1 hour and if they cannot complete the process within the hour, they must re-apply for a system password (by re-inputting the RAN).

Step 3: Enter the system password to **Download and Save** the Digital Certificate. Customers will be required to select 5 security questions from a list of 10 questions before they can download and save their ROS certificate.

All 3 steps must be completed before a customer can access ROS.

The ROS registration process includes security questions that can be used with the new Reset ROS Login function to obtain a replacement digital certificate quickly if your certificate is lost or you forget your password.

20.5 How to access ROS

On the [Online services](#) page on the Revenue website, click on '[Sign in to ROS](#)'.

20.6 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.

Debit/Credit Card

The second payment method currently available in ROS is by way of Debit/Credit card. When a payment is due and is being paid online, the details of the Debit/Credit card are input and each individual payment must be authorised.

Online 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.

20.7 Employers' PAYE - P35 Repayments and Offsets

When a P35 return is filed on ROS showing an overpayment, the customer/agent will be presented with an option to claim the refund. Once the overpayment is claimed, it automatically undergoes an offset and refund validation check. Where liabilities exist in any tax head, an offset will be made against that liability and any remaining balance will either be refunded automatically or be reviewed by Revenue. In situations where the P35 overpayment is not claimed, a letter will be sent to the customer/agent and an offset and/or refund will not take place without further contact and written instruction from the customer/agent.

20.8 Is ROS confidential and secure?

Yes, information accessed or transmitted through ROS 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.

20.9 Who to contact with queries on ROS?

The ROS Technical Help Desk provides support to customers experiencing difficult accessing ROS.

The phone number is 01 738 36 99 or for callers outside the Republic of Ireland, + 353 1 738 36 99.

You can also email ROS at ros-help@revenue.ie or access MyEnquiries.

If you have access to MyEnquiries please click **Add a new Enquiry** and select 'Other than the above' and 'Revenue Online Service (ROS) Technical Support' from the dropdown options available.

20.10 My Enquiries

Revenue is committed to providing support and assistance to our customers. You can contact us with your query by using Revenue's MyEnquiries service or by phone. MyEnquiries is a structured online facility which allows customers to securely send enquiries to Revenue instead of using email.

Business customers who have a ROS digital certificate can access MyEnquiries from the 'My Services' tab under 'Other Services'.

20.11 Further Information

Further information on ROS is available in Tax and Duty Manual [Part 38-06-01](#).

Chapter 21 - Pension Related Deduction (PRD)

21.1 Introduction

The public service Pension Related Deduction (PRD) is a deduction from the pay of pensionable public servants. It is administered by the Department of Public Expenditure and Reform.

21.2 PRD Payments – are they chargeable to tax and USC?

PRD payments are not chargeable to tax. They are chargeable to USC.

21.3 PRD Refunds – are they chargeable to tax and USC?

PRD refunds are chargeable to tax. They are not chargeable to USC.

21.4 Further information

A [Frequently Asked Questions](#) document relating to PRD is available on the Department of Public Expenditure and Reform website www.per.gov.ie

Note:

PRD will no longer apply after 2018. It will be replaced by an 'Additional Superannuation Contribution' (ASC) payable by public servants on their pensionable pay.

Chapter 22 - PAYE (employer) compliance

22.1 Introduction

The Income tax, the Universal Social Charge (USC), the Pay Related Social Insurance (PRSI), and the Pay As You Earn systems (collectively known as 'the PAYE system') place obligations on employers including an obligation to make deductions at source of Income Tax, USC and PRSI from payments made to employees and an obligation to remit such deductions to Revenue.

This section relates to those aspects of the PAYE system relating to the

(a) obligations placed on employers by:

- PAYE Regulation 7 (Register of Employers)
- PAYE Regulation 8 (Register of Employees)
- PAYE Regulation 20 (employer notification to Revenue where employer has received Form P45 from a new employee)
- PAYE Regulation 22 (employer notification to Revenue where employer has either not received a Form P45 from a new employee or has not received a certificate of tax credits and standard rate cut of point in respect of a new employee from Revenue); and

(b) penalties for failure by an employer to comply with those obligations (and the procedures relating to such penalties).

22.2 The Income Tax (Employments) Regulations 2012

The Income tax PAYE system is governed by:

- Chapter 4 (Collection and recovery of income tax on certain emoluments [PAYE System]) of Part 42 (Collection and Recovery) (as amended) of the Taxes Consolidation Act (TCA) 1997,
- the [Income Tax \(Employments\) \(Consolidated\) Regulations 2001](#) (as amended) which are more commonly known as the PAYE Regulations.

The [Income Tax \(Employments\) Regulations 2012](#) came into force on 18 July 2012 and they amend the Income Tax (Employments) (Consolidated) Regulations 2001 by substituting a:

- new PAYE Regulation 7 for PAYE Regulation 7 (Register of Employers),
- new PAYE Regulation 8 for PAYE Regulation 8 (Register of Employees).

22.3 PAYE Regulation 7 – Register of Employers

In brief, PAYE Regulation 7:

- (a) obliges an employer who pays emoluments to or on behalf of an employee at a rate exceeding €8 per week or €36 monthly to send, within 9 days of paying such emoluments:
- a notification to Revenue of his or her name and address (or a change of his or her name and address) and of the fact the he or she is paying emoluments,
 - to register with Revenue as an employer; and
- (b) obliges Revenue to keep and maintain a register of employers and notify each employer of his or her registration number.

22.4 PAYE Regulation 8 – Register of Employees

In brief, PAYE Regulation 8 obliges employers to:

- (a) keep and maintain, in paper or electronic format, a 'Register of Employees' and to keep and maintain that Register (or a copy of it) at either the:
- normal place of employment of each employee, or
 - main place of business of the employer;
- (b) enter in the Register of Employees:
- the name, address and Personal Public Service Number (PPSN) of each employee,
 - the date of commencement of employment of each employee,
 - where relevant, the date of cessation of employment of each employee; and
- (c) produce the Register of Employees (or a certified copy of it) or an extract from it to any Revenue officer within the period specified by that Revenue officer.

22.5 Register of Employees

22.5.1 Details to be included in the Register of Employees

A Register of Employees must include the following relevant details:

- the name, address and PPS number of each employee,
- the date of commencement of employment of each employee,
- where relevant, the date of cessation of employment of each employee.

22.5.2 Records or Registers, that may, for PAYE purposes, be accepted as a Register of Employees

In some instances, an employer may, for the purposes of payroll, human resources or fulfilling a non-tax related statutory obligation, hold a record or register of all employees (and former employees).

Such a record or register will suffice as a Register of Employees for PAYE purposes provided that it includes the relevant details outlined in Paragraph 22.5.1 above.

22.5.3 Place of retention of Register of Employees

An employer must keep and maintain the Register of Employees (or a copy of it) at the normal place of employment of each employee or at the main place of business of the employer.

For employers who have a place of business in more than one location (or, indeed, in several locations) and the payroll records, staff records, etc. are held in just one location (for example, a head office), that one location may be accepted as that employer's main place of business for the purposes of being the place of retention of that employer's Register of Employees. However, it is to be noted that PAYE Regulation 8 provides that a Revenue officer may require an employer to produce, within the period specified by that officer, an extract from that employer's Register of Employees. In this regard, a Revenue officer may require an employer to produce an extract from that employer's Register of Employees relating to, for example, the employees of a branch of the employer's business.

22.5.4 Temporary, part-time, casual staff, etc.

Notwithstanding that an employee may be employed on a temporary, part-time or casual basis, the relevant details (see Paragraph [22.5.1](#) above) of such employee must be entered in the relevant employer's Register of Employees.

22.5.5 Incomplete Register of Employees

An employer who keeps and maintains a register that does not include the relevant details (see Paragraph [22.5.1](#) above) of **all** employees shall be liable to the relevant penalty for not keeping and maintaining a Register of Employees.

22.5.6 Production of Register of Employees

On being required to do so by a Revenue officer, an employer has a statutory obligation to produce, within the period specified by that officer, that employer's Register of Employees [or, as appropriate, a certified copy (including electronic copy) of it] to any Revenue officer.

22.5.7 Records held by a tax or payroll agent/ Records held in a payroll software package

Notwithstanding that an employer may:

- engage the services of a tax or payroll agent, and / or
- use a proprietary software payroll or human resources package,

the onus is on that employer to keep and maintain the Register of Employees (or a copy of it) at the normal place of employment of each employee or at that employer's main place of business.

22.6 PAYE Regulation 20 – (employer notification to Revenue where employer has received a P45 from new employee)

Where an employee delivers a Form P45 (issued by his or her former employer) to his or her new employer, Paragraph (3)(a) of PAYE Regulation 20 imposes an obligation on that new employer to insert on one copy of that Form P45 details of commencement of employment of that new employee and to send immediately that copy to Revenue. (Note: For most employers this is an electronic submission).

22.7 PAYE Regulation 22 – (employer notification to Revenue where employer has not received a P45 from new employee)

Where:

- (a) a new employee does not deliver a form P45 (issued by a former employer) to his or her new employer, and
- (b) the new employer is not in possession of a certificate of tax credits and standard rate cut-off point in respect of that new employee,

paragraph (1) of PAYE Regulation 22 imposes an obligation on that employer to notify Revenue on the occasion of first payment under Regulation 7:

- the new employee's name and address,
- the date of commencement of employment,
- any other particulars needed so that the appropriate certificate of tax credits and standard rate cut-off point can be issued.

Until the employer receives the appropriate certificate of tax credits and standard rate cut-off point in respect of that new employee the employer must operate the emergency tax provisions. This is set out in the [PAYE and USC Regulations - Emergency Tax](#) manual.

22.8 Power of Inspection for PAYE purposes

The power of inspection of Revenue authorised officers for the purposes of the PAYE system is contained in section 903 TCA, 1997. Under that section, an authorised officer may require an employer to produce any records which the authorised officer requires for the purposes of his or her enquiry. In this context, records include a Register of Employees

22.9 Penalties for breaches of the PAYE Regulations

The penalties for breaches of the PAYE Regulations are contained in section 987 TCA, 1997. More specifically, an employer who fails to fulfil any of the obligations under PAYE Regulations 7, 8, 20 or 22 mentioned above shall be liable to a penalty of €4,000 for each breach (and where that employer is a company, the Secretary of that company shall be liable to a separate penalty of €3,000 in respect of each such failure).

22.10 Penalties for failure by an employer to produce records

Where an employer fails to comply with a requirement of an authorised officer - in the exercise of that officer's powers or duties under section 903 TCA 1997 (Power of inspection: PAYE) - to produce any records which that officer requires for the purposes of his or her enquiry, subsection (5) of section 903 provides that that employer shall be liable to a penalty of €4,000.

22.11 Outstanding liabilities of Income Tax / USC / PRSI

Apart from the breach of Regulation 7, 8, 20 or 22 outlined above, the employer is also liable to pay any outstanding Income Tax, USC and PRSI that should have been deducted on the paying of emoluments to employees.

Where an employer has an outstanding liability in respect of Income Tax, USC and PRSI that should have been deducted on the paying of emoluments to employees, such liabilities should be calculated and collected along with interest. In addition, the penalty procedure outlined in the [Code of Practice for Revenue Audit and other Compliance Interventions](#) followed.

Where the employer fails to pay outstanding liabilities, it may be necessary to issue a PAYE estimate to that employer (see Tax and Duty Manual [Part 42-05-06](#) - Guidelines on PAYE, PRSI, Universal Social Charge (USC), Local Property Tax (LPT), Monthly and Annual Estimates).

Appendix 1 - Contact details

[Contact details](#) for all Revenue offices can be found on the Revenue website.

An employer who does not find an answer to a query in relation to the operation of PAYE (income tax and Universal Social Charge) in this guide can get further assistance from the National Employer helpline, contact details as follows:

Telephone: 01 738 3638 (+ 353 1 738 3638 if ringing from outside the Republic of Ireland)

MyEnquiries

[MyEnquiries](#) is a service that enables customers to securely send and receive correspondence to and from Revenue instead of using email. You must be registered for either ROS or myAccount to use MyEnquiries. ROS customers can login using their ROS login credentials. If you are registered for ROS, business customers who have a ROS digital certificate will be able to access MyEnquiries from the 'My Services' tab under 'Other Services'.

Standard email

Please note that Revenue does not recommend sending personal or confidential information by unsecure (standard) email. (Secure email was decommissioned in January 2018 as it was no longer supported. It can no longer be used to contact Revenue). Customers who choose to use this channel are deemed to have accepted any risk involved. The alternative communication methods offered by Revenue include standard post and the option to register for our (encrypted) [MyEnquiries](#) service.

Revenue's Business Structure

Revenue has developed new structures to deal with customers' needs. A number of new [Divisions](#) have been created – see www.revenue.ie.

Personal Division deals with the tax affairs of PAYE and certain Self-Assessed taxpayers.

Centralised offices

Some functions within Revenue are centralised within a specific branch or location, as follows:

- Paper Pay and File returns should be sent to the Collector General, PO Box 354, Limerick
- The LPT Branch deals with all matters relating to Local Property Tax
- The National Stamp Duty Office can process the payment of Stamp Duty and the stamping of instruments such as conveyances and leases, regardless of the location of the customer

- Customs deals with matters relating to import/export, tariffs, contraband etc.
- Investigations and Prosecutions Division manages prosecutions in cases of tax and duty evasion and co-ordinates special investigations
- Large companies are dealt with by Large Cases – Corporates Division. (Relevant customers are notified directly)
- High wealth individuals are dealt with by Large Cases – High Wealth Individuals Division. (Relevant customers are notified directly)
- The [Freedom of Information](#) Unit handles FoI requests and related matters
- The [Access Officers](#) provide information and assistance to people with disabilities in regard to Revenue's offices and services

Statistics & Economic Research Branch provides statistical information on taxes and duties for which the Office of the Revenue Commissioners is responsible.

Appendix 2 - List of forms used by employers / agents

As part of the reform and modernisation of the PAYE reporting system on 1 January 2019, the forms P30, P45, P46 and P35 (end of year return) have been abolished and replaced by new procedures. Accordingly, these forms are not available for filing in ROS – online or offline.

Tax registration forms

The forms below are to be completed by an employer when applying for registration:

- [TR1](#) - Complete this form when registering as self-employed, a sole trader or in a partnership.
- [TR2](#) - Complete this form when registering as a company.
- [PREM Reg](#) - Complete this form if registering as an employer.

Forms used by employers

- P45 - Four-part cessation certificate. This was completed when an employee left employment.
- P45 supplement – This form was completed when a payment was made to a former employee since their date of leaving and was not included on the original P45.
- P46 – This form was completed when a new employee began employment and they:
 - did not give a P45 from a previous employer
 - had not registered their new job with Jobs and Pensions.
- P2C – the employer copy of the employee Tax Credit Certificate.
- [P11D](#) - Return by employer of benefits, non-cash emoluments and payments not subjected to PAYE/Universal Social Charge (USC) provided to directors and certain employees.

Forms issued by the Collector General

- P30 bank giro or pay slip – Employers' monthly or quarterly remittance form for PAYE, Pay Related Social Insurance (PRSI), Universal Social Charge (USC) and Local Property Tax (LPT) payments.
- P35 – Employers' annual declaration of PAYE, PRSI, USC and LPT payments.

- P35L – Employers’ annual return of pay, PAYE, PRSI, USC and LPT for each employee.
- P35L/T – Employers’ annual return of pay, PAYE, PRSI and USC for each employee for whom their Personal Public Service (PPS) number is unknown.
- P35LF – Employers’ annual return of total non-cash benefits provided to employees. It also covers information relating to employee pension product contributions.
- P60 – Employees’ certificate of pay, tax, USC, LPT and PRSI contributions for the year ending 31 December. (Applicable up to 31 December 2018).

Forms used by agents

- [Agent Link Notification](#) - This form instructs Revenue to link an employer’s tax record to their agent. (See Tax and Duty Manual [Part 37-00-04B](#) – Guidelines for agents acting on behalf of taxpayers).

Appendix 3 - Weekly and monthly income tax calendars

Weekly Income Tax Calendar

| Week number | 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 |

| Week number | Week ended |
|-------------|---|
| 27 | 8 July |
| 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 |

Monthly Income Tax Calendar

| Month number | Month ended |
|---------------------|--------------------|
| 1 | 31 January |
| 2 | 28/29 February |
| 3 | 31 March |
| 4 | 30 April |
| 5 | 31 May |
| 6 | 30 June |
| 7 | 31 July |
| 8 | 31 August |
| 9 | 30 September |
| 10 | 31 October |
| 11 | 30 November |
| 12 | 31 December |

Appendix 4 - PAYE and USC Regulations

Detailed operation of PAYE is governed by the following regulations which are available on the Revenue website.

- [Income Tax \(Employments\) \(Consolidated\) Regulations, 2001 \(S.I.No. 559 of 2001\)](#)
- [Income Tax \(Employments\) Regulations 2002 \(S.I.No. 511 of 2002\)](#)
- [Income Tax \(Employments\) Regulations 2008 \(SI No. 592 of 2008\)](#)
- [Income Tax \(Employments\) Regulations 2009 \(S.I. No. 573 of 2009\)](#)
- [Income Tax \(Employments\) Regulations 2012 \(S.I. No. 253 of 2012\)](#)

- [Universal Social Charge Regulations 2011 \(S.I. 658 of 2011\)](#)

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.