

**Guide to Calculating your
Income Tax Liability for 2001
- Additional Notes -**

The purpose of these additional notes is to help you compute some of the more difficult calculations that you will need to do before you work out your income tax liability for 2001. The notes are designed to be used with the **Guide to Calculating your Income Tax Liability for 2001** (a copy of this 'Calculation Guide' is reproduced in Appendix 1).

There are some situations where we cannot show you how to work out your tax liability because the nature of the calculation is too complex to explain in these notes. The Revenue On-Line Service (ROS) Form 11 provides an electronic calculation facility which is the easiest and most efficient method of calculating your liability. ROS will calculate your liability regardless of the complexity of the income/reliefs. You can access ROS through the revenue website www.revenue.ie.

These notes are not a legal interpretation and have no binding force

Contents

Business / Profession	3
Business Losses	3
Current year losses	3
Losses forward	3
Capital Allowances 2001	4
Balancing Allowances / Charges	7
Income from employment / pensions	8
Benefit in Kind	8
Foreign Income	11
UK Dividends	11
Pensions	11
USA dividends	11
Salaries	11
Where no Double Taxation Agreement exists	11
Interest paid in ful	12
Retirement Annuity Relief	13
Income taxable at the lower rate band	14
2000/01 – Review year	15
Capital Gains Tax	16
Year in which Expenditure Incurred / Indexation Factors	16
Personal Exemption	17
Retirement Relief	17
Roll-over Relief	17
Guide to Calculating your income tax liability for 2001	18
Note 1 Married couples	
Note 2 Capital Allowances	
Note 3 Losses	
Note 4 Retirement Annuity Relief	
Note 5 Tax Rates and Tax Bands applicable in 2001	
Note 6 Personal Tax Credits	
Note 7 Mortgage Interest relief	
Note 8 Deposit Interest	
Note 9 PRSI	
Note 10 Health Contribution	
Note 11 Income Tax Exemption / Marginal Relief	

Business / Profession

Because the 'year' 2001 is for the period 6 April 2001 to 31 December 2001, the amount assessable for 2001 is 74% of your adjusted net profit for the accounts year ending in the period 06/04/2001 – 05/04/2002.

Income per accounts _____ @ 74% = _____ [This is the figure to enter at the top of page 3 in the Calculation Guide]

Business Losses

Current year losses

If you have made a loss in this period it is available for offset against future income for the same business. However if you elected to have this loss offset against other income arising in this year (the election must have been made in your return of income) you enter this figure at Note 3A, page 3 in the Calculation Guide.

Losses forward

If you have losses forward from a prior year for which relief has not been given, and they refer to the same business / profession that you are now paying tax on, you enter the loss figure at Note 3, page 3 of the Calculation Guide.

Capital Allowances 2001

Plant and Machinery (excluding motorcars and taxis – see overleaf)

Wear and tear is given on Plant and Machinery that is in use at the end of the accounting year.

A Expenditure incurred on or before 31 December 2000:

P & M bought during the accounting period which ended in the year 2000/01 cost _____ @ 15%

P & M bought during the accounting period which ended in the year 1999/00 cost _____ @ 15%

P & M bought during the accounting period which ended in the year 1998/99 cost _____ @ 15%

P & M bought during the accounting period which ended in the year 1997/98 cost _____ @ 15%

P & M bought during the accounting period which ended in the year 1996/97 cost _____ @ 15%

P & M bought during the accounting period which ended in the year 1995/96 cost _____ @ 10%

P & M bought during accounting periods which ended in years 1994/95 and prior have already had 100% of cost allowed as capital allowances, and no further allowances are due.

B Expenditure incurred on or after 1 January 2001:

P & M bought in 2001 cost _____ @ 20%

C Capital Allowances on a Reducing Balance Basis– Motor Cars / Taxis.

For motorcars purchased on or after 1 January 2001 the allowance is calculated per table **B** overleaf.

Taxis, regardless when purchased, remain at 40% on a reducing balance basis.

Asset		Motor Car*	Taxi	
Rate of W & T		20%	40%	To arrive at the opening
Acquisition Cost*		.		WDV for the year 2001
Restricted (if relevant)				you will have to compute
W & T year 1	-			W & T and WDV over the
Written Down Value end of year 1	=			life of the car from the
W & T year 2	-			original date of purchase
Written Down Value end of year 2	=			
W & T year 3	-			
Written Down Value end of year 3	=			
W & T year 4	-			
Written Down Value end of year 4	=			
W & T year 5	-			
Written Down Value end of year 5	=			
W & T year 6	-			
Written Down Value end of year 6	=			

*Note: Restrict the W & T to the percentage of business usage.

Date expenditure incurred

Cost Limit

	<u>New cars</u>	<u>Second hand cars</u>
27 January 1994 to 8 February 1995	13,000	10,000
9 February 1995 to 22 January 1997	14,000	10,000
23 January 1997 to 02 December 97	15,000	10,000
03 December 1997 to 01 December 1998	15,500	10,000
02 December 1998 to 30 November 1999	16,000	10,000
01 December 1999 to 31 December 2000	16,500	10,000
01 January 2001 onwards	17,000	17,000

D Industrial and Farm Building Buildings

Industrial buildings

Expenditure incurred since 01/04/1992 cost, net of grant @ 4% =

Farm buildings

Expenditure incurred between 1/4/1992 – 25/1/1994 cost, net of grant @ 10%

Expenditure incurred since 26/1/1994 cost, net of grant @ 15%

Capital allowances due for 2001

Total of A + B + C + D = _____ @ 74% =

Add: Balancing Allowance: - from page 8 Overleaf

Capital Allowances due for year [This total should be entered at **Note 2**, page 3 of the Calculation Guide]

Balancing Allowances / Charges.

If you sold, traded in, or scrapped any item of Machinery/Plant or Road Vehicle during the year you cannot claim a wear and tear allowance on that item for this year.

Instead, if you sold the asset for a sum less than its written-down value at the beginning of the year, you may claim a balancing allowance equal to the difference between the two amounts.

If, however, you sold the asset for a sum greater than the written-down value, a balancing charge is made. The excess is treated as an additional amount of income. However, the balancing charge will not exceed the amount of the capital allowance actually given on the item sold.

Computation

Sale price (or value if disposed of otherwise than at arms length)

Deduct: Written-down value at the start of the year

Balancing Allowance / Balancing Charge

A

[If the figure in box A is negative, a Balancing Allowance is due, and the figure should be entered in Capital Allowances summary on the previous page. If the figure is positive a Balancing Charge arises]

Capital Allowances granted on this item to date.

B

The balancing charge is the lesser of A or B. Add this balancing charge to the business / professional income on page 3 of the Calculation Guide

Income from employment / pensions

This income should be taken from the return of income and entered between Line 1 and Line 2 on the Calculation Guide. Credit for tax deducted under PAYE should be entered in the ‘Credits – repayable’ panel, page 4 of the Calculation Guide.

Benefit in Kind

The following mini calculators are to assist you in calculating any benefit in kind you may have received from your employer. The total of all benefits in kind should be added to the employment income in the Calculation Guide, between Line 1 and Line 2 on page 3.

Calculation Guide

Preferential Loans

Home Loans

Interest Paid =	<input type="text" value="A"/>	Divide by rate at which loan repaid (e.g., 3%)=	<input type="text" value="B"/>
			Figure in B x 6% =
			<input type="text" value="C"/>
Deduct	Interest Paid (figure in A)		<input type="text"/>
Deduct	Amount, if any, reimbursed to employer		<input type="text"/>
Benefit-in-kind chargeable			<input type="text"/>

Other Loans

Interest Paid =	<input type="text" value="A1"/>	Divide by rate at which loan repaid (e.g., 3%)=	<input type="text" value="B1"/>
			Figure in B1 x 12% =
			<input type="text" value="C1"/>
Deduct	Interest Paid (figure in A1)		<input type="text"/>
Deduct	Amount, if any, reimbursed to employer		<input type="text"/>
Benefit-in-kind chargeable			<input type="text"/>

Motor Cars

Original Market Value @ 30%¹ =

Adjusted Chargeable Benefit-in-kind (see note 2 below)¹

Deduct Amount, if any, contributed by employee

Benefit-in-kind chargeable (A – B) @ 74%

¹ Reduce this percentage by:

- 4.5% where employee pays for all private motoring fuel
- 3% where employee pays for all insurance
- 3% where employee pays for all servicing and repairs
- 1% where employee pays for all road tax.

Example If an employee pays for all of the above running costs of the car, the benefit-in-kind is **18.5%** of the original market value of the car [i.e., 30% less (4.5% + 3% + 3%+1%)]

2 The Benefit-in-kind chargeable is further reduced in accordance with column 3 of the chart hereunder. Enter the adjusted figure in Box A above

1	2	3
Business Mileage Lower Limit / Upper Limit		Percentage of Benefit-in-Kind taxable
Miles	Miles	2001
0	11,100	100%
11,100	11,840	97.5%
11,840	12,580	95%
12,580	13,320	90%
13,320	14,060	85%
14,060	14,800	80%
14,800	15,540	75%
15,540	16,280	70%
16,280	17,020	65%
17,020	17,760	60%
17,760	18,500	55%
18,500	19,240	50%
19,240	19,980	45%
19,980	20,720	40%
20,720	21,460	35%
21,460	22,200	30%
22,200	and over	25%

Vans, etc

Annual value of vehicle @ 12.5% =

Annual business mileage

Total annual mileage

Deduct (from A) $A \times \frac{B}{C}$

Deduct (from A) Contribution, if any, by employee

Chargeable benefit, i.e., $A - (D + E) @ 74\%$

Other Benefits

Amount of other benefit received

Benefit in Kind summary

Home loan interest

Other loan interest

Motor car

Van

other

BIK chargeable (enter this figure after Line 1 of the Calculation Guide, page 3)

Foreign Income

Foreign income should be entered in page 3 of the Calculation Guide, where it asks for 'other income' (above Line 1).

Any foreign tax allowable as a credit should be entered in the Credits – Non-repayable panel at the bottom of page 3.

Some of the more common types of foreign income are dealt with as follows:

UK Dividends

You are assessed to income tax on the net amount of the dividend received. No credit is given for any UK tax withheld.

Pensions

In general you are assessed on the total amount of the pension received if you are resident in Ireland. Credit for foreign tax withheld on a pension is only given if you are not entitled to a refund of this tax from the foreign Revenue authorities

USA dividends

In general you are assessed on the amount of the dividend received, plus any US withholding tax.

Credit is given for the US withholding tax (15%).

Salaries

The treatment of foreign salaries is dependent on a number of factors, differing between countries. You may need to contact your tax office, or refer to any double taxation agreement that we may have with the foreign jurisdiction, if you are unsure of the treatment of any salary you are in receipt of.

A list of all double taxation agreements entered into by Ireland, together with copies of the agreements is available at www.revenue.ie/services/tax_info/taxes12.htm

Where no Double Taxation Agreement exists

If you are in receipt of income from a country with which Ireland has not entered into a double taxation agreement with, you are liable to income tax on the net income received and no credit is given for any foreign tax deducted.

Note:

Depending on the overall rate of tax payable by you for this period, and the rate at which the foreign tax was deducted on the foreign income, a revision of both the income and credit figures may be necessary. A detailed treatment of this process is contained in Tax Briefing, 13 (January 1994), a copy of which can be obtained from any tax office, or from the Revenue website, www.revenue.ie/pdf/tb13.pdf

Interest paid in full

Home Loan Interest

- | | | | |
|----------|---------------------------------------|-----|--------------|
| 1 | Is this your first home loan? | Yes | Go to line 2 |
| | | No | Go to line 4 |
| 2 | Was loan taken out since 6 April 1997 | Yes | Go to line 3 |
| | | No | Go to line 4 |

- 3** Amount of interest paid (If you have a certificate of interest paid for a full twelve month period, note to restrict this amount to 74%)

A

Restrict to Married / Widowed

B £3,700 / €4,698

Or

Single

B1 £1,850 / €2,349

Enter this figure at Note 7, page 3 in the Calculation Guide

- 4** Amount of interest paid

C

Restrict to Married / Widowed

D £2,960 / €3,758

Or

Single

D1 £1,480 / €1,879

The amount of interest paid on a home loan is entered in the Credits - Non-repayable panel, page 3 of the Calculation Guide

Enter this figure at Note 7, page 3 in the Calculation Guide

Interest on loans applied in acquiring interest in unquoted trading companies, etc.

The interest paid on a loan applied in acquiring interest in unquoted trading companies is entered along with other deductions (between Line 2 and Line 3) on page 3 of the calculation guide.

Retirement Annuity Relief

A calculation guide for retirement relief follows. The amount of the relief due (figure at H below) should be entered at Note 4, page 4 of the calculation guide.

Retirement relief due for both yourself and your spouse must be completed separately. For the purposes of computing this relief, neither policies paid, nor income earned can be transferred between parties

Non-pensionable earnings

Business / professional income (net of capital allowances)

A

Non-pensionable salary (net of expenses)

B

Total relevant earnings
Restrict to £148,000 (€187,922)

C

All other income, including spouses income:

Deduct: Deduction, i.e., Maintenance payments, deeds of Covenant, Interest on loans applied in acquiring interest in unquoted trading companies.

If the deductions exceed all other income, add this excess amount to the loss figure below and take this from the total relevant income

Deduct Losses from relevant earnings (figures at Note 3 and Note 3A, page 3 of the Calculation Guide)

Net relevant earnings

Net relevant earnings (E) at appropriate rate*

E

@ ____%* =

Amount of RAC claimed for 2001 (Per Return of income)

Relief due is the lower of F and G.

Note that any unallowed amount can be carried forward and claimed in the year 2002.

*Appropriate Rate

Age 29 or less
Age 30 to 39

15%
40%

Age 40 to 49
Age 50 or over

25%
30%

Income taxable at the lower rate band.

The following will assist you in establishing the correct amount of your income taxable at the standard rate. The figure for 'lower rate band' is the amount of your income that is taxed at 20% in the Taxable income section on page 3 of the Calculation Guide. The balance of your taxable income is taxed at 42%

Complete whichever panel is applicable to you.

	£	€
Single / widowed, with no dependent children	£ 14,800	€1,460
Add: total assessable income subject to Deposit Interest Retention Tax		
Lower Rate Band =		
<hr/>		
Single / widowed, qualifying for one parent family allowance	£17,131	€1,460
Add: total assessable income subject to Deposit Interest Retention Tax		
Lower Rate Band =		
<hr/>		
Married couple, only one spouse with income	£21,460	€27,249
Add: total assessable income subject to Deposit Interest Retention Tax		
Lower Rate Band =		
<hr/>		
Married couple, both spouses with income	£21,460	€27,249
Add: total assessable income subject to Deposit Interest Retention Tax		
Add: total of spouse with lower income, income, subject to £8,140 / €10,336 maximum*		
Lower Rate Band =		

*Note: Couples who have claimed the Home Carer's Credit can opt for either the allowance or the increased rate band, whichever is the more favourable. See leaflet no 66.

2000/01 – Review year

A review is required only where the profits or gains of the ‘corresponding period’ relating to 2000/01 exceed the profits or gains assessed for 2000/01, the profits or gains for that ‘corresponding period’ are to be taken to be the profits or gains of 2000/01.

The **corresponding period** is a period of twelve months ending on the same date in 2000/01, as that used in the ‘year’ 2001.

Example:

A trader normally makes up his accounts to 30 April each year. He changes the accounting date to 31 December 2001. The adjusted profits are as follows:

Year ended 30/4/2000	£120,000
Year ended 30/4/2001	£180,000
8 months ended 31/12/2001	£140,000

The basis period for 2001 is the year ended 31/12/2001.

The corresponding period for 2000/01 is the year ended 31/12/2000.

Profits assessed originally [basis period y/e 30/4/2000]	£120,000
Profits for corresponding period y/e 31/12/2000 [£120,000 x 4/12] + [£180,000 x 8/12] =	£160,000

As the profits of the corresponding period exceed the profits charged to tax, the assessment for 2000/2001 is increased to £160,000

The payment now due is the increase in the profits or gains to be assessed at the rate at which you income was taxed in 2000/01. If you were only taxed at 22% in 2000/01, be aware that this increase may bring you into the higher 42% rate.

Increase in Trading /professional income _____ @ Your marginal rate of tax for 2000/01 = _____

Capital Gains Tax

If you disposed of an asset during the year please give the required details as requested on the tax return. Capital Gains Tax is subject to self assessment principles. The standard rate of capital gains tax for the year is 20%. However, a rate of 40% applies to disposals of

- certain foreign life assurance policies.
- units in certain offshore funds.

The following gains are NOT chargeable to Capital Gains Tax:

- Gains on Government Loans and Debentures issued by certain Semi-State bodies.
- Gains on Life Assurance policies (unless purchased from another person), Prize Bonds, National Instalment Savings, Betting & Lotteries.
- Gains on the disposal of wasting chattels (e.g. animals, private motor cars, etc.).
- Gains made by individuals on tangible movable property where the consideration does not exceed £2,000 / €2,540.
- Gains on the disposal of property owned by you (house, apartment, etc.) which was occupied by you (or by a dependent relative) as an only or main residence -except where the sale price reflects development value.

The **chargeable gain** is the sale proceeds (net of selling expenses) less the cost of the asset. Any enhancement expenditure incurred is also taken from the sale proceeds when arriving at the chargeable gain.

In calculating the chargeable gain, relief is given to take account of the effect of inflation on the original cost price/market value of assets.

For disposals in 2001 the following factors are applied to the cost/market value of the asset to arrive at the adjusted cost/market value:

Year in which Expenditure Incurred / Indexation Factors

74/75	6.930	81/82	2.465	88/89	1.430	95/96	1.175
75/76	5.597	82/83	2.074	89/90	1.384	96/97	1.152
76/77	4.822	83/84	1.844	90/91	1.328	97/98	1.134
77/78	4.133	84/85	1.674	91/92	1.294	98/99	1.115
78/79	3.819	85/86	1.577	92/93	1.249	99/00	1.098
79/80	3.445	86/87	1.507	93/94	1.226	00/01	1.053
80/81	2.983	87/88	1.457	94/95	1.205		

Note:

- (a) No inflation relief is allowed for expenditure incurred within one year of a disposal.
- (b) There are restrictions on the availability of relief in development land cases.

Personal Exemption

The first £740/ €940 of an individual's chargeable gains is exempted from Capital Gains Tax.

This exemption is not transferable between spouses.

Retirement Relief

Relief from Capital Gains Tax may be due in certain circumstances on the disposal, by an individual over 55 years of age, of a business, farm or shares in his/her family trading company. The relief may be due where land previously used for farming by the individual was, immediately prior to the disposal, let as part of the EU Early Retirement Scheme.

Roll-over Relief

Where Capital Gains Tax is payable on the disposal of-

- a business asset
- certain shares

a claim for a deferral of the CGT, subject to certain conditions, may be made where the proceeds are used to acquire further business assets/shares.

You should identify separately details of any rolled over gains which arose during the year.

Further information on exemptions, reliefs and computation sheets for the calculation of capital gains tax due can be found in **Guide to Capital Gains Tax** which can be found at www.revenue.ie/publications/leaflets/cgt1.pdf

Guide to Calculating your Income Tax liability for 2001

(Covering period from 6 April 2001 to 31 December 2001).

Pay and File

Under Pay and File, the 2001 income tax return filing date and the payment date for the balance of liability for 2001 were brought forward to 31 October 2002. This means that in addition to filing your Return of Income for 2001 on or before 31 October 2002 you must also make a payment for any balance of tax due on that date. To do so you must be in a position to compute your Income Tax liability.

The purpose of this guide is to assist you in computing your Income Tax liability for 2001.

It should be completed **after** you have completed your tax return for 2001. A separate guide to assist you in completing your tax return is available on the Revenue website, www.revenue.ie, from Revenue's Forms & Leaflets Service by phoning Lo-Call 1890 30 67 06, or from any Tax Office.

This guide (to calculating your tax liability) is designed for a person whose income is from a limited number of sources. It does not deal with all possible situations. It is designed to assist certain individuals calculate their liability for 6 April 2001 to 31 December 2001.

This guide does not deal with some of the more complex issues, such as:

- ♦ Balancing charges
- ♦ Charges on income
- ♦ Interest on loans applied in acquiring interest in unquoted trading companies
- ♦ Benefit-in-kind
- ♦ Capital Gains Tax
- ♦ Double Taxation Relief
- ♦ Review of Income Tax Year 2000/2001,

If your circumstances involve any of the above items you may wish to seek independent advice.

A more comprehensive guide is available on the Revenue website, www.revenue.ie. The more comprehensive guide goes through the various calculations in detail.

Preliminary Tax 2002

In addition to paying the balance of your liability for 2001 on 31 October 2002, you must also pay your Preliminary Tax for the year 2002.

There are two methods of calculating your preliminary tax. It may be based on the current year's liability, in which case you should pay 90% of the 2002 liability, or it may be based on the liability for the previous year.

If you are making your payment based on the liability for the previous year, you must regrass the tax due figure for 2001 to take into account the fact that the 2001 liability is only for a period of 9 months (i.e. 6 April 2001 - 31 December 2001).

Euro amount due for 2001 (per Line 9) x 135% = = Preliminary Tax due for 2002

Revenue On-Line Service

The best, easiest, most efficient way to file your tax return and calculate your liability is to use the **Revenue On-Line Service** (ROS). ROS contains a calculation system that *automatically calculates your tax liability* based on the details that you enter. It also contains a number of mini calculators which calculate the liability/credits in relation to Benefit-in-kind, Retirement Annuities, etc. You can access ROS through the Revenue website, www.revenue.ie.

This guide is not a legal interpretation and it has no binding force.

Notes to assist in using this Guide

Note 1 - Married Couples

A married couple is obliged to submit only one income tax return showing the income of both spouses, unless they have elected to have their income tax affairs dealt with separately. Accordingly, if you are a married person who has not made such an election you will need to compute your income tax liability combining both your own and your spouse's income.

Entries referring to each spouse should be shown separately until you reach Line 3 of the calculation. On this line the combined income from both spouses should be added together into a single figure. From this point on in the income tax computation a single running total is required. Credits/reliefs should be a combination of amounts due to each spouse, e.g. 'PAYE tax deducted by employer' should be a total of the amount deducted on both spouses' salaries.

PRSI and Health Contributions are calculated separately for each spouse. No reference is made to income or status of the other spouse.

If you or your spouse have more than one business, you should keep the calculation of the business profits and capital allowances separate. You may adapt this form to suit your own circumstances, for example, if you are a married couple and one spouse has two business, and the other spouse none, you can use the self and spouse columns to facilitate your calculations.

Note 2 - Capital Allowances

Relief for the wear and tear of plant and machinery is given by way of Capital Allowances. Capital Allowances are allowed after you have calculated your net profit. The rate of the capital allowance due differs, depending on the year in which you purchased the plant/machinery.

Capital allowances for each trade should be calculated separately.

Plant & Machinery in use at the end of the year.

Expenditure incurred on or before 31/12/2000

P & M bought during your accounting years which ended between 6 April 1996 and 5 April 2001:-

Take 15% of cost

P & M bought during your accounting year which ended between 6 April 1995 and 5 April 1996:-

Take 10% of cost

Expenditure incurred on or after 01/01/2001
P & M bought in 2001:-

Take 20% of cost

Relief for the construction of industrial building (including farm buildings) is given by means of industrial buildings allowance.

The amount allowed is calculated as follows.

Industrial Buildings/Farm Buildings.

	Industrial Buildings	Farm Buildings	
Expenditure incurred between 01/04/1992 - 25/01/1994	4%	10%	<input style="width: 100px; height: 20px;" type="text"/>
Expenditure incurred since 26 January 1994	4%	15%	<input style="width: 100px; height: 20px;" type="text"/>

Total of capital allowances claimed _____ @ 74% = _____ : This adjusted figure should be entered on page 3 at Note 2.

Note 3 - Losses

Relief for business losses incurred is granted in either of two ways. In general the amount of the loss is carried forward and offset against future income from the same business. If you have an unused loss from a prior year you should enter the amount of the loss on page 3 at Note 3.

Alternately if you or your spouse has other income in this period, you may wish to offset this loss against this other income. [Remember to claim this relief in panel 1 of the return of income]. The amount of the loss is entered on page 3, at Note 3A.

Notes continued on page 5.

Complete in one currency only. IR£ or €

The panels referred to in the left margin of this guide correspond to the panels on Form 11 2001 only. If you have completed a Form 11 (Short), Farm Profile Form (AG12), or Business Profile Form (BP1), you should ignore these panel references and refer instead to the description of the income / allowances. References to 'line' numbers are entries within this guide only.

INCOME TAX CALCULATION		SELF	SPOUSE
Reference Panels 1 & 2	Income from Business/Profession	[]	[]
	DEDUCT: Capital Allowances (Note 2)	()	()
Panels 1 & 2	Business Losses unused from a prior year (Note 3) (Restricted to the amount of the related business income)	()	()
Panels 4-13, 22-28	ADD: Other Income: Rental Income	[]	[]
	Interest earned	[]	[]
	Dividends received	[]	[]
	Other	[]	[]
Line 1		TOTAL	
Panels 14-16, 19 & 21	ADD: Employments/Pensions/Benefits	[]	[]
Panel 17	ADD: Employments/Pensions (non-PAYE)	[]	[]
Line 2		TOTAL	
	DEDUCT:		
Panels 1 & 2	Business Losses incurred in Accounting Period (Note 3A)	()	()
Panel 20	Allowable Deductions Incurred in Employment	()	()
Panel 35	Retirement Annuities (Note 4)	()	()
TOTALS		[]	+ []
Line 3	TOTAL INCOME (SELF & SPOUSE)		[]
Panels 45, 47, 48 & 49 (part)	DEDUCT: Reliefs (e.g. Health expenses, BES relief, Donations to Approved Bodies)		()
TAXABLE INCOME			[]
	on which Income Tax is charged as follows:	_____ @ 20% =	[]
	(Note 5)	_____ @ 42% =	[]
TOTAL INCOME TAX			[]
PERSONAL TAX CREDITS			
Panels 38 - 43, 46 49 (part), 50, 51 & 52	Deduct: Personal Tax Credits (Note 6)		()
Line 4			INCOME TAX DUE
CREDITS - NON-REPAYABLE			
Panel 36A	Allowable Interest paid in full (Main Residence) (Note 7)	_____ @ 20% =	()
Panel 8	DIRT(Non-Refundable - person aged under 65 years) (Note 8)		()
Line 5			TOTAL NON-REPAYABLE CREDITS

This is not a Tax Return and should not be sent to the Tax Office.

CREDITS - REPAYABLE

Panel 8	DIRT (Repayable - persons aged 65 years and over) (Note 8A)	
Panel 18	PAYE Tax deducted by employer	
Panel 4	Withholding Tax on payments for Professional Services	
Panels 10-13, 27	Other Credits (e.g., dividend withholding tax, etc)	
Line 6	TOTAL REPAYABLE CREDITS	

PRSI (Note 9)

SELF

SPOUSE

Line 1	Income		
Panels 1 & 2	Add back Business losses from a prior year, if any		
Panel 6	Add back Rental losses from a prior year if any		
	Sub-Total		
	DEDUCT: Any pensions included in Line 1	()	()
	Adjusted income for PRSI purposes		
	Sub-Total		
	PRSI @ 3%		
	Minimum Contribution £148 (€187)		
Line 7	TOTAL PRSI PAYABLE		

HEALTH CONTRIBUTION (Note 10)

SELF

SPOUSE

Line 1	Income		
Panels 1 & 2	Add Back Business losses from a prior year, if any		
Panel 6	Add back Rental losses from a prior year if any		
Panel 17	ADD: Non-PAYE Employments/Pensions		
	Sub-Total		
	Health Contribution @ 2%*		

* (Not payable where Sub-Total plus any PAYE income is £10,775 (€13,681) or less)

Line 8	TOTAL HEALTH CONTRIBUTION PAYABLE		
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TOTAL LIABILITY TO INCOME TAX, PRSI & HEALTH CONTRIBUTION 2001

Line 4	Income Tax Due - [Marginal relief - see Note 11]		
Line 5	DEDUCT: Non-repayable credits		()
	If result is negative reduce to ZERO	Sub-Total	
Line 7	ADD: PRSI payable		
Line 8	ADD: Health Contribution payable		
Line 6	DEDUCT: Credits/Reliefs (Repayable)		()
Line 9	TOTAL PAYABLE/REPAYABLE		

AMOUNT NOW DUE

Line 9	Total Payable		
	Deduct: Preliminary Tax paid for 2001		()
	BALANCE NOW DUE - Enter this amount (Euro amount) on line 2 of your payslip		

Note: €1.00 = IR£ 0.787564

This is not a Tax Return and should not be sent to the Tax Office.

Notes continued from page 2.

Note 4 - Retirement Annuity relief.

Relief is given for the amount claimed in your Return of Income restricted to your business income (reduced by capital allowances and losses claimed) at the appropriate percentage – set out in the following table.

Appropriate Rate:	Age 29 or less	15%
	Age 30 to 39	20%
	Age 40 to 49	25%
	Age 50 or over	30%

Example: If you are aged 43, have earned £15,000 in this period, and make a RAC payment of £4,000, the relief due to you is restricted to £15,000 @ 25%, i.e. £3,750.

Note 5 - Tax Rates and Tax Bands applicable in 2001 (6 April 2001 to December 2001)

Single/Widowed	£	€	Married couple	£	€
without dependent children	14,800 @ 20%	18,793 @ 20%	(one spouse with income)	21,460 @ 20%	27,249 @ 20%
	Balance @ 42%	Balance @ 42%		Balance @ 42%	Balance @ 42%
Single/Widowed	£	€	Married couple	£	€
Qualifying for One-Parent Family tax credit	17,131 @ 20%	21,752 @ 20%	(both spouses with income)	21,460 @ 20%	27,249 @ 20%
	Balance @ 42%	Balance @ 42%		(with an increase of 8,140 max) Balance @ 42%	(with an increase of 10,336 max) Balance @ 42%

Note: The increase in the standard rate tax band is restricted to the lower of £8,140 (€10,336) or the amount of the income of the spouse with the lower income. The increase is not transferable between spouses.

Note 6 - Personal Tax Credits

Claims for tax credits and reliefs are covered in Panels 38 to 52 of Form 11. The amounts of the various tax credits are set out below. Further information can be obtained in the Guide to Completing 2001 Tax Returns. Any **tax credits** due should be totalled and entered on page 3 at Note 6.

Tax Credits	£	€	Other Tax Credits allowable at 20% tax rate
Single persons's tax credit	814	1,034	Medical insurance
Married person's tax credit	1,628	2,067	Service charges
Widowed person's tax credit			Main residence interest (Note 7)
qualifying for one parent family tax credit	814	1,034	Tuition fees paid to approved training courses
without dependent children	962	1,221	Rent paid
in year of bereavement	1,628	2,067	Home carer's tax credit
One-parent family tax credit	814	1,034	
Blind person's tax credit	444	564	Total allowable amount _____ @ 20%
PAYE tax credit	296	376	
Age tax credit			
single/widowed	119	151	
married	238	302	

Enter the total amount claimed in the **Personal Tax Credits** panel on page 3 at note 6.

Note 7 - Mortgage Interest Relief

Relief is due on interest paid at the standard rate of tax (20%), subject to the following limits:

	Single	Widowed	Married
First Mortgage (First five years)	£370 (€470)	£740 (€940)	£740 (€940)
Others	£296 (€376)	£592 (€752)	£592 (€752)

Example: If you are a married person who has paid £4,100 interest on a mortgage that you have held over five years the relief due to you is £4,100 @ 20% = £820, restricted to £592 per above table.

Note 8 - Deposit Interest

Deposit Interest Retention Tax is allowed as a credit against your income tax liability. If you are under 65 years of age this credit is not refundable and can only be offset against your income tax liability. You should enter the amount of DIRT deducted in the **Credits - Non-repayable** panel on page 3 at Note 8.

If you are aged 65 years or over this credit is available for offset against your total liability for the year (Income Tax/PRSI/Health Contribution). In this case the amount of DIRT deducted should be entered in **Credits - Repayable** panel on page 4 at Note 8A.

Note 9 - PRSI

If you are under 66, and in receipt of income in excess of £1,850 (€2,349) you are liable for PRSI at the rate of 3% on all of your income, with the exception of:

- ♦ income that has had PRSI already deducted at source, i.e., salaries, etc.
- ♦ pensions

The minimum PRSI contribution for 2001 is £148 (€187).

Note 10 - Health Contribution

Unless your income is less than £10,775 (€13,681), or you are in receipt of a medical card, you are liable for the Health Contribution at the rate of 2% on all of your income with the exception of:

- ♦ income that has already had the Health Contribution deducted at source, i.e., salaries, etc.
- ♦ income from the Department of Social and Family Affairs.

Note 11 - Income Tax Exemption/Marginal Relief

You are exempt from income tax (although you may have a liability to either PRSI or Health Contribution) where your total income (figure from Line 3) does not exceed the following exemption limits:

Age	Under 65		65 Years and over	
	£	€	£	€
Single/Widowed	3,034	3,853	6,290	7,987
Married	6,068	7,705	12,580	15,974
Additional for Dependent Children				
1st and 2nd child (each)	333	423	333	423
Each subsequent child	481	611	481	611

Marginal Relief

Marginal relief may be due where your income does not greatly exceed these limits. The level at which marginal relief ceases to apply differs in individual cases depending on the level of income and the exemption limit. If your tax liability exceeds 40% of your income less the exemption limit appropriate to you, your liability is reduced to: - (Income - Exemption limit) x 40%.

Total Income (from line 3) _____ - _____ (Appropriate figure from table above) x 40% = _____ *

*Substitute this figure for the income tax due figure in the **Total Liability to Income Tax, PRSI & Health Contribution 2001** panel on page 4, if it is less than your tax liability figure in line 4.

Example: If you are single aged 70 and have rental income of £7,000.

Your income tax liability is £7,000 @ 20% =	1,400
Personal tax credit	814
Age tax credit	119
Tax due (before marginal relief computation):	<u>933</u> 467

Marginal relief:

Income tax restricted to: (7,000 - 6,290) = 710 @ 40% = 284