

2006 Tax Return - Helpsheet - Form 11

Enclosed is your Form 11 Pay and File Income Tax Return for 2006.

The notes in this Helpsheet should assist you in completing your Return. If you require more detailed notes there is a more comprehensive guide, "Guide to Completing 2006 Pay and File Returns", available on Revenue's website www.revenue.ie (under 'Forms' - 'Tax Returns'), from Revenue's Forms and Leaflets Service at LoCall 1890 306 706 (ROI only), (00353 1 6744050) or from any Revenue office. The Return is divided into different categories of income, tax credits, reliefs, etc. If you have no entries to make under a particular category just skip to the next one and so on. **However, the Personal Details Panel on page 2 of the Return must always be completed.** Your attention is brought in particular to Panel L on the Return which requests details in respect of any claim you may have for relief on property based tax incentive schemes (e.g. "S.23 Relief"). If you are claiming any such relief you must give the details required on page 22 of the Return.

If you have obtained a Form 11E (the shorter version of the Form 11) you should use the separate Helpsheet proper to that form.

Pay and File

Under Pay and File you must file your 2006 Tax Return and pay your liabilities on or before 31 October 2007. On that date you must also pay any balance of Income Tax due for 2006. The onus is on you to calculate your own tax liabilities. However, if you file your Return on or before 31 August we will issue you with a final notice of assessment to enable you to know the income tax you have to pay on 31 October. If you file after 31 August we cannot guarantee to provide you with a final assessment before 31 October and you may have to do your own calculations.

Where this return is submitted after 31 October 2007 a surcharge (5% where the return is submitted within two months, otherwise 10%) may be added to your tax liability.

Revenue On-Line Service (ROS)

As an alternative to completing the paper Return, why not file your Return electronically through the **Revenue On-Line Service (ROS)**. ROS will provide you with an instant calculation of your tax liability, letting you know how much to pay on 31 October 2007. You can access ROS through Revenue's website www.revenue.ie

Attachments and Business Accounts

You should not submit any supporting documentation with your Return except where expressly asked to do so; for example where you have a genuine doubt about any item in the return you should note page one of the Return and enclose a covering letter setting out the point at issue. Supporting documentation, including business accounts, must however be retained for six years as it may be requested by Revenue for the purpose of an assurance check or an audit.

Remember:

- You must prepare business accounts but you should not submit them with your 2006 Return. Instead you are required to complete pages 6 and 7 of the Return.
- Do not submit lists or schedules with the Return. The totals should be entered on the Return.
- Do not enter terms such as 'per attached', 'as before', etc. You must instead enter the requested information.

Incomplete Returns will be sent back to you for proper completion and you may incur a surcharge if the corrected Return is submitted late.

Married Couples

Married couples are obliged to submit only one income tax Return showing the income and capital gains of both spouses unless they have made a formal election to have their tax affairs dealt with separately.

Sign and Date the Return Form

Before submitting your Return, be sure to sign and date the Declaration on the front page of the Return. If you are filing the Return as an executor, guardian or administrator, or as an authorised agent, state the capacity in which you are signing the Return and for whom you are acting.

The following short notes will assist you in completing the various Panels on the Return. If you require more detailed notes you should refer to the more comprehensive Guide to Completing 2006 Pay and File Returns.

The alphabetical references below correspond with the relevant Panels on the Return while the numerical references on the left correspond with the line numbers on the Return.

The term "TCA 1997" in the following notes refers to the Taxes Consolidation Act 1997.

A - Personal Details [1 - 20]

- 1 This question must be completed in all cases.
- 2 This section should be completed **only** where your personal status at Line 1 changed during 2006.
- 3 & 5 It is important that you complete 'Date of Birth' boxes as certain age related exemptions, reliefs and allowances such as RACs, PRSAs and certain tax credits such as Age tax credit, may be due.
- 4 Complete Line 4 if you were married before 1/1/2006.
- 5 If married, enter your spouse's PPS number and Date of Birth. If your spouse has no PPS number enter your spouse's pre-marriage Surname, First name(s) and Date of Birth.
- 10 "Permanently Incapacitated" means incapacitated by reason of mental or physical infirmity from maintaining oneself.
- 11 Individuals issued with a 'full' Medical Card by the Health Service Executive are exempt from the Health Contribution. Individuals issued with 'doctor only' Medical Cards (GP visit cards) by the Health Service Executive are liable for the Health Contribution.

B - Income From Trades, Professions Or Vocations [101 - 156]

- The Return caters for three trades. If between you and your spouse you have more than three trades, enter the main trades at Primary Trade and Trade 2 and aggregate the remainder of the trades at Trade 3. State the number of trades for which information is being included in the Trade 3 column.
- 105 You are assessable on the adjusted net profit for the accounting period ending in the year 2006 - e.g. if accounts are normally prepared for a period ending on 30 June, then the assessable profits for 2006 will be the profits of the year ended 30 June 2006. If the amount assessable is different to the profits for the year as entered at Line 105, e.g. at commencement, cessation, etc. enter the assessable amount at Line 106, otherwise leave Line 106 blank. If a loss is made, the amount of the adjusted net loss should be entered at Line 105(b).
- 116 Under S. 284(2)(ab) TCA 1997 you can elect to have the tax written down value at 31 December 2001 of pre 1 January 2001 expenditure on plant and machinery written off at 20%.
- 117 By **making this election** you will have the income from profits and gains arising from the trade of dealing in or developing **Residential Development Land** charged to income tax in the normal manner. Personal allowances and credits will be offset against the profits and income will be taxed at 20% or 42% as applicable. If you are **making this election** tick the box at **Line 117(a)** appropriate to this trade and include income at **Line 105**.
If you do **not elect**, the income from profits and gains will be taxed at 20% and should be entered at **Line 117(b)**.
- 119 **Review of Income Tax Year 2005:** Complete this section if you have changed your accounting date or ceased to trade in 2006 **and** a review of 2005 is required. In both cases the profits of 2005 must be reviewed by you. In either event, if the revised profits are greater than those originally assessed then that assessment must be amended.
- 120 If your accounting period ends on a date other than 31 December, credit for withholding tax is given by reference to the withholding tax deducted during the accounting period (i.e. the basis period for 2006). Do not include Relevant Contracts Tax or any other type of taxes at Line 120.
- 121-156 **Extracts From Accounts:** Do not attach your self-employed business accounts but instead complete the Extracts From Accounts on pages 6 and 7. It is important to note that the Extracts From Accounts pages are not a tax adjustment computation/calculation. When completing these Extracts you may have nothing to enter under some headings, as the section may not apply to you. You must, however, complete each section that is relevant and for which you have an entry in your accounts.
The *Extract From Accounts* pages must be completed by all sole traders, irrespective of turnover. The requirement whereby individuals with a turnover in excess of €20 million had to file paper accounts with the return is now gone for all but a small number of cases; these cases have been separately notified of their filing obligations.

C - Exempt Income [157 - 163]

- 162(a) Where you are availing of Rent-a-Room Relief state the gross Rental Income received in 2006 for room(s) in a "Qualifying Residence".
- 163 Where the gross annual income from the provision of Childcare Services does not exceed €10,000, the income is exempt from tax. The care must be provided in the carer's home and for no more than 3 children at any one time. The carer must retain evidence that she/he has notified the appropriate person, recognised for that purpose by the Health Service Executive, that she/he is providing these services. The election to have this income exempt from income tax must be made on or before the 31 October 2007

D - Income From Fees, Rents, Covenants, Distributions, etc. [201 - 217]

- 201 Incomes from employments and/or directorships should **not** be entered at Line 201, but in Panel E.
- 202-211 Where there is more than one let property separate computations of rental income for each property should be prepared and retained by you. Do not include income exempt under the Rent-a-Room scheme entered at Line 162. Where a claw-back of 'Section 23' Relief arises, the claw-back will be the full 'Section 23' Relief granted and should be included at Line 206.
- 203 Entitlement to a deduction for interest paid on borrowed money employed in the purchase, improvement, or repair of a rented residential property is conditional on compliance with the registration requirements of the Residential Tenancies Act 2004. Any queries on the registration requirements/process should be addressed to the Private Residential Tenancies Board, www.prtb.ie.
- 210 S.409A TCA 1997 restriction, limits unused Capital Allowances for offset to €31,750 in certain cases - see *Guide to Completing 2006 Pay and File Returns* for further information.
- 213(b) **Special Share Account(s)/Special Term Share Account(s)/Special Savings Account(s):** Do not enter any amount here unless you or your spouse are entitled to claim a refund of DIRT. If the account is a Special Term Share Account, you should only enter the amount, at Line 213(b), which has been subjected to DIRT, i.e. the amount **after** the relevant exemptions.
- 214 Include scrip dividends received from quoted resident companies.

E - Income From Irish Employments, Offices, Pensions, Directorships, etc. [301 - 319]

- 303 Include payments received on commencement/cessation of employment or in consideration of change in conditions of employment or restrictive covenants.
- 304 Public Sector employment here is confined to the Judiciary and Oireachtas.
- 306 Un-reimbursed expenses incurred wholly, exclusively and necessarily in the performance of the duties of an office/employment may be entered at Line 306(c). AVC payment(s) made to an occupational pension scheme but not through a net pay arrangement should be included at Line 306(d).
- 307 Most taxable benefits are now taxed at source; however, benefits received as payments to PRSAs and Shares received free of charge or at a discounted price are not and, as such, any taxable benefits from these sources should be entered in your Return.
- 308 Enter the amount received, after relevant exemptions, of payments such as Disability Benefit, Unemployment Benefit, etc.
- 315 **PAYE Tax deducted/refunded:**
- (a) Enter the total of tax deducted under PAYE as noted on Form(s) P60 and/or Form(s) P45.
 - (b) Enter the total amount of PAYE tax refunded by Revenue, if any, for 2006, e.g. PAYE tax refunded on submission of Form Med 1, a refund in respect of an unemployment repayment claim, a refund in respect of qualifying Tuition Fees, etc.
 - (c) Enter the amount of tax underpaid in a previous year(s), if any, and coded for collection by reducing your tax credits during the year 2006.

F - Foreign Income [401 - 418]

If you have any doubt about particular entries to be made in any section you should obtain a copy of the more comprehensive *Guide to Completing 2006 Pay and File Returns* referred to on page 1 of this Helpsheets.

G - Income From Sources Not Shown Elsewhere [419]

Enter the relevant details of income received from whatever source for which specific provision is not made elsewhere in the Return and state the amount of tax deducted, if any. For example, include details of sums regarded as income under the "transfer of assets" provisions (S. 806 TCA 1997) and any scrip dividends received from unquoted resident companies.

H - Annual Payments, Charges And Interest Paid [501 - 510]

- 503 Maintenance payments here refers to payments made by a separated/divorced person for the benefit of a spouse under a legally enforceable arrangement, i.e. Deed of Separation/Rule of Court, etc.
- 504 Unrestricted tax relief can be claimed on covenants in favour of permanently incapacitated adults. Tax relief can be claimed on covenants in favour of adults aged 65 or over subject to a 5% restriction, (i.e. the amount of tax relief available on one or more covenants cannot exceed 5% of the covenantor's total income).
- 506 "Non-pensionable earnings" means earnings arising from a trade or profession or from a non-pensionable employment where the individual is not included for benefits under an approved occupational pension scheme
- 509 Tax relief for interest paid on a loan secured on an individual's main residence is given at source by the bank, building society, etc. You should not include this relief, known as Tax Relief at Source (TRS), in this Return. However, for other main residence loans (if any) which are not secured on the property ('unsecured loans') you can claim for relief here, subject to certain restrictions and upper limits. You will need to check these restrictions and upper limits and only enter the amount of relief to which you are allowed (i.e. "relievable interest paid"). All such loans, whether paid under TRS or otherwise, must be used for the purchase, repair, development or improvement of your main residence.

510 Interest on certain loans applied in acquiring an interest in or lending to an unquoted company which is a trading or rental company or an unquoted holding company whose business consists of the holding of shares of such a company can qualify for tax relief.

I - Claim For Tax Credits, Allowances, Reliefs And Health Expenses [601 - 642]

- 601 Home Carer tax credit is a max of €770. This amount is reduced by one half of the amount of home carer's income that exceeds €5,080. Accordingly no credit is due if the home carer's income exceeds €6,620. If the tax credit was granted in 2005 and in 2006 the home carer's income exceeds the €6,620 threshold, relief may still be due.
- 602 A PAYE tax credit may be claimed by employees and non-proprietary directors who pay tax under the PAYE system. In addition, individuals in receipt of an Irish social welfare pension, a social security pension received from another EU Member State by an Irish resident, and, Irish residents who work abroad and pay tax under a PAYE type system, qualify for the PAYE tax credit.
- 604 No relief is due where the relative's income exceeded €11,913 in 2006 or if another person is claiming this tax credit in full.
- 605 If you, your spouse or a relative were permanently incapacitated by reason of mental or physical infirmity and you employed a carer, state the amount paid for employing this carer in 2006.
- 606 Where your employer does not deduct the Permanent Health Benefit contributions from gross pay at source enter the amount paid in 2006 to claim relief.
- 609 Qualifying Tuition Fees paid in the 2006 academic year to Approved Colleges for Approved Courses or Approved Training Courses. The 2006 academic year is the year of study commencing on or after 1 August 2006.
- 610-611 Only complete these lines where, in 2006, the donor was a chargeable person (S. 950 TCA 1997).
- 613 If, in 2006, you and/or your spouse ceased permanently to be engaged in a "specific occupation" or to carry on a "specified profession" as listed in Schedule 23A TCA 1997 and you wish to claim relief under S. 480A TCA 1997 tick the relevant box and give the information requested. If you are claiming relief for prior years in respect of Relief for Certain Sportspersons you should submit full details separately to your Revenue office.
- 614 As TRS will not have been applied to any Medical Insurance Premiums **paid by your employer**, on your behalf, enter the gross amount paid in 2006 to an authorised insurer. Do **not** include any amounts of Medical Insurance premiums paid by you and/or your spouse.
- 619 Enter the amount of Seafarer Allowance being claimed bearing in mind the maximum amount allowable is €6,350 and is dependent on you being at sea for at least 161 days in 2006.
- 620 Enter the details requested if you are claiming a Rent Tax Credit in respect of rent paid for private rented accommodation.
- 628 Form Med 2, completed and signed by a Dental Practitioner, should be retained by you as you may need it for the purposes of a verification check or an audit.
- 629 The Educational and Psychological Assessment for a dependent child must be carried out by a registered psychologist (registered with the Minister for Education and Science).
- 630 Speech and Language Therapy services for a dependent child must be provided by a person approved by the Minister for Health and Children.
- 633 Examples of other qualifying health expenses are, health care in respect of a pregnancy, eye laser treatment, etc.
- 635-639 Deduct sums received/receivable, such as amounts reclaimed from your local Health Office in relation to Prescribed Drugs/Medicines, under a health insurance policy from an authorised medical insurer and/or under the terms of a compensation claim, etc.
- Deduct €125 if the claim refers to Health Expenses for one person or €250 if the claim refers to two or more people.
- 641-642 Enter the name and relationship to you of the individual(s) on whose behalf you paid Health Expenses in 2006. If all of the expenses refer to "Self" leave Lines 641-642 blank.
- A Dependent is, (i) a relative of an individual, (ii) an individual aged 65 or over or, (iii) an individual who is permanently incapacitated by reason of mental or physical infirmity.

K - CAPITAL GAINS - Capital Gains for the year 1 January 2006 - 31 December 2006 [801 - 819]

If you disposed of chargeable assets during 2006 give the required details in Panel K. Notwithstanding that the Capital Gains Tax due on gains made on these disposals should already have been paid, you must complete this section of the Return.

L - Property Based Incentives On Which Relief Is Claimed In 2006 [901 - 927]

If you have invested in any property based incentive scheme in 2006 or prior you may have information that must be returned in Panel L. You may need to refer to the more comprehensive *Guide to Completing 2006 Pay and File Returns* referred to on page 1 of this Helpsheet.