

Guide to Completing 2009 Pay & File Returns

Revenue



Cáin agus Custaim na hÉireann
Irish Tax and Customs

This Guide is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.

Self-Assessment customers are subject to a **Pay and File** system. Under Pay and File you calculate your own tax liability in order to pay by 31 October. If you want Revenue to tell you what you owe in advance of that date either:

- ◆ file your paper Return on or before 31 August 2010, or opt to,
- ◆ file your Return electronically through the **Revenue On-Line Service (ROS)**.

While the contents of the Return and this Guide are quite extensive you will probably only need to complete and consult a small number of sections of the Return and Guide: you can skip past those **sections that do not apply to you**. If this Guide does not answer your questions you may contact your local Revenue office or consider seeking independent professional advice from a tax practitioner.

Form 11E is the shorter of the two Income Tax Return forms for self-assessed individuals. It is an extract of the main personal Tax Return form (Form 11). If after reading the helpsheet that accompanied your Form 11E you find you are obliged to complete a Form 11, contact Revenue Forms and Leaflets at 1890 306 706, www.revenue.ie or your Revenue office to request a Form 11.

PAYE customers completing Form 12 will find information in this Guide useful and should consult the Index to locate relevant topics. However, this Guide is primarily for Self-Assessment customers.

Married couples are obliged to submit only one income tax Return showing their joint income, claim to reliefs, etc. unless they have made an election to have their tax affairs dealt with separately.

Revenue On-Line Service (ROS)

File your Returns and Accounts Information and make payments online. Go to www.revenue.ie and select ROS.

ROS allows you full access to your Revenue Account and provides you with an instant calculation of your liability.

1890 (LoCall) numbers

Please note that the rates charged for the use of 1890 (LoCall) numbers may vary among different service providers.

4 Year Limit on Tax Repayment Claims (Section 865 TCA 1997)

Revenue wishes to remind customers that Section 865 TCA 1997 (as inserted by section 17 Finance Act 2003) imposes a general 4 year time limit on claims for repayment of tax and that claims for repayment for the year ended 31 December 2006 must be received by Revenue no later than 31 December 2010.

Completion of Form 11/11E 2009

- ◆ *Customers are reminded that there is a need for care and accuracy when completing the form:*
- ◆ *The form will be scanned; what is written in the form will appear in the assessment. What is omitted from the form, will not appear in the assessment,*
- ◆ *Make entries in designated entry fields only; figures or short notes on the body of the form are inappropriate and will not be scanned,*
- ◆ *Use BLUE ink; use CAPITAL LETTERS and write clearly and accurately within boxes,*
- ◆ *Include all your income on the form (this includes PAYE income and tax deducted),*
- ◆ *Enter the annual amount of the income, not weekly or fortnightly amounts,*
- ◆ *Enter euro amounts only - no foreign currency amounts,*
- ◆ *Any panel(s) or section(s) that do not require an entry should be left blank,*
- ◆ *Do not enclose any attachments, unless specifically requested in the form,*
- ◆ *Married couples must return income of both spouses, unless a specific election for separate assessment/single treatment has been made.*

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Introduction

The main purpose of this Guide is to assist individuals who are taxed under the self-assessment system to complete their 2009 Tax Return. For 2009, self-assessment taxpayers are required to complete either a Form 11 or the shorter version, Form 11E.

The layout of this Guide follows the layout of the Form 11/11E. For data capture purposes each entry in the Form 11/11E is allocated its own Line number. For convenience this Guide uses these Line numbers for cross-reference between the Return Forms and the Guide. The Line numbers appear in bold print at the various headings throughout this Guide. e.g. [1-2] for lines 1 and 2.

While this Guide is primarily for self-assessment taxpayers it will also be of use to PAYE taxpayers, who are also self-assessed;

- ◆ **Part 1** is a panel-by-panel commentary on the completion of the 2009 Form 11/11E Tax Return,
- ◆ **Part 2** incorporates a two-page calculation guide to assist self-assessment taxpayers in the calculation of their income tax liability for Pay and File purposes.

Married Couples

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

Self-Assessment Taxpayers - Pay and File

Self-assessment taxpayers, typically self-employed individuals and/or individuals with non-PAYE income such as rental income or investment income, are subject to the Pay and File system. If you are a self-assessment taxpayer, under Pay and File, you must pay any Income Tax due and file your 2009 Tax Return on or before 31 October 2010. This means that you may have to calculate your own tax liability to meet your Pay and File obligations. The notes throughout this Guide and the calculation sheets in Part 2 of this Guide may be of assistance to you.

Under Pay and File you must, by 31 October 2010:

- ◆ file your 2009 Income Tax Return,
- ◆ pay any balance of income tax outstanding for 2009,
- ◆ pay your Preliminary Income Tax for 2010.

Early Filing

If you are filing a paper Return and you want Revenue to calculate your Income Tax liability for you in time to meet your Pay and File obligations you should submit your Return before 31 August 2010 and Revenue will guarantee to issue you with a notice of tax assessment in time to meet your Pay and File commitments and have certainty in the amount of Income Tax you have to pay by 31 October 2010.

File On-Line using the Revenue On-Line Service (ROS)

The quick and easy way to file your income tax return/accounts information and pay your liability is on-line, using the Revenue On-Line Service (ROS). ROS allows you secure access to your Revenue Account, immediate acknowledgement of transactions and inbuilt calculators. It provides an instant, accurate and timely calculation of your tax liability. ROS is available 24 X 7 X 365.

With ROS you can select 3 payment methods - ROS Debit Instruction, Laser Card or Online Banking. If you file and pay electronically you will qualify for an extended filing and payment date usually an additional three weeks. Revenue guarantees that only amounts specified by you or your agent will be taken from your account.

To access ROS go to the Revenue's website www.revenue.ie and select Register for ROS. Registering is a three-step process and can be done via www.revenue.ie. However, registration takes two weeks to complete - for security reasons, certain passwords must be sent by land mail - so please ensure to allow adequate time to register well in advance of the Pay and File deadline.

For further details on ROS contact the ROS liaison officer in your local Revenue office. The ROS liaison officer contact details are available via the ROS link on Revenue's website under Help.

Attachments to Returns

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 3 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 2009 Return. Instead you are required to complete pages 6 and 7 of the Form 11 and pages 4, 5 and 6 of the Form 11E 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.

Using Part 2 of this Guide – calculating your own tax liability

At the end of the notes to the various sections in this Guide, you will find a reference to where the income, credit, etc. from the particular section should be inserted on the calculation sheets on pages 65 to 67. For example, on page 32 under **Fees, Commissions, etc.** you will see the note:

Enter income at Row 7 of the Calculation Guide

Because of the complex nature of some tax calculations, it is only possible to cover a limited number of the more frequent situations in this Guide. Where this Guide does not deal with your specific circumstances you should contact your local Revenue office or consider seeking independent professional advice from a tax practitioner. A note at the end of the section will indicate if the calculation sheets cannot accommodate the source. For example, on page 29 under notes dealing with **Transborder Relief** you will see the following note:

The Calculation Guide does not cater for individuals entitled to this relief

Remember, however, if you want Revenue to do the calculation for you in time to meet your Pay and File obligations and give certainty in the amount of tax you have to pay, you must file your Return before 31 August 2010. Better still, if you file your Return on-line through the Revenue On-Line Service (ROS) you will get an instant calculation of your liability any time up to the Pay and File deadline on 31 October 2010.

The Revenue Online Service (ROS) offers you an instant calculation of your liability any time up to the Pay and File deadline on 31 October 2010 or the extended filing date if you file and pay electronically. With ROS you can e-file your Return early and select a payment date of your choosing up to the extended filing date.

Surcharge For Late Returns

You must return the completed 2009 Tax Return on or before 31 October 2010 to avoid a surcharge. If your Return is late the surcharge, which is added on to your tax due, is:

- ◆ 5% of the tax due or €12,695, whichever is the lesser, where the Return is submitted after 31 October 2010 and on or before 31 December 2010,
- ◆ 10% of the tax due or €63,485, whichever is the lesser, where the Return is submitted after 31 December 2010.

Audit/Penalties

Self-assessment Returns are subject to Audit by Revenue. Tax law provides that Revenue may make any inquiries or take such actions as are considered necessary to verify the accuracy of a Return.

Tax law provides for both civil penalties and criminal sanctions for the failure to make a return, the making of a false return, facilitating the making of a false return, or claiming tax credits, allowances or reliefs which are not due. In the event of a criminal prosecution, a person convicted on indictment of an offence may be liable to a fine not exceeding €126,970 and/or to a fine of up to double the difference between the declared tax due and the tax ultimately found to be due and/or to imprisonment.

PART ONE

Panel A - Personal Details [1 - 21]

This panel is where you enter your personal details, such as marital status, date of birth, etc. It is important that you complete each section that is relevant to you otherwise you may not get your full entitlement of reliefs and credits. Tick the appropriate boxes in the panel and give the details requested. The amounts of the personal tax credits are set out in **Table B** on page 63 of this Guide.

Are you completing this Return on behalf of a deceased individual? [1]

If you are completing this return on behalf of a deceased individual enter the date of death. Note: in the case of a married person, only complete this section where the deceased was the assessable spouse in the period to which this return refers. Revenue will contact you regarding any outstanding matters. When signing the Return on page one, it is important to state your capacity as signatory.

Personal Circumstances [2 - 3]

Indicate clearly your personal circumstances for 2009, **Line 2(a) – (e)**. Do not complete **Line 3** unless your personal circumstances **changed** in 2009.

Basis of Assessment [4]

Only complete Line 7 if you were married before 1/1/2009 or if married but living apart and wholly maintaining your former spouse.

Increased Exemption for Dependent Children [5]

If you or your spouse are aged 65 or over at any time in the year 2009 and your income is below the relevant exemption limits, you will not have to pay income tax for 2009, see Exemption Limits, **Note 4(a)**, on page 58 of this Guide.

If you have dependent children, you are entitled to an increase* in the exemption limit of €575 for each of the first two dependent children and €830 for each subsequent dependent child. A dependent child is regarded as any child under 18 years and any child over 18 years who is going to school or college full-time or is in training as an apprentice.

***Note:** This increase in the general exemption operates for the purposes of calculating the exemption limit for taxpayers aged 65 or over with low levels of income. It is not a general tax credit/allowance for all taxpayers.

If your income slightly exceeds the exemption amount, you may be entitled to marginal relief. See Marginal Relief, **Note 4(b)** on page 59 of this Guide.

Enter the amount due at Row 23 of the Calculation Guide

Widowed Parent Tax Credit [6]

You can claim a Widowed Parent tax credit at the standard rate (20%) for 2009 if you were widowed in a year prior to 2009 and have a dependent child residing with you (see One-Parent Family tax credit on page 46). The tax credit is:

Year in which Widowed	Tax Credit 2009
2008	€4,000
2007	€3,500
2006	€3,000
2005	€2,500
2004	€2,000

Enter the amount due at Row 23 of the Calculation Guide

Your Date of Birth [7]

It is important to enter your date of birth as certain reliefs, allowances or tax credits are age related, for example if you were born before 1 January 1945 you are entitled to Age Tax Credit. You claim this by entering your date of birth at Line 7 [in the case of a spouse at Line 8(b)]. Also in the case of RACs and PRSAs, the maximum amount of relief due to you depends on your age.

Spouse's Details [8]

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.

Permanently Incapacitated [9]

If you or your spouse are permanently incapacitated by reason of mental or physical infirmity from maintaining yourself, tick the relevant box. This is important as you may be due a refund of Deposit Interest Retention Tax (DIRT). See note for Irish Deposit Interest, **Line 403** on page 32 of this Guide.

Medical Card [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.

Entitled to an Exemption from PRSI [12]

See **Note 5** on page 59 of this Guide for details of who is entitled to exemption from PRSI.

Entitled to an Exemption from Health Contribution [13]

See **Note 6** on page 60 of this Guide for details of who is entitled to exemption from Health Contribution.

Residence status for the year 2009 [15 - 20]

In general, individuals who are resident in the State are taxable on their world-wide income.

Liability to income tax and entitlement to personal tax credits, reliefs and/or allowances is dependent on your resident status. The table below sets out, depending on an individual's tax residence status, the extent of that individual's liability to Irish tax.

Your residence status for Irish tax purposes is determined by the number of days you are present in the State. For 2009 and following years a day is one on which the individual is present in the State at any time during the day. You will be regarded as resident in the State in the year 2009 if you spent: -

- ◆ **183 days** or more in the State, for any purpose, between 1 January 2009 and 31 December 2009, or
- ◆ **280 days** or more in the State combining the number of days spent in the State in that year (1 January 2009 to 31 December 2009) together with the number of days spent in the State the preceding year 2008 (1 January 2008 to 31 December 2008). However, this test will not apply to make you resident if you spent **30 days** or less here in 2009.

An individual is **ordinarily resident** once they have been resident in the State for the previous three tax years.

An individual who has been ordinarily resident in the State ceases to be ordinarily resident at the end of the third consecutive year in which they are not resident.

Domicile is a complex legal concept. It may, broadly, be interpreted as meaning residence in a particular country with the intention of residing permanently in that country. An individual acquires a domicile of origin on his/her birth. Whilst each individual has a domicile, that domicile may or may not be the country in which he or she is tax resident.

Extent of Liability to Income Tax (see Note 1)

1. Resident, ordinarily resident, and domiciled in the State

Taxable in the State on worldwide income.

2. Resident, ordinarily resident but not domiciled in the State

Taxable in the State on worldwide income subject to the remittance basis of taxation as regards certain sources of foreign income (see Remittances on page 10).

3. Resident, domiciled but not ordinarily resident in the State.

As for Paragraph 2.

4. Resident in the State but not ordinarily resident and not domiciled in the State

As for Paragraph 2.

5. Ordinarily resident, domiciled but not resident in the State

Taxable in the State on worldwide income. However, the income of such an individual from the following sources are exempt from Irish tax –

- income from a trade or profession no part of which is carried on in the State;
- income from non-public office and non-public employment the duties of which are exercised wholly outside the State;
- other non-Irish source income provided that it does not exceed €3,810 in the tax year on which it arises.

6. Ordinarily resident, not resident and not domiciled in the State

Taxable in the State on his or her worldwide income subject to the remittance basis of taxation as regards certain sources of foreign income (see Remittances on page 10). However, the income of such an individual from the following sources are exempt from Irish tax –

- income from a trade or profession no part of which is carried on in the State;
- income from non-public office and non-public employment the duties of which are exercised wholly outside the State;
- other non-Irish source income provided that it does not exceed €3,810 in the tax year on which it arises.

7. Not ordinarily resident, not resident and domiciled in the State

Taxable on Irish sourced income in full and on the income attributable to the carrying on of a trade, profession or employment in the State.

8. Not resident, not ordinarily resident and not domiciled in the State

As for paragraph 7

Note 1

While the table above outlines your income tax treatment under Irish domestic legislation, you should be aware that the provisions of a **Double Taxation Agreement** will generally take precedence over domestic legislative provisions and may result in a different tax treatment in certain circumstances.

Remittances: the remittance basis of taxation [15 & 16]

The remittance basis means that, for the individuals who are:

- ◆ not Irish domiciled, or
- ◆ being an Irish citizen, not ordinarily resident in the State,

the amount of the foreign sourced income liable to income tax here under Case III of Schedule D is confined to the amount that is remitted to, or brought into, the State in the year of assessment.

The remittance basis of taxation does not apply in respect of the income from a foreign office or employment attributable to the duties of that office or employment exercised in the State. Such income is taxable in full whether or not remitted.

Enter the remitted income in Panel F, where the source of the income is listed, e.g. if the income remitted was out of Foreign Rents, the remitted amount should be entered at Line 311.

The Calculation Guide does not cater for individuals taxed on the remittance basis

Claim under Section 1032(2) TCA 1997 [19]

A non-resident individual is not due any tax credits or reliefs except as provided for in Section 1032(2) TCA 1997. This section allows a non-resident individual to claim a portion of the personal tax credits and reliefs calculated as follows:

Personal tax credits/reliefs × $\frac{\text{income chargeable to Irish Income Tax}}{\text{total world income (this includes income chargeable to Irish tax)}}$

To claim a portion of the personal tax credits/reliefs enter your non-Irish income at **Line 19**.

The Calculation Guide does not cater for non-resident individuals

Non-Resident Married Persons [20]

Where either or both spouses are non-resident, they are both taxed as single individuals unless the income of both spouses is fully chargeable to Irish tax.

The most common type of case in this category is that of an assessable spouse who is a cross-border worker or who is working in this country on temporary assignment. In such cases, where Revenue is satisfied that the non-assessable spouse has no income and the assessable spouse's earnings are the only source of income, aggregation basis will be applied.

Where the total income is chargeable to Irish tax tick the box at **Line 20** in the return.

Panel B - Income from Trades, Professions or Vocations (Including Farming & Partnership Income) [101 - 154]

If you are self-employed, you should show your self-employed income and give the other details requested in Panel B on pages 4 and 5 of the Return. You should **not** attach your self-employed business accounts but instead you must complete the Extracts From Accounts pages on the Return - see **Extracts From Accounts** below.

If you have three or more sources of self-employed income enter the two main sources in the **Primary Trade** and **Trade 2** columns on page 5 and enter an aggregate of the remaining sources in **Trade 3** column. The *Extracts From Accounts* pages should reflect this approach.

Cessation of source income [103]

If any of your sources of income ceased in 2009 complete **Line 103** as appropriate. If a source of income for which you hold a registered tax number(s) has permanently ceased you should contact your Revenue District.

Amount Assessable

You are assessable on the adjusted net profit for the accounting period ending in the year 2009 - e.g. if accounts are normally prepared for a period of 12 months ending on 30 June, then the assessable profits for 2009 will be the profits of the year ended 30 June 2009.

You must enter the amount assessable at **Line 105**, even if this is the same as the adjusted net profit per **Line 104(a)**. In some circumstances this may be different to the amount entered at **Line 104**, (e.g. at commencement, or cessation, of trade).

Income assessable under Section 98A(4) Taxes Consolidation Act 1997 means income from a Reverse Premium - a payment/benefit received where an individual is granted an interest in, or a right in or over, land. This income must be included on this panel and **not** under Irish Rental Income - Panel C.

Note: Profits from Stallion Fees [105(c)] and Greyhound Stud Fees [105(d)] are assessable with effect from the 1 August 2008 and should be included in the total figure entered at Line 105(a) and detailed at Line 105(c) and Line 105(d).

Enter this income at Row 1 of the Calculation Guide

Extracts From Accounts [117 - 152]

The *Extracts From Accounts* pages should be completed in all cases where you have trading or professional income, except in the following limited circumstances:

- ◆ If you have already submitted accounts information relating to the 2009 Tax Return with an earlier Return state the Income Tax Return to which accounts were submitted, [119],
- ◆ Individual partners are not required to complete the Extracts From Accounts pages in their personal Return. The Partnership files this information in the Partnership Tax Return - Form 1 (Firms). Enter the relevant Partnership(s) tax reference at **Line 120**.

The details to be given on pages 6 & 7 of the Return (pages 4, 5 and 6 on Form 11E) are extracts from your accounts and are **not** a tax adjustment computation/calculation. When completing these Extracts you may have nothing to enter under some headings, as that 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. Depending on how your accounts are prepared, it may be necessary to aggregate some figures to arrive at a figure to be included in the Extracts From

Accounts pages. For example, at **Line 129** on page 6 of the Return you would have to aggregate the total of 'Motor, Travel and Subsistence' if these are shown separately in your 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 **Line 21** on page three of the Return and enclose a covering letter setting out the point at issue. However, it is important to remember that the requirement to complete *Extracts From Accounts* in no way affects the necessity to prepare proper accounts or the manner in which accounts should be prepared for tax purposes, i.e. for tax purposes, accounts have to be prepared in accordance with the ordinary rules and conventions of commercial accountancy. The accounts, like any other documents in support of the Return, should be retained for **six** years in case they are required by Revenue for the purpose of an assurance check or an audit.

The Extracts From Accounts section of the Return contains three columns similar to the layout of the "Income from Trades, Professions or Vocations" on page 5 of the Return (2 columns on the Form 11E). If you have more than three trades/professions, enter the two primary sources in the Primary Trade and Trade 2 columns and give an aggregate of the remaining trades in the Trade 3 column.

The following are some additional guidance notes on the individual items requested on the *Extracts From Accounts* on pages 6 and 7 of the Return.

The *Extracts From Accounts* section must be completed in all cases where you and/or your spouse are in receipt of income from a trade (including farming), profession or vocation except in the limited circumstances identified on the top of page 6 of the Return (Lines 119 - 120).

Income [121 - 123]

- 121. Sales/receipts/turnover** - this is gross trading income receivable excluding Government payments included at 124 below.
- 122. Receipts from Government Agencies (GMS, etc.)** - this includes payments by Government Departments, e.g. GMS payments, Free Legal Aid payments, Department of Agriculture and Food payments, etc.
- 123. Other Income including tax exempt income** - include here any other income, including tax exempt income, that you normally include with your accounts. Do not include income which should be taxed under a separate heading, (e.g. rental income, dividends, interest, etc.). This should be returned in the appropriate panel of the Return.

Trading Account Items [124 - 125]

- 124. Purchases** - these are materials or purchases for resale purchased during the accounting period.
- 125. Gross Trading Profits** - this is the gross profit of your business after adjusting for opening and closing stocks and input costs.

Expenses and Deductions [126 - 133]

- 126. Salaries/Wages, Staff costs** - this includes all staff remuneration (taxed and untaxed), staff training, redundancy payments, PRSI, pensions, etc. The owner's wages should not be included but should be input in 'Drawings', see 135 opposite.
- 127. Sub-Contractors** - this relates to building, meat-processing and forestry businesses. Sub-Contractors are those defined by Section 531 TCA 1997.
- 128. Consultancy, Professional fees** - include audit, accountancy, legal, architect, auctioneer, surveyor, etc.
- 129. Motor, Travel and Subsistence** - include fuel, tax, servicing, repairs, insurance, travel and subsistence reimbursed to staff including motor expenses, country money, etc.
- 130. Repairs/Renewals** - these are costs incurred in the maintenance and upkeep of the business property and the running maintenance and upkeep of the business equipment and machinery. Enhancements or improvements to property are not maintenance and, as capital, should be added back in the **Adjusted Profit Computation**.
- 131. Depreciation, Goodwill/Capital write-off** - depreciation relates to business assets provided for during the accounting period. It should be added back in the **Adjusted Profit Computation**. Goodwill/Capital write-off relates to any write-off of the value of assets during the accounting period. It should also be added back in the **Adjusted Profit Computation**.

132. (a) **Provisions including Bad Debts** - do not include provision for depreciation.
 (b) If the balance is a loss state the amount.
133. **Other Expenses (Total)** - this is the total of all other expenses included in your **Profit and Loss Account** and not listed above.

Capital Account and Balance Sheet Items [134 - 145]

134. **Cash/Capital introduced** - this includes inheritances, windfalls, policies cashed, salary, etc.
135. **Drawings (Net of Tax and Pension contributions)** - all funds drawn from the business by the proprietor including wages, goods for own use, private expenses paid through the business, etc. but excluding tax paid and any pension payments made.
136. (a) **Closing Capital Balance** - this is the closing balance on the capital account after accounting for drawings, capital introduced and the profit or loss for the accounting period.
 (b) If the balance is a loss state the amount.
137. **Stock, Work in Progress, Finished goods** - this is the value of stocks, etc. as at the end of the accounting period.
138. **Debtors and Prepayments** - this is the figure for closing debtors and prepayments at the end of the accounting period.
139. **Cash/Bank (Debit)** - this is cash on hand or in a bank. It should include all deposit accounts, savings accounts, current accounts, Credit Union accounts, Building Society accounts, etc.
140. **Bank/Loans/Overdraft (Credit)** - these are borrowings at the end of the accounting period.
141. **Client Account Balances (Debit)** - these are funds held on behalf of clients.
142. **Client Account Balances (Credit)** - these are amounts due to clients.
143. **Creditors and Accruals** - this is the figure for closing creditors and accruals at the end of the accounting period.
144. **Tax Creditors** - VAT, PAYE, Income Tax, Relevant Contracts Tax and Capital Gains Tax owing.
145. (a) **Net Assets** - these are fixed and current assets less liabilities at the end of the accounting period.
 (b) If the balance is a loss state the amount.

Extracts from Adjusted Profit Computation [146 - 152]

Profit/Loss [146 - 147]

146. **Net Profit per accounts** - excluding exempt income and related expenses.
147. **Net Loss per accounts** - excluding exempt income and related expenses.

Adjustments [148 - 152]

148. **Motor Expenses** - add back Private element.
149. **Donations (Political and Charitable)/Entertainment** - political and charitable donations, and entertainment expenses are not allowable and should be added back.
150. **Light, Heat and Phone** - add back Private element.
151. **Net gain on sale of fixed/chargeable assets** - a profit on the sale of assets included in the **Profit & Loss Account** should be deducted in the **Adjusted Profit Computation**.

152. Net loss on sale of fixed/chargeable assets - a loss on the sale of assets included in the **Profit & Loss Account** should be added back in the **Adjusted Profit Computation**.

Losses

Any **unused trading losses** from a prior year should be entered at **Line 113** on page 5 of the Return. Such losses can **only** be set against the profits of the same trade arising in the current accounting period, (Section 382 TCA 1997). The amount of the loss is restricted to the amount of the income for that trade in the year 2009.

Example 1	Trading Profit	€12,000
	Loss Forward	<u>€ 5,000</u>
	Net Profit Assessable	€ 7,000

Example 2	Trading Profit	€12,000
	Loss Forward	<u>€15,000</u>
	Loss c/f to 2010	€ 3,000

Losses forward should be entered at Row 3, Row 37, and Row 46 of the Calculation Guide

Where you wish to **elect** to set **any trading loss incurred in the current accounting period** against other income of the current tax year you should enter the loss at **Line 112** on page 5 of the Return.

Such a loss may be increased by Capital Allowances of the current year - see Excess Capital Allowances, page 17 of this Guide. If you wish to claim this relief, you should enter the relevant amount at **Line 112** on page 5 of the Return. Alternatively, such a loss will be carried forward and set against future trading profits of the same trade.

Current year losses for offset against other income should be entered at Row 12, Row 37 and Row 46 of the Calculation Guide

Capital Allowances/Balancing Allowances/Balancing Charges

Capital Allowances

Capital allowances are available for capital expenditure on certain types of business assets and for certain types of business premises. Wear and tear allowances are available for assets such as plant, machinery and motor vehicles where the asset is in use for trade purposes at the end of the chargeable period. Industrial buildings writing down allowances are available for certain types of business premises such as factories, hotels and nursing homes (see section 268 TCA 1997 for details) that are in use for trade purposes and in respect of which you had the relevant freehold or leasehold interest when the capital expenditure was incurred.

The heading "Other" at Line 111 is for items such as:

- ◆ milk quotas,
- ◆ dredging,
- ◆ mine development,
- ◆ petroleum development/exploration,
- ◆ patent rights,
- ◆ scientific research and know-how

Note: **vehicles** are to be included in the heading "**plant and machinery**".

The capital allowances are deducted from your profit figure before you are taxed on it. Where allowances cannot be used in the current year you can carry them forward against future profits from the same trade. Wear and tear allowances and industrial buildings writing down allowances are generally calculated on a straight line basis on the net cost. However, wear and tear allowances for taxis and short-term hire cars are calculated on a reducing balance basis. The net cost is the cost after deducting any grants or VAT that can be reclaimed. The rate at which the capital allowances can be claimed depends on when the expenditure was incurred or when the building was constructed.

Where you are claiming relief under a property based incentive scheme you must give details in Panel N on page 22 of the Return. See notes for Panel N on pages 55 and 56 of this Guide.

Remember: The Plant and Machinery/Buildings must be in use at the end of your accounting year ending in 2009. If the Plant or Machinery/Buildings were sold or otherwise disposed of in this accounting year you are not entitled to Capital Allowances as set out on page 15. However, you may have a Balancing Allowance or Balancing Charge - see page 18 of this guide for details.

Immediately below and in the following three pages are details of Wear and Tear rates, calculation sheets, tables and examples to assist you in calculating Capital Allowances, Industrial Buildings and Farm Buildings Allowance, Excess Capital Allowances, Balancing Allowances and Balancing Charges.

The rate of Wear and Tear differs depending on when the item of Plant or Machinery (P & M) was purchased.

A Expenditure incurred on or after 4 December 2002

With effect from 4 December 2002 the allowance is 12.5% per year over 8 years.

Capital allowances due for 2009*

Total of A + B (overleaf) = €

* Enter this amount at **Line 109** on page 5 of the Return

B Capital Allowances on a Reducing Balance Basis – Taxis

To arrive at the opening Written Down Value for the year 2009, for taxis (and cars for short-term hire), you will have to compute Wear and Tear (W&T) and Written Down Value (WDV) over the life of the vehicle from the original date of purchase to the year 2009.

The example shown on the right sets out the Wear and Tear allowance figure for each year of claim and the Written Down Value for the end of each tax year. The figures are based on a taxi valued at €28,000 purchased on 10 October 2004.

Asset		Taxi
Rate of W & T		40%
Acquisition Cost		
W & T year 1	-	
Written Down Value end of year 1	=	
W & T year 2	-	
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	=	

Example :

W & T to be allowed in year of claim

Asset	Value (€)
Rate of W & T	40%
Acquisition Cost	28,000
W & T 2005	11,200
WDV 31/12/05	16,800
W & T 2006	6,720
WDV 31/12/06	10,080
W & T 2007	4,032
WDV 31/12/07	6,048
W & T 2008	2,420
WDV 31/12/08	3,628
W & T 2009	1,452
WDV 31/12/09	2,176

B Capital Allowances on a Reducing Balance Basis – Taxis

For private motor cars purchased on or before 31 December 2001 the Capital Allowance is calculated as previous but at the lower rate of 20% rather than the taxi rate of 40%. The cost is restricted in line with the table for "Cost Limit" produced below. The amount of W&T is also restricted to the percentage of business usage.

Regardless of the actual cost of the car, the wear and tear allowances are given on the lower of the actual cost or a specified limit. The specified limits have changed over time. The limits for recent years are set out in the following table.

Date expenditure incurred	Cost Limit
	New & Second Hand Cars
1 January 2002 to 31 December 2005	€22,000
1 January 2006 to 31 December 2006	€23,000
1 January 2007 to 31 December 2009	€24,000

A new CO2 emissions regime for wear and tear allowances applies where expenditure is incurred on or after 1 July 2008. The availability of wear and tear allowances, and the amount of such allowances, is now linked to the CO2 emissions of a car. Cars, both new and second-hand, are now categorised by reference to the bands of CO2 emissions that are used to determine Vehicle Registration Tax (VRT). Details are set out in the table below.

Group	VRT Category	CO2 Emissions (grams per km)	Allowable Expenditure €
1	A	0 – 120	24,000
	B	121 – 140	
	C	141 – 155	
2	D	156 – 170	50% of 24,000 or, if lower 50% of actual cost
	E	171 – 190	
3	F	191 – 225	Nil
	G	more than 225	

C Industrial Buildings, Farm Buildings and Farm Pollution Control Allowance

Industrial Buildings

Qualifying Expenditure incurred since 1/4/1992

cost, net of grant and
reclaimable VAT @ 4% =

€

Farm Buildings

Qualifying Expenditure incurred on or after 27/1/1994

cost, net of grant and
reclaimable VAT @ 15% =

€

Farm Pollution Control

Qualifying Expenditure incurred between 6/4/2000 – 31/12/2004 cost, net of grant and
(year 1 to year 6) reclaimable VAT @ 15% = €

Qualifying Expenditure incurred between 6/4/2000– 31/12/2004 cost, net of grant and
(year 7) reclaimable VAT @ 10% = €

NB: Maximum allowance equal to the lesser of 50% of expenditure or €31,750 at any time over the 7 year writing-down period.

The balance of the allowance is spread over the 7 years at the rate of 15% for each of 6 years with 10% in the final year.

Qualifying Expenditure incurred on or after 1 January 2005 – cost, net of grant and
(year 1 to year 3) reclaimable VAT @ 33.3% = €

NB: Maximum allowance of 50% of the expenditure or €50,000 (€31,750 for capital expenditure incurred prior to 1 January 2006) can be taken in whole or in part at any time over the 3 years writing-down period. The balance of the allowance is spread over the 3 years at the rate of 33.3% for each of the 3 years.

Total Industrial Buildings/Farm Buildings/Pollution Control Allowance*

** Enter this amount at Line 110 on page 5 of the Return.*

Capital allowances due for 2009

Total of A + B + C =

Add: Balancing Allowance:

Capital Allowances due for year 2009

Enter this amount at Row 2 of the Calculation Guide

Excess Capital Allowances

Relief for Capital Allowances of the current year may be obtained even if there is a trading loss or if the trading profits are less than the Capital Allowances, (Section 392 TCA 1997). To claim this relief enter the relevant amount at **Line 112** on page 5 of the Return (by entering the amount of the Capital Allowance here you are making an election for this relief).

Example 1	Trading loss	€10,000
	Capital Allowances	<u>€ 2,000</u>
	Overall loss	€12,000

Example 2	Trading profit	€ 2,000
	Capital Allowances	<u>€10,000</u>
	Overall loss	€ 8,000

Losses in the trade, made in the current year, can be set against other income in the year of assessment. If you wish to **elect** to make such a claim enter the amount of the loss at **Line 112** on page 5 of the Return (Section 381 TCA 1997).

*Excess Capital Allowances for offset as a trading loss against other income
(as illustrated above) should be entered at Row 12, Row 37 and Row 46 of the Calculation Guide*

Balancing Allowance and Balancing Charge

If the item of Machinery/Plant or Motor Vehicle ceases to belong to the claimant or used for the purposes of the trade, you cannot claim a Wear and Tear allowance on that item for that year.

For example, 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 arises. The excess is treated as an additional amount of income. However, the balancing charge cannot exceed the amount of the capital allowance actually given, on the item sold, in previous years.

An adjustment may be necessary in respect of motor cars where the maximum cost limits were applied. Refer to page 18 of this Guide, which deals with this situation.

Examples:

Balancing Allowance

Machinery is sold during the year for €1,500. Its Written Down Value at the start of that year was €1,800. A Wear and Tear allowance cannot be claimed for that year. Instead, a Balancing Allowance of €300 can be claimed.

Balancing Charge

Machinery is sold during the year for €3,000. Its Written Down Value at the start of the year was €2,000. A Wear and Tear allowance cannot be claimed for that year. Instead a Balancing Charge of €1,000 arises and tax must be accounted for on this amount as if it were a profit.

With effect from 1 January 2002, a Balancing Charge will not arise where the sale, insurance, salvage or compensation proceeds in respect of machinery or plant is less than €2,000. However, this will not apply in respect of the sale or other disposal of the machinery or plant to a connected person.

Balancing Allowance/Balancing Charge on Motor Cars

If you sell a car which cost more than the maximum cost limits, set out on page 16 of this Guide, you must restrict any sale proceeds proportionately when calculating any Balancing Allowance or Balancing Charge. You must also restrict the Balancing Allowance or Balancing Charge to take account of non-business use.

Example:

New Car Cost €25,000 in May 2005.

However, only €22,000 of this amount qualifies for Capital Allowances in accordance with the table on page 16 of this Guide. In October 2009 the car was sold for €14,500. 2/3rds of the use of the car was business use.

Capital Allowance computation is:

Cost of car in 2005	€25,000	
Maximum Cost Limit for Capital Allowances	€22,000	
W & T - Year 1 @ 20%	4,400	x 2/3 = 2,933
WDV at 31/12/05	17,600	
W & T - Year 2 @ 20%	4,400	x 2/3 = 2,933
WDV at 31/12/06	13,200	
W & T - Year 3 @ 20%	4,400	x 2/3 = 2,933
WDV at 31/12/07	8,800	
W & T - Year 4 @ 20%	4,400	x 2/3 = 2,933
WDV at 31/12/08	4,400	
Car sold October 2009		
Sale Price - $\frac{€14,500 \times 22,000}{25,000} =$	€12,760	
WDV at 31/12/08	4,400	
Balancing Charge	€8,360	x 2/3 = 5,573

As the sale price, restricted on the same basis as the original cost price, is higher than the Written Down Value, a balancing charge of €5,573 arises for 2009.

Enter Balancing Charge at Row 1 and Balancing Allowance at Row 2 of the Calculation Guide

Restructuring and diversification aid for sugar beet growers [114]

Section 657B deals with the taxation of payments, made in 2009 to certain sugar beet growers, under the EU Restructuring and diversification aid for the sugar industry. These payments to abandon sugar beet production are based on an estimate of lost income streams extending up to 12 years into the future and although the payments are correctly chargeable to income tax some growers could be pushed into the higher rate bands in the year these payments are made.

Section 657B ensures that if the election is made, then any specified payment which would otherwise be chargeable in 2009 will be ignored and instead be treated as arising in six equal instalments, the first in 2009 and the balance spread over the following five years.

By ticking the box at **Line 114** you are electing for the averaging tax treatment. Once you have opted in you cannot subsequently opt out.

The calculation Guide does cater for individuals with income from this source

Review of Income Tax Year 2008 [115]

This part of the Return is only relevant where you have changed your accounting period in 2009 or you have ceased trading in 2009 and a review of 2008 is required.

Change of Accounting Period [115(a)]

Section 65(3) TCA 1997 requires the Income Tax liability for 2008 to be reviewed where there is a change in the accounting period, and the profits or gains of the corresponding period relating to 2008 exceed the profits or gains assessed for 2008. The profits or gains for that corresponding period are to be taken to be the profits or gains for 2008.

Cessation of Trade [115(b)]

Section 67(1)(a)(ii) TCA 1997 requires the income tax liability for 2008 to be reviewed where you have ceased trading in 2009 and the profits or gains for the period 1 January 2008 to 31 December 2008 exceed the profits or gains assessed. In this case an additional assessment is required to charge the excess.

On review, if there is an additional tax liability for 2008, enter the amount of the profits assessed before the review, at **Line 115(c)** and enter the revised profits assessable in 2008, at **Line 115(d)**. The additional liability should be paid by the 31 October 2010.

It should be noted there is no facility to make this additional payment on the income tax payslip accompanying the Return. You should contact the Collector-General's Division by phoning LoCall 1890 20 30 70 (ROI only) 00353 61 488000 (outside ROI) to obtain a payslip for the 'review year'.

The Calculation Guide does not cater for the 'Review Year'

Credit for Professional Services Withholding Tax [116]

Credit may be claimed in 2009 in respect of withholding tax deducted in the year 2009. 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 2009).

Enter the credit claimed on Row 33 of the Calculation Guide

Panel C – Irish Rental Income [201 –211]

Rental Income from Land and Property in the State [201 - 211]

This includes income receivable from rents, premiums, easements and income from advertising hoardings. [Income from foreign property should be shown at **Lines 312(a) - (e)**]. Do not include any amounts proper to **Line 413(a)** in this panel unless you are electing to have income from a room (or rooms) let as residential accommodation, of your Sole or Main Residence, to be treated as rental income.

You must have a separate computation of the surplus or deficiency in respect of each separate rent and the total receipts from easements. You can calculate the net profit in the manner below for each lease, rental or easement to which you are entitled. The figure that is arrived at and transferred to this section of the Return is the total of all surpluses as reduced by the total of all deficiencies. However, any surplus or deficiency from an uneconomic letting, excluded by Section 75(4) TCA 1997, must be ignored. Also, a spouse may not offset his/her deficiency against the other spouse's surplus. The computation of the surplus (or deficiency) in respect of each rent, i.e. of the rent arising from each separate lease or tenancy agreement, is made by taking the full amount of rent receivable in 2009 and by deducting the outgoings in respect of that rent to the extent authorised by Section 97(2) TCA 1997.

To assist you in completing the entries in this section of the Return, a sample template follows.

Sample Template of Taxable Rental Income

Gross Rent Receivable

€

Expenses:

Maintenance

€

Repairs

€

Interest

€

Insurance

€

Costs incurred in the management of the property

€

Rent/Ground Rent

€

Service Charges

€

Light and Heat

€

"Section 23" Relief where 2009 is the first year of claim*

€

Other: (the above is not an exhaustive list)

€

Total allowable expenses

€

Amount of income after expenses **but** before Capital Allowances

€

Where you are claiming relief under a property based incentive scheme at Line 206(c) you must tick the box at Line 201 and give details in Panel N on page 22 of the Return. See notes for Panel N on pages 55 and 56 of this Guide.

* Where 2009 is the first year the relief is due (i.e. it is the first year the 'Section 23' property was let under a qualifying lease) enter the relief under "Expenses" where it asks - "'Section 23' type relief where 2009 is the first year of claim", [206(c)].

Unused 'Section 23' relief is not claimed as 'Section 23' relief but as an unused loss from a prior year. Enter at **Line 210.**

Example:

Qualifying property let 2008 ('Section 23' relief of €150,000 due)

Gross rent 2008	€ 4,000	
Less Expenses:		
Insurance	400	
Section 23 relief (1st year of claim)	150,000	
	<u>150,400</u>	
Rental loss 2008	€146,400	
Gross rent 2009	€ 13,000	[Line 205]
Less Expenses:		
Insurance	600	[Line 206(e)]
Net rental income 2009	€12,400	[Line 207]
Deduct:		
Losses from a prior year (from 2008)	<u>146,400</u>	[Line 210]
Losses forward to 2010 tax year	€134,000	

'Section 23' Relief Clawback

A property which is granted 'Section 23 Relief' should be let for a period of ten years from the date of the first letting under a qualifying lease. If the property is sold, ceases to be let, or otherwise ceases to qualify within the ten-year period, there will be a claw-back of the relief granted. Where a property on which 'Section 23' relief has been claimed, was sold or ceases to qualify during 2009 and this is within the ten-year period, the claw-back will be the **full 'Section 23' relief originally granted** in respect of the property and should be included as "Gross Rent Receivable" at **Line 205** on the Return.

Residential Tenancies Act 2004 [202] / [206(b)]

With effect from 1 January 2006, entitlement to a deduction for interest paid on borrowed money employed in the purchase, improvement or repair of rented residential premises is conditional on compliance with the registration requirements of the Residential Tenancies Act 2004 in respect of all tenancies, which existed in relation to that premises in this year.

All queries relating to the registration requirements/process should be directed to the **Private Residential Tenancies Board**, 2nd Floor, O'Connell Bridge House, D'Olier Street, Dublin 2. Telephone: +353 1 6350600 10:00 am to 1:00 p.m. and 2:00 p.m. to 4:00 p.m. Monday to Friday. Fax: + 353 1 6350601 or www.prtb.ie

Rental Capital Allowances

Fixtures and Fittings

Fixtures and fittings can qualify for Plant and Machinery Capital Allowances at the rates shown on page 15 of this Guide. Unused Capital Allowances of this nature can only be brought forward and set off against rental income arising in future years.

Capital Allowances in Respect of Buildings [208 - 209]

In general, Capital Allowances are available on the cost of construction/refurbishment of Industrial Buildings within the meaning of Section 268 TCA 1997 and in respect of the cost of construction/refurbishment of Industrial and Commercial buildings in designated areas. If you are unsure as to whether you are due Capital Allowances in respect of rental property owned by you, you should contact your local Revenue office.

Where you are claiming relief under a property based incentive scheme at Line 208(b) you must tick the box at Line 201 and give details in Panel N on page 22 of the Return. See notes for Panel N on pages 55 and 56 of this Guide.

If you wish to **elect**, under Section 305(1)(b) TCA 1997, to offset any excess of current year Capital Allowances in respect of qualifying buildings, enter the appropriate amount(s) at **Line 209(a)** and/or **Line 209(b)**. Certain Capital Allowances are not available for offset against other income, i.e. they are 'ring fenced' so that relief can only be given against rental income from that property and other Irish rental income, **[209]**.

Where you wish to elect to have excess current year Capital Allowances in respect of buildings offset against other income enter the amount in the appropriate box and note that:

- ◆ Section 409A TCA 1997 restricts the Capital Allowances available for offset against other income to €31,750, **[209(a)]**,
- ◆ the ceiling of €31,750, under Section 409A TCA 1997, does not apply to certain properties, such as investments made by individuals including a passive investor in three star or better hotels in the counties of Cavan, Donegal, Leitrim, Mayo, Monaghan, Roscommon and Sligo, other than in seaside resorts of those counties, **[209(b)]**.

Enter rental income after expenses but before Capital Allowances and loss(es), if any, at Row 4 of the Calculation Guide. Enter total Capital Allowances at Row 5 of the Calculation Guide. Enter loss(es), if any, at Rows 5, 38 & 47 of the Calculation Guide. The Calculation Guide does not cater for individuals with excess Rental Capital Allowances for offset against future rental income.

Non-resident Landlord [211]

If you and/or your spouse are a non-resident landlord and rent is paid directly to your/your spouse's bank account (either in the State or abroad), your tenant(s) should have deducted tax at the standard rate of tax (currently 20%) from the gross rents payable.

To claim a credit for this tax, you must obtain a form R185 from the tenant; this form confirms that the tenant has deducted the tax and forwarded it to Revenue. Enter the required information at **Lines 211(a)** and **211(b)**. Do not submit the form R185 with the return but you must retain it for a period of six years, in case evidence of tax deducted is required in the course of an audit or verification check.

Note: you can only claim a credit for tax actually deducted and for which you have a completed form R185 from the tenant.

Enter the tax deducted at Row 34 of the Calculation Guide

Panel D - Income from Irish Employments (Including Foreign Employment Exercised in the State), Offices, Pensions, Directorships, etc. [212 – 235]

Irish Employment(s) / Non-Proprietary Directorships[212(a) - 212(b)]

Show the source(s) and gross income from all Irish employments/offices at line **212(a)** and directorships at **Line 212(b)**. Tax deducted from gross income at all employments/offices and directorships should be entered at **Line 230(a)** as an aggregate total.

The income figure from the Forms P60 and P45 will show the salary plus the amount of any taxable benefits paid during the year and the PAYE tax deducted from the salary.

Income proper to Line 215 should **not** be included here.

Enter Gross income at Row 9 of the Calculation Guide

Foreign Employments subject to PAYE [213]

This section refers to income (including any amount in the form of expenses payments received or benefits-in-kind derived) from foreign employment(s) in so far as that income relates to the performance in the State of duties of the employment. Such income is chargeable to tax under Schedule E on the full amount arising and subject to deduction of tax under PAYE.

If the duties of the employment are performed partially in the State and partially outside the State the gross income should be apportioned accordingly. Only enter income attributable to the performance **in** the State of such employment at **Line 213**. Income attributable to the performance **outside** the State should be entered at **Line 305**.

Enter Gross amount at Row 9 of the Calculation Guide

Public Sector Employees – Class B, C or D PRSI [214]

This section refers to the salaries of public sector employees, e.g. civil servants, nurses, teachers, etc. where PRSI was paid under Class B, C or D. Salaries of other public sector employees (other than certain Public Sector employments (see **Line 215**) should be entered at **Line 212(a)**.

Certain Public Sector employments [215]

This section refers to Members of the Judiciary and Members of the Oireachtas. Salaries of public sector employees, e.g. civil servants, nurses, teachers, etc. where PRSI was paid under Class B, C or D should be entered at Line 214. Salaries of all other public sector employees should be entered at **Line 212(a)**.

Enter at Row 9 of the Calculation Guide

Irish employment not subject to PAYE [216]

This section refers to Irish employment income which has not been taxed under the PAYE system. A salary from which no PAYE tax was deducted only because of the level of income should be entered at Line 212.

Enter Gross income at Row 10 and Row 48 of the Calculation Guide

Other Payments [217]

Give details of any sum (not returned elsewhere on the Return) received by you, or by anyone connected with you, in the year 2009 from an employer as a result of:

- ◆ the commencement of an office or employment,
- ◆ the termination of an office or employment,
- ◆ any change in its functions or emoluments,
- ◆ the commutation of annual or periodic payments,
- ◆ consideration for entering into restrictive covenants,
- ◆ any other matter related to an office or employment.

Top Slicing Relief [217(d)]

Lump sum payments paid on Redundancy/Retirement are taxable. However, such payments may be exempt from income tax or qualify for a measure of relief.

Top Slicing Relief relates to the tax payable and ensures that your lump sum is not taxed at a rate higher than your average rate of tax for the 3 years prior to redundancy or retirement and is claimed **after the end of the tax year**.

The formula for calculating this relief is:

$$\frac{\text{Taxable lump sum}}{\text{lump sum}} \times (\text{tax rate applied to lump sum minus average tax rate for previous three years})$$

For married couples who are jointly assessed or who are taxed under separate assessment AND where both spouses were, in any of the three years previous to the receipt of the lump sum, in receipt of income in their own right, Revenue perform two computations as regards Top Slicing Relief. The first computation will utilise the joint income and tax payable of both spouses into account in calculating the tax rates. For the second computation only the income and tax payable of the spouse who received the lump sum payment will be taken into account. The most beneficial Top Slicing Relief will be given to the customer. Top Slicing Relief for 2009 may be claimed by completing Line 217(d) or by contacting your local Revenue office.

Example

Jane was made redundant on 8 June 2009. The taxable amount of her lump sum is €21,000, which is taxed at her marginal rate of 41%. Her average rate of tax for the prior three tax years was 38%.

Top Slicing Relief is:

$$€21,000 \times (41\% - 38\%) = €630$$

The tax payable by Jane will be reduced by €630.

The Calculation Guide does not cater for individuals with income from these sources.

Allowable Deductions incurred in Employment [218]

Depending on the nature of your employment you may be entitled to expenses against your income. "Flat rate" expenses are approved by Revenue in relation to certain employments/occupations. A full list can be found at www.revenue.ie If you qualify for flat rate expenses confirm the nature of your employment, [218(a)].

Where a flat rate expense does not apply, a claim in respect of un-reimbursed expenses incurred wholly, exclusively and necessarily in the performance of the duties of an office/employment may be made, [218(b)].

Superannuation Contributions (including AVC's) should be shown only if they have not already been deducted in arriving at the figure for earnings shown in the Return, i.e. enter only if a net pay arrangement did not apply to these contributions. AVC payment(s) made to an occupational pension scheme but not through a net pay arrangement should be entered at **Line 218(c)**.

If expenses of using your car are necessarily incurred in carrying out the duties of your office or employment, you may be entitled to claim an allowance for Wear and Tear of the car (in addition to the running expenses) which should be given under "Expenses", **Line 218(b)**. Refer to pages 15 and 16 of this Guide for assistance in calculating this allowance. **Note:** Expenditure incurred travelling to/from work cannot be claimed.

The Wear and Tear allowance must be restricted for cars costing more than the relevant car cost limits (see page 16 of this Guide for car cost limits), [218(d)].

Enter the amount to be deducted at Row 13 of the Calculation Guide

Taxable Benefits (not taxed at source under PAYE) [219]

Typically, **Benefits-in-Kind** include the making available of an asset by an employer to an employee or director and/or their families for non-business use – examples include cars/vans provided for private use, personal loans provided on favourable terms, private accommodation, etc.

Most Benefits-in-Kind are now taxed **at source**, however, a small number of benefits shown below are not and should be returned.

PRSAs

A contribution to a PRSA paid by an employer on behalf of an employee/director is a taxable benefit in the employee's/director's hands, subject to relief up to certain limits, [219(a)].

Note: An amount entered in **Line 219(a)** must also be included at **Line 507(c)** on page 16 of the Return. Any amount(s) at **Lines 507(c), 507(d), 507(e) and 507(f)** are to be added and the total entered at **Line 507(g)** to allow appropriate relief for PRSAs to be granted.

Company Shares / Securities

Shares / securities received free of charge or at a discounted price are not taxed at source, and as such any taxable benefits from these sources should be returned on the employee's/director's Return, [219(b)].

[Contact your local Revenue office for further details if necessary.]

Other Benefits

Employee/director fails to make good to employer tax due on benefits

Where an employee/director fails to make good to the employer the whole or part of a shortfall in PAYE deductions that the employer has paid in respect of a taxable benefit, the employee/director is treated as receiving a taxable benefit for the following tax year, equal to the amount not made good. That benefit is treated as arising on 31 March of the following year.

Where the tax is reimbursed by the employee/director to the employer by 31 March, **a taxable benefit will not be** regarded as arising to the employee/director.

Where the employee/director ceases employment before the relevant 31 March, the amount of the tax not made good to the employer should be returned, [219(c)].

Enter the total amount of Taxable Benefits to be charged at Row 9 of the Calculation Guide

Social Welfare Payments, Benefits or Pensions received [220- 223]

In general, income from the Department of Social and Family Affairs is taxable.

You should enter the amount of the income received, subject to the following provisions:

- ◆ the **first six weeks** of Illness Benefit and the **first €13 per week** of Jobseekers Benefit are exempt from tax and should **not** be included, [220].

- ◆ the **child benefit** elements of Illness Benefit and Jobseekers Benefit are exempt from tax and should **not** be included, [220].
- ◆ Back to Work Allowance, Unemployment Assistance and Maternity Benefit are all exempt from income tax and should not be entered in the Return.

Enter the gross amount of Carer's Allowance received from the Department of Social and Family Affairs, [221].

Enter the gross amount of Pre-Retirement Allowance, [222].

Enter the gross amount of any other type(s) of payment(s) received, e.g. Retirement Pension, Old Age Contributory Pension, Widow's/Widower's Pension, Deserted Wife's Benefit, Invalidity Pension, Blind Person's Pension, One-Parent Family Payment, etc. [223].

Enter Gross income from Social Welfare payments at Row 9 of the Calculation Guide

Irish Pensions received [224 - 227]

Early Farm Retirement Pension

Enter the gross amount of payment(s) received under Early Farm Retirement Pension scheme. Tax deducted from gross payment(s) should be entered at **Line 230(a)** as an aggregate total. See also Note 5 P.R.S.I on page 59 of this Guide, [224].

Enter Gross income at Row 9 of the Calculation Guide

Employment Pension (subject to PAYE)

Enter the gross pension(s) received. Tax deducted from gross pension(s) should be entered at **Line 230(a)** as an aggregate total, [225].

Enter Gross income at Row 9 of the Calculation Guide

Employment Pension (not subject to PAYE)

Enter the gross employment pension(s) received [226].

Enter Gross income at Row 10 and Row 48 of the Calculation Guide

'Annuity' pension payable under an RAC or a PRSA [227]

For tax purposes annuities payable under an RAC or a PRSA are regarded as a pension and chargeable to tax under Schedule E (PAYE is operated on these annuities). Other annuities, such as Purchased Life Annuities are chargeable to tax under Schedule D; these annuities should be entered at either **Line 402 or 407**, depending on whether tax was deducted at source from the payment.

An annuity payable under an RAC/PRSA is not regarded as a pension arising from a previous employment. Consequently, an individual in receipt of an annuity under an RAC/PRSA and reckonable income (including unearned income) is not an excepted self-employed contributor for PRSI purposes. Provided his or her total reckonable income, reckonable emoluments or reckonable earnings before deducting capital allowances and relevant pension contributions exceeds €3,174, he or she is liable to PRSI.

Enter income at Row 9 of the Calculation Guide

Income Levy - Gross Income from Employment/Pension [228/229]

The Income Levy is payable on gross income from all sources before any tax reliefs, capital allowances, losses or pension contributions. Enter the gross amount of all employment and occupational pension **income**, before any deduction for superannuation, other pension contributions, or permanent health benefit at Line 228(a) and/or 228(b). This is the *Gross Income for Income Levy* as shown in the Income Levy Certificate(s) 2009 received from your employer/pension provider.

Enter the amount of Income Levy deducted at **Line 229(a)** and/or **229(b)**.

The 2009 annual rates and thresholds of the Income Levy are as follows:

- 1.67%: Income up to €75,036 per annum
- 3%: Income between €75,037 and €100,100 per annum
- 3.33%: Income between €100,101 and €174,980 per annum
- 4.67%: Income between €174,981 and €250,120 per annum
- 5%: Income in excess of €250,120 per annum

The following are exempt from the Income Levy:

- ◆ Individuals who hold full medical cards (A 'GP only' medical card is not a 'full' medical card)

- ◆ Individuals whose annual income does not exceed €15,028
- ◆ Individuals aged 65 or over whose annual income does not exceed €20,000
- ◆ Married couples, one or both of whom are aged 65 or over, whose combined income for the year does not exceed €40,000

All Social Welfare payments are also exempt from the Income Levy.

Contact **www.revenue.ie** for the latest information on the Income Levy including Frequently Asked Questions and the Income Levy Certificate 2009 & 2010

Enter Income Levy at Row 57 of the Calculation Guide

PAYE Tax deducted/refunded [230]

Enter the details of tax deducted under PAYE as shown on Form(s) P60 (if you were still employed on 31 December 2009) or Form(s) P45 (if employment(s) ceased prior to 31 December 2009), **[227(a)]**. You should have received Form P60 or Form P45 from your employer(s) after the end of the tax year or on cessation of employment respectively. The figure to be included should be the aggregate total of tax deducted from source(s) at **Lines 212(a & b), 213, 214, 215, 217, 224, 225 and 227**.

Enter the total amount of PAYE tax refunded by Revenue for 2009, if any, 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. **[230(b)]**.

Enter the amount of tax underpaid in a previous year(s), if any, and which was coded for collection by reducing your tax credits and standard rate band during the year 2009, **[230(c)]**.

Enter tax deducted (net of any tax already refunded) at Row 32 of the Calculation Guide

Directorships [231]

Enter each company's tax number and the percentage shareholding in each company if you and/or your spouse held proprietary directorships in the year 2009. A Proprietary Director is the company's beneficial owner or director who can control directly/indirectly more than 15% of company's ordinary share capital.

Convertible Securities [232]

Chargeable event in 2009 (Section 128C TCA 1997)

Section 128C TCA 1997 sets out specific rules for the tax treatment of convertible securities acquired by directors and employees by reason of their office or employment on or after 31 January 2009.

Chargeable events include:

- ◆ the conversion of securities into securities of another description,
- ◆ the release of the entitlement to convert for consideration, the disposal for consideration of the securities by the employee or director (or by any other person who acquired the securities by reason of the employee's or director's office or employment),
- ◆ the receipt of a benefit in money or money's worth by the employee or director (or any other person who acquired the securities by reason of the employee's or director's office or employment) in connection with the entitlement to convert (for example, the receipt of compensation for the loss of the entitlement).

Enter the total amount chargeable at **Line 232(a)**.

If any part of the amount returned at Line 232(a) was taxed under the PAYE system enter the amount so taxed at Line 232(b).

Note to complete **Line 219(b)** if a charge arises on acquisition.

Enter the total amount chargeable, less any amount taxed under the PAYE system, at Row 9 of the Calculation Guide.

Share Options [233 - 235]

Share Options exercised, released or assigned in 2009 [233]

Enter the total amount chargeable to Income Tax on share options exercised, released or assigned in 2009 at **Line 233(a)**. Enter the amount of Relevant Tax on a Share Option (RTSO) paid at **Line [233(b)]**.

Deferred Payment (seven year deferral under Section 128A TCA 1997) [234]

If you or your spouse previously deferred payment of Income Tax on a share option exercised in 2001, 2002 or in the period 1 January 2003 to 31 March 2003 and you or your spouse have disposed of those shares in 2009, the deferred payment of Income Tax will now fall due. There is also provision in relation to a part disposal of shares, e.g. if half the shares were disposed of, then only half of the deferred Income Tax payable becomes due for payment. Enter:

- ◆ the number of shares disposed of, [234(a)(i)],
- ◆ the amount chargeable to Income Tax on the shares disposed of, [234(a)(ii)],
- ◆ the Income Tax payment due on the chargeable amount (due on the 31 October 2010), [234(a)(iii)],
- ◆ date on which share option originally exercised, [234(a)(iv)].

If you or your spouse elected to defer payment of Income Tax on a share option exercised in 2001 and you or your spouse retained any of those shares as at 31 December 2009, enter:

- ◆ the number of shares not disposed of at 31 December 2009 [234(b)(i)]
- ◆ the amount chargeable to Income Tax on the shares not disposed of [234(b)(ii)]
- ◆ the Income Tax due on the chargeable amount [234(b)(iii)]

Election under Section 128A(4A) TCA 1997 [SO3 Election] [235]

Section 128A(4A) TCA 1997 provided for an extended deferral of the Income Tax liability in circumstances where the market value of shares acquired by the exercise of a share option has, when the Income Tax is due for payment, fallen below the amount of the Income Tax chargeable under Section 128 TCA 1997 in respect of the acquisition of the shares. To avail of this provision an election, on a Form SO3, must have been made on or before 1 June 2004. If you or your spouse made such an election and the **specified date** for determining your payment on account arises in 2009, you should provide the information requested. The **specified date** for determining your payment on account can be:

- ◆ the date of sale of the shares, if sold,
- ◆ 31 October 2009 (where this was the due date for the income tax on these share options).

If you or your spouse have previously made a 'payment on account' against Income Tax due on share options under this Section, the balance of income tax deferred will be due for payment by reference to subsequent disposals of **any shares** by you or your spouse. If you have made a 'payment on account' and subsequently disposed of **any shares**, state the aggregate net gains arising. A net gain is the chargeable gain arising, less Capital Gains Tax due thereon.

Note that the disposal of any of the shares entered in this section may also give rise to a charge to Capital Gains Tax. You should include details of any such disposals in Panel L (Capital Gains) of the Return.

The Calculation Guide does not cater for individuals with Share Options

Panel E - Foreign Income [301 – 320]

In general, individuals who are resident in the State are taxable on their worldwide income. Where an individual is resident but either not ordinarily resident or not domiciled they are assessable on Irish income including income attributable to the performance of the duties of a foreign employment in the State and remittances of other foreign income, that is, a transfer of money into this State made out of this other foreign income. Where applicable, remittances should be returned in **Lines 302, 305(a), 307, 308, 309, 311(a), 312(d), 313 and 314(a)**.

The question as to whether you are entitled to a credit/deduction for any foreign tax deducted, or whether the foreign tax should be refunded by the foreign State, depends on whether Ireland has a Double Taxation Agreement with the foreign State, and upon the terms of that agreement. A list of countries with which Ireland currently has a Double Taxation Agreement can be obtained on Revenue's website www.revenue.ie or in **Leaflet's Res. 1 and Res. 2** available on Revenue's website, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706, or from any Revenue office.

Great Britain and Northern Ireland Dividends [301]

Enter net Dividends, not subject to Irish tax on encashment, received from Great Britain and Northern Ireland including details of any scrip dividends received.

Enter the net amount at Row 7 of the Calculation Guide

Foreign Pensions (including UK pensions) [302]

Enter the gross amount of pension(s) received in the box provided.

If foreign tax was correctly deducted from the pension, i.e. **you are not entitled to a full or partial refund of this tax from the foreign State** under the terms of any Double Taxation Agreement between Ireland and that State, forward details of the amount of the foreign tax deducted to your Revenue office. This situation might occur in the case of Canadian and Swedish pensions.

Enter the gross amount of the pension(s) at Row 10 and any non-refundable foreign tax at Row 27 of the Calculation Guide

EU Deposit Interest paid/credited [303]

The EU Savings Directive ensures that individuals resident in an EU Member State who receive interest income from another Member State are taxed in the Member State in which they are resident for tax purposes. Interest paid/credited on or after 1 July 2006 is either (1) reportable by paying agents in the EU to the tax authorities in the paying agents home territory or (2) subject to withholding tax in those territories which have opted to apply withholding tax rather than report the payment.

An individual who has suffered withholding tax on EU interest payments in 2009, may claim a credit for the tax withheld by completing **Line 303**.

A statement* from the paying agent must support the claim and include the following information:

- ◆ The name and address of the paying agent
- ◆ The name and address of the account holder
- ◆ The date of the interest payment
- ◆ The amount of the interest payment
- ◆ The amount of the tax deducted.

*Do not submit the statement with the return but you must retain it for a period of six years, in case evidence of tax deducted is required in the course of an audit or verification check.

The full text of the Directive, the Irish legislation, associated publications, etc. are available via Revenue's website - www.revenue.ie

Enter the gross amount of EU Deposit income received at **Line 303(a)(i)/303(b)(i)**. Non-EU deposit interest should be included at **Line 313**. Any Savings Directive withholding tax deducted should be entered at **Line 303(a)(ii)/303(b)(ii)**. Any foreign tax other than that entered at **Line 303(a)(ii)/303(b)(ii)** should be entered at **Line 303 (a)(iii)/303(b)(iii)**.

EU 'Other' Interest paid/credited [304]

Enter the gross amount of EU interest 'other' than EU Deposit Interest at **Line 304(a)**. Any Savings directive withholding tax should be entered at **Line 304(b)**. Any foreign tax other than that entered at **Line 303(a)(iii)/303(b)(iii)** should be entered at **Line 304(c)**.

The Calculation Guide does not cater for individuals with income from this source

Foreign Employments [305]

Enter the gross amount of the income received from **Foreign Employments** attributable to the performance **outside** the State of such employments on which Transborder Relief is not claimed.

If foreign tax was correctly deducted from the employment income, i.e. you are not entitled to a full or partial refund of this tax from the foreign State under the terms of any Double Taxation Agreement between Ireland and that State, enter the amount of the foreign tax deducted in the box(es) provided.

If the duties of the employment are performed partially in the State and partially outside the State the gross

income should be apportioned accordingly. Only enter income attributable to the performance outside the State of such employment at **Line 305**. Income attributable to the performance in the State should be entered at **Line 213**.

Enter the Gross amount of the salary(ies) at Row 10 and any non-refundable foreign tax at Row 27 of the Calculation Guide

Transborder Relief [306]

Transborder Relief is designed to give income tax relief to individuals who are resident in the State but who commute daily or weekly to their place of work abroad and who pay tax in the other country on the income from that employment.

Subject to meeting certain conditions an individual can have his/her income tax liability reduced to what is known as the **specified amount**, see below. In simple terms, the effect of this relieving measure is that Irish tax will only arise where the individual has other income separate to the income from the foreign employment (qualifying employment) and will ensure that he/she will not pay any additional tax on employment income which is taxed abroad. The relief is available as an alternative to Seafarer Allowance, see **Leaflet Res.1** available on Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 (ROI only) or 00353 1 6744050 (outside ROI), or from any Revenue office.

To qualify for the relief the income must not have benefited from "split year treatment", the remittance basis of assessment or have been paid by a company to one of its proprietary directors or to the spouse of one of its proprietary directors **and** each of the following conditions must apply:

- (a) the duties of the employment must be exercised wholly in a country with which Ireland has a Double Taxation Agreement. In determining whether the duties of a qualifying employment are performed wholly in the other country, any duties performed in Ireland which are merely incidental to the performance of the duties abroad will be regarded as having been performed in the other country. Normally any number of days up to a maximum of 30 in a tax year will be regarded as incidental days,
- (b) the office or employment must be held for a continuous period of at least 13 weeks in the tax year,
- (c) the income from that employment must be subject to tax in the other country and must not be exempt or relieved from tax in that country, the specified amount (i.e. the tax due after relief has been granted) is arrived at as follows:
 - (i) the foreign tax due on the income must have actually been paid to the relevant authorities and must not be repaid or be eligible to be repaid, and
 - (ii) for every week during which an individual works abroad he/she must be present in Ireland for at least one day in that week (as is the case for the rules of residence, an individual is regarded as being present in Ireland for a day if he/she is present in the country at midnight).

The **specified amount** (i.e. the tax due after relief has been granted) is arrived at as follows:

- (a) calculate the income tax which would be payable for a tax year under normal rules, excluding credit for any foreign tax paid, and
- (b) reduce this amount in the proportion which your total income (excluding the income from the qualifying employment) bears to total income (including the income from the foreign employment).

This can best be expressed by way of the following formula:

$$\begin{array}{l}
 \text{Transborder} \\
 \text{Relief Due}
 \end{array}
 =
 \begin{array}{l}
 \text{(Specified Income)} \\
 \text{Total Irish liability} \\
 \text{under Irish Rules} \text{ minus} \\
 \text{excluding credit} \\
 \text{for any foreign} \\
 \text{tax paid}
 \end{array}
 \times
 \frac{\text{(Total Irish liability under Irish Rules) (Income other than Foreign Employment Income)}}{\text{Total Income}}$$

Where there is other foreign income (in addition to the Foreign Employment Income) and the other foreign income has a foreign tax credit attaching, this foreign tax credit is also ignored in the above computation.

Enter the amount of the salary on which you are claiming Transborder Relief.

The Calculation Guide does not cater for individuals entitled to this relief

US Dividends [307]

Enter the gross amount of Dividends received from the US.

Enter the amount of Irish tax deducted, if any, on encashment of these dividends at **Line 315**.

Enter the amount of the income at Row 7, the amount of Irish tax deducted, if any, at Row 34 of the Calculation Guide

Canadian Dividends which suffered Irish tax on encashment [308]

Canadian Dividends which did not suffer Irish tax on encashment [309]

Enter gross amount of Dividends received from Canada.

Enter the amount of Irish tax deducted, if any, on encashment of these dividends at **Line 314**.

Enter the amount of the income at Row 7, the amount of Irish tax deducted, if any, at Row 34 of the Calculation Guide

Foreign Trade/Profession [310 - 311]

Only income from Trades/Professions which are entirely carried on, managed, controlled and overseen abroad should be entered here. Other income from Trades/Professions should be entered at Panel B.

If no foreign tax was deducted, or, if deducted is refundable by the foreign jurisdiction the income should be returned in **Line 310**.

Where foreign tax was correctly deducted and withheld by the foreign jurisdiction, **Line 311** should be completed.

Enter the amount of the income at Row 7, the amount of the Irish tax deducted, if any, at Row 34 and the amount of foreign non-refundable tax deducted at Row 27 of the Calculation Guide

Foreign Rents [312]

Enter gross amount of Foreign Rental income receivable at **Line 312(a)** and expenses at **Line 312(b)**.

Net profit on Foreign Rental property should be entered at **Line 312(c)**.

Amount of Foreign tax deducted, if any, should be entered at **Line 312(d)**.

More detailed information on the Irish tax implications of foreign property ownership is available at www.revenue.ie

Foreign: interest, royalties, annuities, dividends etc. [313 - 314]

All foreign income, excluding that which is asked for separately on the Return (at **Lines 301 – 312** and **Lines 316 - 318**) should be entered in either **Line 313** or **314**. Include details of any scrip dividends received from non-resident companies.

If no foreign tax was deducted, or, if deducted is refundable by the foreign jurisdiction the income should be returned in **Line 313**. Where foreign tax was correctly deducted and withheld by the foreign jurisdiction, **Line 314** should be completed.

Enter the amount of the income at Row 7, the amount of the Irish tax deducted, if any, at Row 34 and the amount of foreign non-refundable tax deducted at Row 27 of the Calculation Guide

Irish tax deducted on encashment [315]

Enter amount of Irish tax deducted on encashment from US Dividends **Line 307**, Canadian Dividends **Line 308**, other foreign interest, royalties, annuities, dividends, etc. **Lines 313** and **314(b)** at **Line 315**.

Foreign Bank Accounts (Section 895 TCA 1997) [316]

Individuals who, or whose spouse, opened foreign bank accounts during the year are required to give certain information in relation to such accounts – including the amount of the initial deposit and other details as outlined

on the Return.

Remember to include interest earned from these accounts in **Lines 303, 313 or 314** as appropriate.

The Calculation Guide does not cater for individuals with income from this source

Foreign Life Policies (Sections 730H, 730I, 730J, 730K TCA 1997) [317]

Where a taxpayer has sold, made withdrawals from, or received any cash or other benefits from a foreign life assurance policy or a personal portfolio life policy, often referred to as a bond, with a foreign assurance company, they may have made a gain from a foreign policy. Receipts from policies that issued from an 'offshore State' are taxable income. An offshore State is a country other than Ireland which is a Member State of the European Union (EU) or European Economic Area (EEA), or any Member State of the Organisation for Economic Co-operation and Development (OECD) with which Ireland has a Double Taxation Agreement.

A foreign life policy is in general terms one normally issued from outside Ireland. However, a policy taken out with the Irish branch of an overseas assurance company is treated as an Irish policy provided certain conditions are met.

A personal portfolio life policy or bond is a life assurance policy where the benefits payable are determined by the value of property chosen directly or indirectly by the policy holder.

The Calculation Guide does not cater for individuals with income from this source

Offshore Funds (Part 27 Ch4 TCA 1997) in the EU or EEA, or in a Member State of the OECD with which Ireland has a Double Taxation Agreement [318]

Individuals resident or ordinarily resident in the State must include details of acquisitions of material interests in all offshore funds during the period 1 January 2009 to 31 December 2009. An interest is a material interest if it is capable of realising an amount equal in value to the proportion of the underlying assets of the offshore fund represented by that interest.

An offshore fund can take the form of an investment in:

- ◆ a non-resident company, or
- ◆ a foreign unit trust, or
- ◆ any other arrangements, which take effect under foreign law and create rights in the nature of co-ownership

A *Relevant Payment* is a payment made annually or at more frequent intervals:

- ◆ where the relevant payment is correctly included in the return of income the rate of tax is 23%/25%,
- ◆ where the payment is not a relevant payment and is correctly included in the return of income the rate of tax is 26%/28%,
- ◆ where *all payments*, relevant and non-relevant payments, are not correctly included in the return of income the rate of tax is the taxpayer's marginal rate of tax (highest rate).

For disposals, the gain, where the disposal is correctly included in the return of income, is taxed as income at 26%/28%. These gains are not liable to the Health Contribution of 2%.

Where the details of these gains are not correctly included in the return, the gains are taxed as income at the taxpayer's marginal rate of tax. The Health Contribution applies to these gains.

Note that the receipt of payments from foreign entities that are treated in Ireland as transparent (e.g. partnerships) does not generally give rise to a further liability to tax under the offshore funds provisions. Instead, taxation by first principles applies in such cases. In the same way that partners are taxed directly on income and gains arising within an Irish partnership, Irish investors in foreign entities that are treated in Ireland as transparent, will be taxed in Ireland on their share of the income and gains arising within the foreign entities as those income and gains arise and no entry should be made at **Line 317** in such cases.

The Calculation Guide does not cater for individuals with income from this source

Other Offshore Products (Section 896 TCA 1997) outside the EU or EEA, or outside any Member State of the OECD with which Ireland has a Double Taxation Agreement and within the EU or EEA, or within any Member State of the OECD with which Ireland has a Double Taxation Agreement [319]

Individuals who have acquired a material interest in an offshore product (including Foreign Life Assurance Policies and Offshore Funds) in 2009 are required to return the information requested on the Form 11. Details of all receipts from non-qualifying Offshore Funds should be entered in **Line 409**.

Note that the receipt of payments from foreign entities that are treated in Ireland as transparent (e.g. partnerships) does not generally give rise to a further liability to tax under the offshore funds provisions. Instead, taxation by first principles applies in such cases and no entry should be made at **Line 319** or **409** in such cases.

Note: **Line 319** is intended to cover offshore products **other than offshore funds to which line 318 relates**. **Line 318** relates to what are referred to as 'regulated offshore funds' in the EU or EEA, or in an OECD state with which Ireland has a double taxation treaty (an OECD treaty state). Chapter 4 of Part 27 of TCA 1997 and specifically Section 747B(2A) applies to these funds.

Line 319 caters for 'Other Offshore Products'. The requirements here are governed by Section 896(5) TCA 1997. The information required relates to offshore products which are –

- ◆ foreign life products in a state outside the EU or EEA, or outside an OECD treaty state, i.e. offshore products to which Section 730I TCA 1997 does not relate
- ◆ unregulated offshore funds in the EU or EEA, or in an OECD treaty state and all offshore funds outside the EU or EEA, or outside an OECD treaty state, i.e. offshore products to which Section 747C TCA 1997 does not relate.

Therefore, it should be noted that **Line 319** of the 2009 Form 11 requires a return of information in relation to two types of offshore funds acquired in 2009. It requires not only details of all such funds which are outside the EU or EEA, or outside an OECD treaty state but also details of unregulated funds (those not coming within Section 747B(2A)) acquired within the EU or EEA, or within an OECD treaty state.

The Calculation Guide does not cater for individuals with income from this source

Panel F - Income From Fees, Covenants, Distributions, etc. [401 - 408]

Fees, Commissions, etc. [401]

Fees, Commissions, etc. from sources other than employments or directorships should be entered on behalf of both self and spouse. [Fees, commissions earned in the course of an **employment** should **not** be entered here, they are proper to **Line 212**]

Enter income at Row 7 of the Calculation Guide

Irish Untaxed Income - Irish Investment Income paid **without** deduction of Irish Income Tax [402]

This includes interest on Government Loans, Exchequer Bills (including amounts treated as interest on disposals of these securities in certain circumstances) and on other loans and investments. Only income which has **not** already suffered tax at source should be entered here.

Enter at Row 7 of the Calculation Guide

Irish Deposit Interest [403]

Give details of deposit interest from which DIRT at 23%/25% was deducted. **[403(a)]** Do not include income from Special Share Accounts, Special Term Share Accounts, or Special Savings Accounts in this Line; they should be included in **Line 403 (b)**.

Under 65 - Enter Gross income at Row 6 and DIRT deducted at Row 26 of the Calculation Guide Over 65 - Enter Gross income at Row 6 and DIRT deducted at Row 31 of the Calculation Guide

Give details of deposit interest from which DIRT at 23%/25% was not deducted at **Line 403(b)**. You are entitled to receive deposit interest free of DIRT where you or your spouse are either:

- ◆ 65 years or over, or
- ◆ permanently incapacitated,

and you are exempt from tax or your tax credits/reliefs exceed your income.

Enter Gross Income at Row 6 of the Calculation Guide

Deposit Interest from Special Share Accounts/Special Term Share Accounts/Special Savings Accounts - subject to DIRT at 23%/25% - should not be returned, unless you or your spouse are entitled to claim a refund of DIRT. You are entitled to claim a refund of DIRT where you or your spouse are either:

- ◆ 65 years or over, or
- ◆ permanently incapacitated,

and you are exempt from tax or your tax credits/reliefs exceed your income.

If the account is a Special Term Share Account, you should only enter the amount which has been subjected to DIRT, i.e. the amount **after** the relevant exemption. In a Medium Term Share Account the first €480 is exempt from DIRT, and in a Long Term Share Account the first €635 is exempt from DIRT, **[403(c)]**.

The Calculation Guide does not cater for individuals with income from these sources

Dividends from Irish Resident Companies (from which Dividend Withholding Tax was deducted) [404]

Dividends of Companies resident in the State

Enter the totals for all Dividends plus Dividend Withholding Tax (including Manufacturing Companies, Patent Royalty, etc.). Scrip dividends from quoted resident companies should also be included **[404(a)]**. [Scrip dividends from unquoted resident companies should be entered at **Lines 409(a)- 409(c)**].

Enter the totals for all Dividends from which Dividend Withholding Tax was not deducted at **Line 404(b)**.

Enter Gross income at Row 6 and the tax credit at Row 34 of the Calculation Guide

Settlement, Covenant, Estate income, Maintenance Payments, etc. [405]

Gross income from an estate, settlement, covenant, maintenance agreement, etc. must be returned in this section.

Return gross amount where tax was **not** deducted, **[405(b)]**

Return gross amount where tax was deducted, **[405(c)]**.

A "settlement" is defined as any disposition, trust, covenant, agreement, arrangement, or for certain purposes, transfer of assets.

Enter Gross income at Row 7 and tax deducted, if any, at Row 34 of the Calculation Guide

Income from non-exempt Qualifying Patents [406]

Gross income from patent royalties which is not exempt under Section 234 TCA 1997 must be included in this section.

Return the gross amount where tax was **not** deducted, **[406(a)]**.

Return gross amount where tax was deducted, **[406(b)]**.

Enter non-exempt income at Row 7 and tax deducted, if any, at Row 34 of the Calculation Guide

Other Income (from which Irish Standard Rate Tax was deducted) [407]

If you were in receipt of income that has had Irish income tax deducted at the standard rate (20%) enter the gross amount of the income received here, e.g. Annuities.

Enter Gross Income at Row 7 and tax deducted, if any, at Row 34 of the Calculation Guide

Investment Undertakings (Section 739G(2A) TCA 1997) [408]

This is a new section in the return for 2009 and is to be used when an investment undertaking has elected **not** to deduct exit tax on a deemed disposal **and** has so notified the taxpayer. This income is liable at the rates shown at Lines 408 (a) and 408 (b). The rate varies depending on the nature of the investment gain and the date on which it arose.

This income is liable to income tax only; it is not liable to PRSI, the health contribution, or the income levy.

The Calculation Guide does not cater for income returned in this Panel

Income from Sources Not Shown Elsewhere [409]

Insert in this section details of any income received from whatever source for which specific provision is not made elsewhere in the Return, for example:

- ◆ sums received after discontinuance of a trade or profession,
- ◆ sums deemed to be income by reference to the “transfer of assets” provisions (Sec. 806 TCA 1997),
- ◆ scrip dividends from unquoted resident companies,
- ◆ amounts from non-qualifying offshore funds.

The Calculation Guide does not cater for income returned in this Panel

Panel G - Exempt Income [410 - 415]

This part of the Return is only relevant where you have income which has a statutory exemption. Notwithstanding that this income is exempt, there is a legal requirement on you to enter the profits, gains, distributions or losses where requested. Do not enter income from other sources which is exempt solely because the level of income is too low to be taxed.

Artists Exemption [410]

Artists Exempt Income is profit on income from qualifying work(s) determined by the Revenue Commissioners to have artistic/cultural merit and for which the Revenue Commissioners have granted exemption from Income Tax under Section 195 TCA 1997.

Profit or gains from Woodlands [411]

Profits, gains or distributions from the commercial occupation of woodlands in the State are exempt from income tax under Section 232 TCA 1997.

Patent Income [412]

Certain income, including distributions, derived from patent royalties is exempt from income tax under Section 234 TCA 1997. There are numerous conditions applying including:

- ◆ the original inventor must be the recipient of the royalty,
- ◆ the royalty must be in respect of a manufacturing activity (other than IFSC and certain Shannon Free Zone activities) carried on in the State or elsewhere, or a non-manufacturing activity where it is paid by a person unconnected with the recipient.

Rent-a-Room Relief Scheme [413]

If you have let a room (or rooms) in your sole or main residence as residential accommodation and the gross rent received (“relevant sums”), including sums for food, laundry or similar goods and services, does not exceed €10,000 for the 2009 tax year, the surpluses or deficiencies on the relevant sums are treated as nil. Thus, these surpluses are omitted for income tax, PRSI and Health Contribution purposes and the deficiencies can’t be offset against rental surpluses from other lettings.

Total relevant sums are a gross figure, i.e. no account is taken of any expenses incurred in generating the relevant sums.

Where more than one individual is entitled to the relevant sums, the €10,000 limit is divided equally between

them.

The relief is not due where the relevant sums are received from your child.

You can opt out of this relief by ticking the box(es) at Line 413(b). If you opt out, enter details at Line 205 rather than at Line 413(a).

Section 216A TCA 1997 refers.

Childcare Services [414]

Childcare Services relief is a scheme of tax relief for income arising from the provision of certain childcare services. Where the gross annual income from the provision of childcare services does not exceed €15,000 the income is fully exempt from tax.

A summary of the scheme is as follows:

- ◆ The individual's limit for a year of assessment is €15,000. If more than one person is providing childcare services in one premises, the €15,000 limit is split between the number of people,
- ◆ In determining whether the income level exceeds €15,000 no deductions of any kind are allowed,
- ◆ Where the income exceeds €15,000 the entire amount is taxable in the normal way, i.e. calculate taxable profits by deducting allowable business expenses from turnover,
- ◆ The childcare service must be provided in the carer's home, not the children's home,
- ◆ No more than three children may be cared for at any one time,
- ◆ The care provider must be self-employed (not an employee) and include the gross income in their annual return of income to the Revenue Commissioners. The claim for the tax exemption is made with this return,
- ◆ Claiming this relief is considered confirmation that the carer has notified the person recognised for that purpose by the Health Service Executive (HSE), that they are providing child minding services. In practice this will mean the officer appointed by the local City or County Childcare Committee. See www.pobal.ie > childcare > city/county childcare committees, or telephone + 353-1-2400700.
- ◆ A separate notification must be made in respect of each tax year for which the exemption is claimed,
- ◆ A claim under this section does not affect a person's entitlement to mortgage interest relief in respect of, nor capital gains tax relief on gains from the disposal of, their principal private residence,
- ◆ Income to which this section applies will not be taken into account in determining entitlement to home carer tax credit,
- ◆ The election to have this income exempt from income tax for 2009 must be made on or before **31 October 2010**.

If your childcare income qualifies under the above you can elect for this scheme by entering the gross income received at Line **414**.

You may, if you wish, choose to have any income/losses from this source assessed under the normal rules for income. If so, include the income at **Line 104(a) or 104(b)**.

Income in this Panel is exempt from tax and is not shown in the Calculation Guide

Other Exempt Income [415]

Insert in this section details of any exempt income received from whatever source for which specific provision is not made elsewhere in the Return, for example, exempt investment income received under Section 189 TCA 1997.

The Calculation Guide does not cater for income returned in this Panel

Panel H - Annual Payments, Charges and Interest Paid [501 - 512]

Rents, etc. payable to Non-Residents [501]

If you paid a rent or other such payment to a person who resides outside the State, you must deduct tax at the

standard rate (20%) from the gross amount payable - e.g. gross rent €1,000 per month: deduct tax of €200 (1,000 x 20%) and pay it to Revenue; pay €800 to the landlord (1000 - 200). Once the landlord is non-resident and you make the payment directly to him or her, you must deduct tax - even if you lodge the money to the landlord's bank account in this country or abroad. If you fail to do so, you remain liable for the tax which you should have deducted.

You account for the tax deducted by entering the gross rent payable to the non-resident landlord at **Line 501**.

Enter tax withheld at Row 30 of the Calculation Guide

Clawback of Employers' Tax Relief at Source (TRS) [502]

Complete this section **only if you are an employer** and have paid, as a perquisite/benefit for your employee(s) or director(s), medical insurance premiums to an authorised insurer in the period 1 January 2009 to 31 December 2009. This includes Dental Insurance, paid by you as an employer on behalf of your employee(s) or director(s), for non-routine dental treatment. If you are **an employer** who pays medical insurance premiums for your employee(s) or director(s) the value of the TRS received by you must be recovered by Revenue. The gross figure paid for employee(s) or director(s) medical insurance subscription(s) (excluding contributions made by employees and net of age-related tax credit where applicable) must be entered at **Line 502**. The following examples best outline this situation.

Example where no age-related tax credit is due

Employer "A" pays the medical insurance premiums for two employees,

Employee 1: Gross Premium	€1,500
Employee 2: Gross Premium	€1,000

The employer pays the two gross premiums but receives TRS on the payments, making **the employers** total payment only €2,000, i.e.

Total Gross Premium Due	€2,500 - enter at Line 502
Less: "TRS" (€2,500@20%)	€ <u>500</u>
Net Premium paid by employer	€2,000

The €500 is payable as part of **the employers** own tax liability. This tax payment, together with the net premiums paid, is allowed as a deduction in calculating employer's profits.

Example where age-related tax credit is due

(Example applies to medical insurance premiums paid under contracts renewed or entered into on or after 19 July 2009 in respect of persons aged 50 years and over)

Employee aged 52 years on the date the contract is entered into or renewed.

The notice to the employer shows both the gross and net premium due.

Gross premium	€2,000
Less age related tax credit (aged 50 – 59)	200
	€1,800 – enter at Line 502
Less "TRS" (€1,800@20%)	€ 360
Net premium paid by employer	€1,440

The employer pays 100% of the premium in respect of the employee

The €360 is payable as part of **the employers** own tax liability. This tax payment, together with the net premiums paid, is allowed as a deduction in calculating employer's profits.

Important:

Employers should note that some statements/invoices from 'authorised insurers' sent to employers for 2009 show net premium figures. These should be re-grossed at the standard rate (20%) for entry at **Line 502**

Note: Information on the 'age-related tax credit' is available at www.revenue.ie

Enter Gross amount at Row 30 of the Calculation Guide

Maintenance Payments [503]

Tax relief is available for maintenance payments made under a legally enforceable arrangement for the benefit of the spouse (not children), i.e. Deed of Separation/Rule of Court, etc. Voluntary maintenance payments to a spouse do not qualify for relief.

Enter Gross amount at Row 15 and the tax withheld, where relevant, at Row 30 of the Calculation Guide

Deeds of Covenant [504]

Only covenants in favour of certain individuals qualify for tax relief:

Children

Unrestricted tax relief can be claimed on covenants in favour of permanently incapacitated minors other than from parents to their own minor incapacitated child/children. A minor is an individual under 18 years and unmarried, [504(a)]

Adults

Unrestricted tax relief can be claimed on covenants in favour of permanently incapacitated adults, [504(a)].

In addition, restricted relief * can be claimed on covenants in favour of adults aged 65 and over, [504(b)].

*Relief available cannot exceed 5% of the covenantor's total income, i.e. gross income less certain deductions from income such as Schedule E expenses ("flat rate expenses"), capital allowances, etc.

Enter Gross amount at Row 15 and the tax withheld at Row 30 of the Calculation Guide

Other Charges/Annuity(ies) [505]

Enter details in respect of any other Charges/Annuity payment(s) other than those listed separately in **Lines 501-504** inclusive, e.g. patent royalties.

Enter Gross amount at Row 15 and the tax withheld at Row 30 of the Calculation Guide

Retirement Annuity Contracts (RACs) [506]

If you are a self-employed individual, a proprietary director or an employee who is not in an occupational pension scheme you can claim relief for RAC premiums subject to a percentage of Net Relevant Earnings (i.e. earnings from self-employment or non-pensionable employment after deducting any losses or capital allowances). A "non-pensionable employment" is one where the individual is not included for benefits under an approved occupational pension scheme relating to the employment.

It is very important that you enter your date(s) of birth in the appropriate section of the Return [**Line 7 and /or Line 8(b)**] to ensure you get the maximum relief to which you are entitled.

The relevant percentage of Net Relevant Earnings are set out in the table hereunder.

Age	% of Net Relevant Earnings
Under 30 years	15%
30 - 39 years	20%
40 - 49 years	25%
50 - 54 years	30%
55 - 59 years	35%
60 and over	40%

Example: If you are aged 43, have earned €45,000 in this period and make an RAC payment of €12,000, the relief due to you is restricted to €45,000@25%, i.e. €11,250. The balance of the payment, €750, may be carried forward to the following year (or years) and treated as a qualifying premium paid in that year(s).

The 30% limit will apply, if you are less than 55 years of age and your income comes wholly or mainly from a specified sporting occupation, i.e. athlete, badminton player, boxer, cyclist, footballer, golfer, jockey, motor racing driver, rugby player, squash player, swimmer or tennis player.

The tax-deductible contributions are calculated by reference to a maximum earnings figure of €150,000 for the year 2009 on contributions to all pension products.

Relief may be claimed in respect of:

- ◆ premiums paid in the period 1 January 2009 to 31 December 2009,
- ◆ any premiums paid in an earlier year for which relief has not been obtained and relief is claimed in 2009,
- ◆ any premium paid between 1 January 2010 and 31 October 2010 where you claim relief as if it was paid in the period 1 January 2009 to 31 December 2009. This claim must be made on or before 31 October 2010 (Return filing date).

Enter the amount at Row 14 in Calculation Guide

Personal Retirement Savings Accounts (PRSAs) [507]

Contributions paid into a PRSA will benefit from tax relief at an individual's highest income tax rate. It is very important you enter your date(s) of birth in the appropriate section of the Return [**Line 7 and Line 8(b)**] to ensure you get the maximum relief to which you are entitled.

Relief is only available against Net Relevant Earnings, i.e. earnings from a trade, profession or non-pensionable office of employment, after deducting any losses, capital allowances, or expenses. The percentage of Net Relevant Earnings which may be claimed as a deduction in respect of PRSAs are set out in the following tables. Earnings as a proprietary director or proprietary employee of an investment company are not relevant earnings.

Table A

Contributions to an Occupational or Statutory Scheme and to a PRSA linked to such a scheme (PRSA-AVC)

Age	% of Remuneration
Under 30 years	15%
30 - 39 years	20%
40 - 49 years	25%
50 - 54 years	30%
55 - 59 years	35%
60 and over	40%

Relief is limited to the age % limit of the remuneration from the office or employment including AVC contributions to the scheme. The amount of net relevant earnings against which any other PRSA contributions may be set is reduced by the remuneration from the office or employment.

These limits will apply to the combined total of the employee contributions to the PRSA and the Occupational/Statutory Pension Scheme.

Table B

Contributions [employee's plus employer's (if any) to a PRSA only]

Age	% of Net Relevant Earnings
Under 30 years	15%
30 - 39 years	20%
40 - 49 years	25%
50 - 54 years	30%
55 - 59 years	35%
60 and over	40%

The tax-deductible contributions are calculated by reference to a maximum earnings figure of €150,000 for the year 2009 on all contributions to all pension products.

For example, if an employee aged 40 earns €200,000. The maximum allowable contribution will be €37,500

(i.e. earnings limit €150,000 x 25% = €37,500).

Except in the case of an employee who is a member of an occupational pension scheme or of a statutory pension scheme, an individual is entitled to tax relief on a contribution of €1,525 paid if the contribution paid is in excess of this amount even if this exceeds the normal income-based limit.

For example, if an individual aged 23 earns €9,533, the normal limit on the tax deductible contribution is 15% of €9,533 being €1,430. If this individual pays €1,600, relief of €1,525 will be allowed, rather than the earnings based limit of €1,430.

The 30% limit will apply, if you are less than 55 years of age and your income comes wholly or mainly from a specified sporting occupation, i.e. athlete, badminton player, boxer, cyclist, footballer, golfer, jockey, motor racing driver, rugby player, squash player, swimmer or tennis player.

The tax relief is non-transferable between spouses in line with existing rules for RAC and occupational pension scheme contributions.

Contributions made by an employer to a PRSA on behalf of an employee are treated as a Benefit-in-Kind of the employee and must also be returned in **Line 219(a)** of the Form 11/11E. Such contributions are treated for relief purposes as if made by the employee.

The total amount to be entered at **Line 507(g)**, is the sum of:

- ◆ the PRSA contribution paid by an employer on your behalf [**Line 507(c)**]. (Note to also enter this figure at Line 219(a))
- ◆ the amount paid by you and certified on Form PRSA 1 (which you retain), see note below on 'PRSA 1 Certificate', [**507(d)**],
- ◆ any amount paid in a prior year for which relief has not been obtained, [**507(e)**],
- ◆ the amount paid between 1 January 2010 and 31 October 2010 for which relief is claimed for 2009 (and for which relief has **not** already been allowed), [**507(f)**].

Certificates PRSA 1, PRSA 1 (Net Pay), PRSA 2 AVC (Net Pay)

Relevant Certificate(s) will be available from the PRSA provider as follows:

- ◆ **PRSA 1 Certificate** - This certificate will be issued to individuals taking out a PRSA product not linked to an Occupational or Statutory Pension Scheme. **There will be no income tax relief due on contributions made to this type of PRSA if the individual is a member of an Occupational or Statutory Pension Scheme unless he or she has other relevant earnings against which the relief may be allowed.**
- ◆ **PRSA 1 (Net Pay) Certificate** - This certificate will be issued to **employees and directors** who are **not** members of an Occupational or Statutory Pension Scheme.

Enter the amount at Row 14 of the Calculation Guide

- ◆ **PRSA 2 AVC (Net Pay) Certificate** - This certificate will be issued to **employees and directors** taking out a PRSA AVC product which is linked to an Occupational or Statutory Pension Scheme.

Overseas Pension Plans: Migrant Member Relief [508]

Relief is available for contributions paid on or after 1 January 2005 by a “**relevant migrant member**” who comes to the state and who wishes to continue to contribute to a pre-existing “**qualifying overseas pension plan**” concluded with a pension provider in another EU Member State. Contributions will benefit from tax relief at an individual's highest income tax rate. It is very important that you enter your date(s) of birth in the appropriate section of the Return [**Line 6 and Line 8(b)**] to ensure you get the maximum relief to which you are entitled.

The expression “overseas pension plan” includes both occupational pension schemes and personal pension plans, but **excludes** any State social security scheme.

To qualify for the relief, certain conditions and information requirements must be met.

Migrant Member - Conditions

The migrant member must meet certain conditions to be a “relevant migrant member” and to qualify for relief for

contributions made to a qualifying overseas pension plan. The individual must:

- ◆ be a resident of the State,
- ◆ have been a member of the plan on taking up residence of the State,
- ◆ have been a resident of another EU Member State at the time he or she first became a member of the plan and must have been entitled to tax relief on contributions to the plan under the law of that Member State,
- ◆ have been resident outside of the State for a continuous period of three years immediately before becoming a resident of the State,
- ◆ be a national of an EU Member State or, not being such a national, must have been resident in an EU Member State (other than the State) immediately before becoming a resident of the State.

The term “resident” in the context of another EU Member State means:

- ◆ in the case of an EU Member State with whom Ireland has a Double Taxation Treaty, that the individual is regarded as being resident of that State under the relevant treaty,
- ◆ in any other case, that the individual is by virtue of the law of that State a resident of that State for the purposes of tax.

Overseas Pension Plan – Conditions

The overseas pension plan must be a “qualifying overseas pension plan”:

- ◆ the plan must be established in, or entered into under the law of, an EU Member State,
- ◆ the contributions to the plan must qualify for tax relief under the law of that the relevant EU Member State, and
- ◆ the plan must be established in good faith for the sole purpose of providing retirement benefits similar to those tax relieved in the State [retirement benefits are pensions payable to the plan, member on retirement or payments made to the member’s dependents following the death of the member].

Overseas Pension Plan – Information

The relevant migrant member must irrevocably instruct the administrator of the overseas pension plan to provide the Revenue Commissioners with any information, in relation to payments under the plan, that they may reasonably require.

In addition, on an annual basis, he or she must obtain from the administrator a “certificate of contributions” setting out contributions made by the migrant member to the plan, and where relevant, contributions to the plan, made by the migrant member’s employer in the State.

Relief for contributions

Where the conditions set out above in relation to the overseas plan and the migrant member are met, relief may be granted in respect of contributions paid under the overseas plan on receipt of a completed form **Overseas Pension 1** available at www.revenue.ie or from any Revenue office.

The claim form must be completed and signed by both the individual claiming the relief and the administrator of the overseas pension plan.

Relief is subject to the same age based relief limits as apply to relief for individual contributions to Irish approved pension plans (occupational, PRSA, RAC, see Table A/B page 38). The combined remuneration/ earnings threshold of €150,000 also applies.

An employer is authorised to operate the “net pay arrangement” in respect of allowable contributions to a qualifying overseas pension plan where such contributions are deducted from the employee’s emoluments.

Contributions by Irish Employees to an Overseas Pension Scheme.

Section 21 Finance Act 2005 allows for the approval, on or after 1 January 2005, by the Revenue Commissioners of occupational pension schemes provided to Irish employers/employees by pension providers based in other EU Member States (i.e. “overseas pension scheme”) which are structured other than on an irrevocable trust basis, so long as the standard approval conditions are met.

Claims for relief for contributions paid to an Overseas Pension Scheme are dealt with on the same basis as claims for relief for contributions to an Irish approved occupational pension scheme.

An employer is authorised to operate the “net pay arrangement” in respect of allowable contributions to a qualifying overseas pension plan where such contributions are deducted from the employee’s emoluments.

Enter the amount at Row 14 of the Calculation Guide

Retirement Relief for certain Sportspersons [509]

Sportspersons who cease permanently to be engaged in a “specified” occupation or to carry on a “specified” profession may be entitled to a deduction from total income. The amount of the deduction is set at 40% of the gross receipts, before deducting expenses, which arose wholly and exclusively from engaging in the sport. A sportsperson must be resident in the State for the year of assessment in which he/she ceases permanently to be engaged in that profession.

This relief, given by way of repayment of income tax, takes the form of a deduction from total income and can be claimed for up to **any ten** of the years of assessment back to and including the tax year 1990/91 for which the sportsperson was resident in the State.

Relief is restricted to direct earnings from participation in certain sports. It does not apply to indirect sports earnings such as sponsorship monies, personal appearances or interviews, participation in advertisements, etc.

The “specified” occupations/professions are:

Athlete	Badminton player
Boxer	Cyclist
Footballer	Golfer
Jockey Motor	Racing Driver
Rugby player	Squash player
Swimmer	Tennis player

Other points to note in relation to this relief are:

- ◆ PRSI and Health Contribution are chargeable on the income before relief is granted,
- ◆ it does not create or augment a loss for the purposes of “loss relief”,
- ◆ this deduction is not to be taken into account in determining “net relevant earnings” (RAC/PRSA relief),
- ◆ the relief given will be withdrawn if the person recommences participation in the sport on a professional level.

Any queries in relation to this relief can be directed to your local Revenue office.

Example - before Retirement Relief claimed

Direct Income (i.e. match fees)	€200,000
Less: expenses	(60,000)
Indirect Income (i.e. sponsorship)	<u>70,000</u>
Taxable Income	210,000
Tax @ 41%	86,100

Example - after Retirement Relief claimed

Direct Income (i.e. match fees)	€200,000
Less: expenses	(60,000)
Retirement relief €200,000 x 40%	(80,000)
Indirect Income (i.e. sponsorship)	<u>70,000</u>
Taxable Income	130,000
Tax @ 41%	53,300

The Calculation Guide does not cater for individuals entitled to this relief

Interest Relief on Certain Unsecured Home Loans [510]

- Where Tax Relief at Source (TRS) was NOT granted.

Relief in respect of interest paid on a loan used to acquire or improve one's sole or main residence will generally have been given by way of Tax Relief at Source (TRS), subject to certain maximum limits. Relief will have been given at the appropriate rate by reducing the mortgage repayment to the lender by the tax credit due.

Relievable interest is the amount of qualifying interest, subject to a relief threshold, paid by an individual on a qualifying loan. In general, 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. and you should **not** include such interest on your Return.

However, for other main residence loans (if any), which are not secured on the property ('unsecured loans') for which TRS has not been granted, you can claim relief subject to the restrictions outlined below.

Amount of Relief Available in 2009 (secured and unsecured loans)

For the 2009 tax year –

- ◆ for qualifying home loans taken out in 2002 or in a prior year, only the interest payable in the period 1 January to 30 April 2009 qualifies for relief;
- ◆ for qualifying home loans taken out in 2003 or subsequent tax years, the interest payable in the period 1 January to 31 December 2009 qualifies for tax relief.

First-time buyers

The rate of mortgage interest relief is increased from 20% to 25% in tax years 1 and 2 and to 22.5% in years 3, 4 and 5. The relief remains unchanged at 20% for years 6 and 7 of the mortgage. The annual ceiling for first-time buyers is €20,000 for married and widowed persons and €10,000 for others.

Non-first-time buyers

The rate of mortgage relief is 15%. The annual ceilings for non-first-time buyers are €6,000 for married and widowed persons and €3,000 for others. As respects a loan taken out in 2002 or prior years, these ceilings are apportioned for the 2009 tax year only (The ceilings for the period January to April 2009 are €2,000 for married and widowed persons and €1,000 for others and for May to December 2009 are €4,000 for married and widowed persons and €2,000 for others).

The Calculation Guide does not cater for individuals entitled to this relief. Do not enter details of loans for which TRS was granted in the Return or in the Calculation Guide as no further tax relief is due.

Relievable Interest on an unsecured loan used for the purchase, repair, development or improvement of your main residence [510]

If you do not have an unsecured loan for the purchase, repair, development or improvement of your main residence, then there is no entry to be made in this section.

As regards the interest paid on qualifying main residence loans (if any) which are not secured on the property ('unsecured loans') for which tax relief under TRS has not been granted, you may claim tax relief on such interest subject to the 'ceiling' on such relief. See example.

Example:

A married person, who is not a first time buyer, has a sole or main residence secured loan and an unsecured home improvement loan. Interest due on sole or main residence secured loan is €4,500 and interest due on the unsecured loan is €1,800. The maximum tax relief available is €6,000 at 15%. This is the 3rd year of the loan.

Computation of Relievable Interest

Secured loan interest due to lender	€4,500
TRS €4,500 @ 15%	€ 675
Amount paid to lender	€3,825
Unsecured loan interest due to lender	€1,800
TRS	N/A
Amount paid to lender	€1,800

Total Interest qualifying for relief	€6,300	(4,500 + 1,800)
Restrict to maximum relief allowable	€6,000	
Less: Amount already given relief (under TRS)	<u>€4,500</u>	
Balance due for relief	€1,500	(at 15%)

Enter the amount for which relief is due at Row 25 of the Calculation Guide

Interest Relief on a loan applied in acquiring an interest or share in certain companies or partnerships etc., (Section 248-250A TCA 1997) [511]

Relief can be claimed for interest on certain loans applied in acquiring an interest in or lending to:

- (i) an unquoted company which is a trading or rental company with rents chargeable under Case V of Schedule D, or
- (ii) an unquoted holding company whose business consists wholly or mainly of the holding of shares of such a company as is referred to in paragraph (i).

Enter the amount at Row 15 of the Calculation Guide

Panel I - Claim For Tax Credits, Allowances, Reliefs and Health Expenses [513 – 547]

Table B on page 63 of this Guide lists the amounts of individual Personal Tax Credits available.

Home Carer Tax Credit [513]

Home Carer tax credit may be due if, as a married couple, you are jointly assessed to tax and you or your spouse, as a Home Carer, provided care for:

- ◆ a child for whom you are entitled to Social Welfare child benefit,
- ◆ a person who is permanently incapacitated by reason of mental or physical infirmity and the qualifying person normally resides with you for the year, or
- ◆ a person aged 65 or over.

A spouse is not a dependent person for the purposes of this relief.

Home Carer tax credit is €900 subject to the Home Carer's income, if any, remaining below an income threshold of €5,080, [513(a)]. Where the income exceeds this threshold the tax credit is reduced by one half of the amount of Home Carer's income that exceeds €5,080. Accordingly no credit is due if income exceeds €6,880.

The following table gives examples of the relevant tax credit due as the income of the Home Carer increases.

Income of Home Carer	Tax Credit Due	Restriction of Tax Credit
€5,080	€900	
€5,250	€815	$(€5,250 - €5,080 = €170 \div 2 = €85)$
€5,500	€690	$(€5,500 - €5,080 = €420 \div 2 = €210)$
€5,750	€565	$(€5,750 - €5,080 = €670 \div 2 = €335)$
€6,000	€440	$(€6,000 - €5,080 = €920 \div 2 = €460)$
€6,250	€315	$(€6,250 - €5,080 = €1,170 \div 2 = €585)$
€6,500	€190	$(€6,500 - €5,080 = €1,420 \div 2 = €710)$
€6,750	€65	$(€6,750 - €5,080 = €1,670 \div 2 = €835)$
€7,000	Nil	$(€7,000 - €5,080 = €1,920 \div 2 = €960)$

For example, where the income of the Home Carer is €6,000 the entry in Line 513(a) will be €440 (Max. 900 - 460)

The tax credit is not available to married couples who are taxed as single persons.

'Look-back' year [513(b)]

Where the Home Carer's 2009 income exceeds the threshold, Home Carer tax credit may still be due provided that all other conditions are met and the credit was granted in 2008 on the basis as set out above. Where credit is due under this paragraph, the relief due is the same amount as the credit granted in 2008. Effectively this means the tax credit can be due for a year in which the Home Carer's income exceeds the threshold, but only for the immediate following year and subject to a maximum of the tax credit granted in the previous year. See following example:

Example:

Home Carer's income 2008	€5,500	
Tax credit due 2008		€560
Home Carer's income 2009	€6,900	
Tax credit due in 2009		€560
Home Carer's income 2010	€6,900	
Tax credit due in 2010		Nil

A married couple cannot receive both the Home Carer tax credit and the increased standard rate band for dual income couples. Notwithstanding the fact that you may make a claim for Home Carer tax credit, if the increased standard rate band is more beneficial in your circumstances it will be granted instead.

Enter the tax credit due at Row 23 of the Calculation Guide

PAYE Tax Credit [514]

An individual whose income is subject to PAYE (i.e. wages, salary, occupational pension) may claim a PAYE tax credit of up to €1,830. A PAYE tax credit may also be claimed by:

- ◆ recipients of Social Welfare payments; Widow/Widower's Contributory Pension, Orphan's Contributory Allowance, Retirement Pension, Old Age Contributory Pension, Illness Benefit, Occupational Injury Benefit and Jobseekers Benefit,
- ◆ Irish resident recipients of social security pensions received from another EU member state,
- ◆ taxpayers who are employed abroad and who pay tax abroad on their earnings under a PAYE type system (or a similar system where tax is deducted at source from the earnings of the employment). To qualify for the relief, the earnings from the employment must be subject to Irish tax.

The PAYE tax credit **cannot** be claimed by:

- ◆ a spouse or child of an individual in respect of emoluments paid by the individual (or by a partnership in which the individual is a partner),
- ◆ a proprietary director or his/her spouse or child in respect of emoluments received from the company in which the director has a proprietary interest. [A proprietary director of a company is a director who controls either directly or indirectly more than 15% of the share capital of that company]. However, children of proprietary directors are entitled to the PAYE tax credit if:
 - ◆ the employment is in a qualifying PRSI contribution class,
 - ◆ PAYE has been correctly applied to the child's income,
 - ◆ it is a condition of the employment that the child is required and devotes substantially the whole of his/her time to the duties of the employment,
 - ◆ they are paid at least €4,572 per year (may be apportioned on a time basis).

Enter the tax credit amount due at Row 23 of the Calculation Guide

Blind Person's Tax Credit [515]

Blind Person's Tax Credit [515(a)]

Blind Person's tax credit at standard rate (20%) can be claimed by a single person or where one or both spouses are blind at any time during the tax year. The tax credit is not due in the case of a blind child.

Incapacitated Child tax credit may be claimed instead at Line 523.

Enter the tax credit due at Row 23 of the Calculation Guide

Blind Person/Guide Dog [515(b)]

An additional allowance is available where an individual maintains a trained Guide Dog. Relief in respect of a Guide Dog is allowable at the individual's highest rate of tax, i.e. 20% or 41%, as appropriate.

Enter the additional allowance due at Row 18 of the Calculation Guide

Dependent Relative Tax Credit [516]

If you maintain at your own expense:

- ◆ a relative, including a relative of your spouse, who is unable, to maintain himself or herself by reason of old age or infirmity,
- ◆ a widowed father or widowed mother of yourself or your spouse regardless of the state of his/her health,
- ◆ a son or daughter who resides with you and on whose services you are compelled to depend due to old age or infirmity,

you can claim a Dependent Relative tax credit of €80.

If the income of the relative is in excess of € 13,837 in 2009 or if another person is claiming this tax credit in full, you should not claim this tax credit.

Enter the tax credit due at Row 23 of the Calculation Guide

Employing a Carer [517]

If you, your spouse or a relative (includes a relation by marriage and a person in respect of whom the claimant is or was the legal guardian) are totally incapacitated throughout a tax year and you **employ** a person to care for the incapacitated person you may be entitled to claim this relief.

The relief is **not** due to you if the individual is employed as a housekeeper only, or if Dependent Relative tax credit or Incapacitated Child tax credit has been claimed in respect of that individual.

The amount of the relief is the cost of employing the Carer, subject to an overall maximum amount of €50,000, less any amount recovered from a Health Authority, Local Authority, etc. Where two or more persons employ the individual the relief is apportioned between them in proportion to the amount borne by each person. Relief is allowed at an individual's highest rate of tax.

Enter the amount due at Row 23 of the Calculation Guide

Permanent Health Benefit (where not deducted from Gross Pay by Employer) [518]

Where your employer **deducts** the contributions from gross pay the tax relief is given at source. It will therefore, **not** be necessary to claim relief in your annual tax Return.

Where your employer does **not deduct** the contributions from gross pay, relief **can** be claimed by completing **Line 518** where you as an individual paid a premium on a policy to secure the continuance of income and payment of benefits during disablement through accident, injury or sickness. The policy must be approved by Revenue as a Permanent Health Benefit Scheme. Only the portion of the premium that is attributable to the provision of Permanent Health Benefit qualifies for relief at the individual's highest rate. Maximum relief cannot exceed 10% of an individual's total income.

Enter the amount due at Row 18 of the Calculation Guide

Business Expansion Scheme (BES) Relief [519] Seed Capital Scheme (Investment by new entrepreneurs)

This relief provides an incentive for employees (or the unemployed) who intend to start up their own business.

Conditions to Qualify: the Investor must be or have been in PAYE-type employment. The Company must be set up with the intention to carry on Qualifying Trading Operations.

Relief Due: the amount of the deduction is limited to €100,000 in respect of any **one year, with respect to investments made on or after 1 January 2007**. Total investment is subject to an overall maximum refund of the tax paid on **€600,000**, looking back over the previous six tax years prior to year of assessment in which the investment was made.

BES relief

Relief may be claimed for the amount subscribed for eligible shares issued in the year 2009 unless already claimed in the previous year of assessment. Where the subscription is made through a Designated Fund, but the fund does not invest monies within the year of assessment, you can **elect** to claim relief on such a subscription in the year in which you subscribe to the fund, rather than in the year in which the fund invests in eligible shares **provided** the fund invests the monies subscribed in eligible shares within the next year of assessment (and issues **RICT5** certificates in support of each investment in each company invested in by the Fund). If full relief cannot be obtained in the year of assessment in which the monies were invested, you can claim relief in the following year for any balance - subject to the overriding limits for that year.

A claim for relief must be made within two years of the end of the year of assessment in which the shares are issued. Also, a claim to BES relief may be made only where the claimant, if requested to do so, can produce a relevant **RICT3** certificate in support of the claim. Relief is given as a deduction from **total income** before tax credits and allowances.

- ◆ maximum relief - €150,000 - **In any tax year,**
- ◆ minimum relief - €250.

A married couple may each claim €150,000 relief **provided** each has sufficient income in his/her own right.

Where the full amount of investment cannot be granted relief in the year due to:

- ◆ amount greater than total income, **or**
- ◆ amount greater than €150,000,

the excess may be carried forward (but not later than 2013) and granted firstly, in respect of the amount carried forward and, then, in respect of the amount subscribed for shares in that particular year.

Enter the relevant RICT3 certificate number(s), or, if appropriate, the Designated Fund's reference number(s) at **Line 519(b)(ii)**.

Enter amount of relief due at Row 18 of the Calculation Guide

Film Relief [520]

An individual who makes investments in a company which is:

- (a) incorporated and resident in the State, or
- (b) is carrying on a trade in the State through a branch or agency,

and exists solely for the purpose of the production and distribution of only one qualifying film can claim Film Relief.

Film Relief can be granted in addition to BES Relief.

- ◆ maximum relief - €31,750. The Finance Act 2009 has increased this limit to €50,000. This new provision is subject to a commencement order from the Minister for Finance following EU approval.
- ◆ minimum relief - €250.

Both of these maximum/minimum limits are subject to 80% restriction, *in any tax year*. The Finance Act 2009 has increased relief to 100% of the relevant investment. This new provision is subject to a commencement order from the Minister for Finance following EU approval.

Relief is given by way of deduction from total income. Where the full amount of investment cannot be relieved, the excess may be carried forward but not later than 2012.

Enter all relevant Film3 certificate numbers at **Line 520(b)**.

Enter amount of annual relief due at Row 18 of the Calculation Guide

Qualifying Tuition Fees paid in 2009 [521]

Tax relief at standard rate (20%) is available for the following:

- ◆ tuition fees paid to approved colleges for the 2009 academic year commencing on or after 1 August 2009 in respect of approved undergraduate courses of at least two years duration. The relief applies to fees up to €5,000 per course,
- ◆ tuition fees paid for certain training courses in the areas of information technology and foreign languages. The relief applies to fees ranging from €315 to €1,270 per course,
- ◆ tuition fees paid in respect of certain postgraduate courses, subject to a maximum relief of €5,000 per course.

Lists of approved courses in approved colleges are available on Revenue's website www.revenue.ie or from any Revenue office.

Relief is not available in respect of registration or exam fees.

Enter the amount at Row 23 of the Calculation Guide

One-Parent Family Tax Credit [522]

You are entitled to a One-Parent Family tax credit at the standard rate (20%) if you are a widowed parent or if you are a single parent (deserted spouse, separated spouse, divorced or unmarried person) or you have the custody of a child (including stepchild, legally adopted child or informally adopted child) and you maintain the child at your own expense. The dependent child must **reside** with the claimant for at least part of the relevant year. The dependent child must be:

- ◆ born at any time between 1 January 2009 and 31 December 2009, or
- ◆ under 18 years of age at 1 January 2009, or
- ◆ 18 years or over at 1 January 2009 and receiving full-time education, instruction or apprenticeship, or
- ◆ 18 years or over at 1 January 2009 and permanently incapacitated either before reaching 21, or had become permanently incapacitated after 21 while receiving full-time education, instruction or apprenticeship.

You do not qualify for One-Parent Family Tax Credit if you are a person qualifying for the Married Person's Tax Credit or you are a person living together with another person as man and wife.

Enter the amount due at Row 23 of the Calculation Guide

Incapacitated Child Tax Credit [523]

You are entitled to an Incapacitated Child tax credit if you are the parent/guardian of a child, (including stepchild, legally adopted child or informally adopted child) who is permanently incapacitated, either physically or mentally, from maintaining himself or herself and:

- ◆ who is under 18 years of age, or
- ◆ who, if over 18 years of age at the commencement of the year 2009, had become permanently incapacitated before reaching 21 years of age, or
- ◆ who, if over 21 years of age became permanently incapacitated after reaching the age of 21, but who was still in full-time education or while training for a trade or profession for a minimum of two years.

In the case of a child under 18 years of age, the incapacity must be such as to make it unlikely that the child will be able to maintain himself or herself when the child attains 18 years of age.

Where more than one child is incapacitated a tax credit may be claimed for each child. Where all the conditions for the tax credit are not satisfied you may be entitled to claim Dependent Relative tax credit, see Note for **Line 516** on page 44 of this Guide.

Enter the amount due at Row 23 of the Calculation Guide

Service Charges [524]

All service charges paid in full and on time in the previous calendar year (**2008**) to:

- i) Local Authorities for:
 - ◆ domestic water supply,
 - ◆ domestic refuse collection, or disposal
 - ◆ domestic sewage disposal,
- ii) group water schemes for domestic water supply,
- iii) independent contractors for domestic refuse collection or disposal,

qualify for tax relief at the standard rate of tax (20%) in 2009.

The Finance Act 2006 introduced new limits on the amount of relief that can be claimed. The limits **from 1 January 2007** are as follows:

The total tax relief that can be claimed for both **fixed charge** payments made (including lift charges and pay by weight) and bin tags purchased in 2008 will be subject to an **overall limit of €400**

The relevant amount paid in full and on time in the previous calendar year should be entered.

Enter the amount due at Row 23 of the Calculation Guide

Employer paid Medical Insurance [525]

This section only applies where your employer paid Medical Insurance premiums on your behalf (or on behalf of your dependents). This includes Dental Insurance, paid by your employers on your behalf, for non-routine dental treatment.

As you will not have had the benefit of Tax Relief at Source (TRS) on any Medical Insurance premiums paid by your employer on your behalf, the relief due can be claimed if you enter the gross amount paid by your employer in 2009 to an authorised insurer at **Line 525(a)**.

Where the premium paid by your employer is in respect of a person(s) aged 50 years and over and is in respect of a contract of insurance renewed or entered into on or after 19 July 2009, age-related tax credit is also due in respect of such a premium. As you will not have had the benefit of the age-related tax credit on any such Medical Insurance premiums paid by your employer on your behalf, the relief due can be claimed if you enter the amount of the age-related tax credit due at **Line 525 (b)**.

The amount of the credit depends on the age of the insured person on the date the contract was entered into or renewed.

In the case of an insured person:

- ◆ aged 50 years and over but less than 60 years on the date the contract is renewed or entered into, the tax credit is €200;
- ◆ aged 60 years and over but less than 70 years on the date the contract is renewed or entered into, the tax credit is €500;
- ◆ aged 70 years and over but less than 80 years on the date the contract is renewed or entered into, the tax credit is €950; and
- ◆ aged 80 years and over on the date the contract is renewed or entered into, the tax credit is €1,175.

Enter the amount of any contribution made by you in respect of Medical Insurance premiums paid by your employer at **Line 525(c)**.

Do **not** include any premium payment(s) made **separately** by you and/or your spouse as those payments will have been paid under the TRS system and no further relief is due on those payments.

Enter the tax credit due at Row 23 of the Calculation Guide

Trade Union Subscriptions [526]

If you and/or your spouse were a member of a Trade Union at any time during 2009 enter the amount of Trade Union subscriptions paid in 2009. An annual flat rate allowance of €350 at the standard rate of tax 20% (tax credit €70) is due.

Enter the tax credit due at Row 23 of the Calculation Guide

Purchase of New Shares in a Company by an Employee [527]

Employees/directors are eligible for a deduction from total income in respect of the purchase of new ordinary shares issued at full market value by their employer company, (or its holding company where the employer is a 75% subsidiary of the holding company). The investment can be made over a number of years and a total deduction of €6,350 (lifetime limit) from an individual's total income is given for the year(s) in which the shares were issued.

To qualify for this relief, the employee/director must take up new shares on issue and must hold them for three years. Provision is made for a clawback of relief where eligible shares are disposed of within three years of acquisition or where the employee/director receives any money or money's worth which is not regarded as income in his/her hands for income tax purposes in respect of the shares.

Enter the deduction claimed at Row 18 of the Calculation Guide

Owner Occupier Relief [528]

Owner Occupier Relief applies where an individual purchases a newly constructed property or converts/refurbishes an existing property that is sited wholly within a designated area under a property based incentive scheme. The claimant must be the first occupier after expenditure has been incurred and must occupy the premises as a sole or main residence. No deduction is given for a year if the dwelling is not used for this purpose.

The amount of the deduction is 5% of the expenditure per annum for a newly constructed property or 10% of the expenditure per annum for conversions/refurbishments. The deduction is allowed at the individual's marginal rate of tax for ten years.

Where you are claiming relief under this incentive scheme you must give details in Panel N on page 22 of the Return. See notes for Panel N on pages 55 and 56 of this Guide.

Owner Occupier Relief is calculated as follows:

$$\text{Purchase price} \quad \times \quad \frac{\text{Construction costs}}{(\text{Site costs} + \text{Construction costs})}$$

Example:

Apartment purchased for €180,000 in a designated area and immediately occupied as a sole/main residence. Site costs of €20,000 and construction costs of €140,000.

$$\begin{array}{rclcl} \text{€180,000} & \times & \frac{140,000}{160,000} & & = \text{€157,500} \\ \text{Owner Occupier Relief} & & & & \text{€157,500} \end{array}$$

The relief, €157,500 @ 5% = €7,875, is due for ten years provided the apartment continues to be the sole or main residence of the owner.

There is no clawback of the relief if the property is sold within the ten year period, but the relief cannot be passed to a subsequent purchaser.

Owner Occupiers who share their property with family or friends are entitled to the relief, provided the Owner Occupier uses the property as a sole or main residence. Any income from the sharing arrangement is assessable on the Owner Occupier and should be included at **Lines 201-207** inclusive. If Rent-a-Room Relief applies the income should be returned at **Line 413**.

Enter amount of annual relief due at Row 18 of the Calculation Guide

Job Assist Allowance [529]

Additional tax relief at the individual's highest rate of tax, i.e. 20% or 41% is available for people who have been unemployed for one year or more and who take up a qualifying employment. Relief in the first year of employment is €3,810 plus €1,270 for each qualifying child, reducing to two-thirds in year two and one-third in year three as set out in the table below. This relief is also available for individuals who have been in receipt of either Disability Allowance, Blind Person's Pension, Invalidity Pension for 12 months or more, Illness Benefit for 3 years or more, or released after 12 months or more in prison.

There are a number of conditions that must be satisfied in relation to the employment and the individual. If you require further information on this subject, you should contact your local Revenue office.

	Extra Personal Tax Allowance	Child Tax Allowance for each qualifying child
Year 1	€3,810	€1,270
Year 2	€2,540	€850
Year 3	€1,270	€425

The Calculation Guide does not cater for individuals entitled to this allowance

Seafarer Allowance [530]

A tax allowance of €6,350 is available for Seafarers who are employed at sea on a voyage to or from a foreign port for at least 161 days in the tax year. It also applies to Seafarers on vessels which service drilling rigs. The allowance can only be set against this employment. It cannot be set against any other income of the individual or his/her spouse.

The allowance is only available to those who are employed on a sea-going ship, other than a fishing vessel, which is registered in the shipping register of a European Member State and is used solely for the purpose of carrying passengers or cargo for reward.

Certain other conditions apply and if you are unsure of your entitlement to this allowance you should contact your local Revenue office.

Enter amount claimed at Row 18 of the Calculation Guide

Rent Tax Credit [531]

If you pay rent on private rented accommodation you may obtain rent relief. Rent paid must be in respect of private rented accommodation used as a sole or main residence. This includes rent paid for a bedsit, a flat, an apartment or house. It does **not** include rent paid to Local Authorities/State Agencies or under a lease agreement of 50 years or more.

Subject to the maximum limits shown below, relief at the standard rate of tax (20%) will be based on the actual rent paid in the income tax year. If the actual rent paid is more than the limit shown in the following chart, the relief will be restricted to the relevant maximum tax credit.

Status/Age	2009 Maximum Tax Credit
Single	
Under 55	400
Over 55	800
Married	
Under 55	800
Over 55	1,600
Widowed	
Under 55	800
Over 55	1,600

Completion of this panel **does not** fulfil your obligation to complete **Form Rent 1**. If you require further information on this subject, you should contact your local Revenue office.

If your landlord resides outside the country and you pay the rent directly to him/her or into his/her bank account in the State or abroad, you must deduct tax at the standard rate of tax, (20%), from the gross rent payable. You account for the tax deducted by entering the gross rent payable to the non-resident landlord at **Line 501**, Panel H, of the Return (see page 35 of this Guide).

Enter the tax credit claimed at Row 23 of the Calculation Guide

Year of Marriage Review if married in 2009 [532]

This section allows you to claim 'Year of Marriage Relief' if you were married in 2009. In the year of marriage, for tax purposes, both spouses continue to be treated as two single people.

However, if the tax payable as two single people in that year is greater than the tax which would be payable as a married couple - a refund of the difference can be claimed.

A refund of tax for the year of marriage would normally only arise where a couple are taxed at different tax rates and one spouse could benefit from the unused Standard Rate Cut-Off Point or from some of the unused tax credits of the other spouse. Information leaflet IT2 supplies further information on how to calculate this amount.

If you wish to claim this relief, tick the box at (a). State the amount of your spouses income for 2009 at (b). State the repayment amount claimed in respect of self at (c). State the amount of repayment claimed in respect of your spouse at (d). Your spouse will have to make a separate claim for relief under Section 1020 TCA 1997 in his/her return.

Tax Treatment in Year of Marriage

Example:

John and Mary married on 10/7/2009. In 2009 John earned €48,000 and Mary earned €22,000.

Tax payable by John and Mary as Single People:

	John €	Mary €
Income	48,000	22,000
Standard Rate	36,400 x 20% = 7,280	22,000 x 20% = 4,400
Cut-Off Point	11,600 x 41% = <u>4,756</u>	
	12,036	
Tax Credits		
Personal Tax Credit	<u>1,830</u>	<u>1,830</u>
Tax Payable	10,206	2,570

Combined Tax Payable

John 10,206
Mary 2,570
12,776

Tax payable by John and Mary under Joint Assessment as a Married Couple would be:

Income		John 48,000
		Mary <u>22,000</u>
Total		70,000
Standard Rate	John 45,400 x 20% =	9,080
Cut-Off Point	2,600 x 41% =	1,066
	Mary 22,000 x 20% =	<u>4,400</u>
		14,546
Tax Credits		
Married Tax Credit	3,660	<u>3,660</u>
Tax Payable		10,886

The difference between the tax payable by John and Mary as single people and the tax payable by them as a married couple is €1,890, i.e. €12,776 less €10,886. This amount of €1,890 is apportioned by the number of months for which they have been married in the tax year, i.e. €1,890 x 6/12 = €945.

John and Mary can claim a refund of this €945 after the end of the tax year. The refund is apportioned between them in proportion to the tax payable by each of them as follows:

The amount to be repaid to John is:
 $\frac{€945 \times €10,206}{€12,776} = \mathbf{€754.90}$

The amount to be repaid to Mary is:
 $\frac{€945 \times €2,570}{€12,776} = \mathbf{€190.10}$

Donations paid to Approved Sports Bodies, Approved Charities and Other Approved Bodies [533 – 535]

The arrangements for allowing tax relief on donations will depend on whether the donor is a PAYE taxpayer or a Self-Assessment taxpayer. These arrangements are:

- ◆ for a PAYE taxpayer who makes a donation, the relief will be given on a “grossed-up” basis to the Approved Body. In this circumstance, relief **should not** be claimed on the Return in respect of a PAYE taxpayer and a non-proprietary director under the PAYE system,
- ◆ for an individual who pays tax on a self-assessment basis, including a proprietary director, relief can be claimed for donations made by entering the relevant details at **Line 533**, **Line 534** and/or **Line 535** of the Return.

The minimum donation for the tax year is €250. Relief is granted at an individual's highest rate of tax.

Enter the amount at Row 18 of the Calculation Guide

Health Expenses [536 - 547]

If you are completing a Form 11 or Form 11E it is sufficient to enter the relevant details in this section without the completion of a separate Form Med 1.

If you are completing Form 12 it will be necessary to complete and submit a Form Med 1 if you haven't already done so.

Please ensure that you only claim for amounts for which you hold receipts. **You need not send in the receipts to Revenue with your claim. However, you must keep the receipts as you may be asked to send them in if your claim is chosen for examination.**

Expenses that do not qualify

- ◆ The cost of **Sight testing and advice** as to the use, supply, repair or maintenance of spectacles or contact lenses.
- ◆ **Routine dental treatment** which is defined as "the extraction, scaling and filling of teeth and the provision and repair of artificial teeth or dentures".

Qualifying Medical Expenses

The following **notes** may be of assistance when completing **Lines 535 - 552**, or a Form Med 1, as applicable. The headings under which expenses qualify are listed on page 19 of Form 11 (or page 2 on Form Med 1). You must have paid or incurred the amounts claimed on treatment **prescribed by or on the advice of a qualifying practitioner**. Drugs and medicines can only be claimed where supplied on the prescription of a practitioner.

Un-reimbursed Prescribed Drugs/Medicines [536]

You can claim tax relief for expenditure of amounts up to €90 per calendar month for prescribed medication. Expenditure in excess of €90 per month is recoverable from your Local Health Office (formerly known as your health board) under the Drugs Payment Scheme. If you have not done so already, you can register with your Local Health Office as an individual/family for a Drugs Payment Card. Using this Drugs Payment Card you do not pay more than €90 per month for prescribed medication and thus avoid having to claim amounts in excess of €90 from your Local Health Office.

Qualifying Dental Expenses [541]

A **Form Med 2**, completed and signed by the Dental Practitioner, should be retained by you if completing Form 11, Form 11E or Form 12. A list of qualifying Dental Expenses is listed on the reverse side of the Form Med 2 and is also available on Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets service by phoning LoCall 1890 306 706, or from any Revenue office.

Educational and Psychological Assessment for a child [542]

Must be carried out by an educational psychologist who is entered on a register maintained by the Minister for Education and Science for the purposes of this relief in accordance with guidelines set down by that Minister with the consent of the Minister for Finance.

Speech and Language Therapy services for a child [543]

Must be carried out by a speech and language therapist who is approved of for the purposes of this relief by the Minister for Health and Children in accordance with guidelines set down by that Minister with the consent of the Minister for Finance.

Maintenance/treatment in an Approved Nursing Home [545]

If you maintain an individual on a full-time basis in an approved Nursing Home, enter the amount of the Health Expenses attributable to the individual in the box(es) provided **[545(a)]**.

State the name and address of the approved Nursing Home at **Line 545(b)**.

A list of Approved Nursing Homes is available on Revenue's website www.revenue.ie or from any Revenue office.

"Other qualifying expenses" [546] include:

- ◆ Maternity Care: the cost of providing routine health care in respect of pregnancy is allowable,
- ◆ Coeliac Patients: Coeliac patients may claim relief in respect of the cost of gluten-free food products manufactured specifically for coeliacs (as such food may be considered to be an allowable expense for the purposes of a health expenses claim).
A letter from a doctor stating that the taxpayer is a coeliac sufferer is acceptable.
Receipts are not confined to those from a chemist - receipts from supermarkets, etc., in respect of gluten-free food products manufactured specifically for coeliac patients are also acceptable.
- ◆ Diabetic Patients: Diabetic patients may claim tax relief in respect of the cost of food products manufactured specifically for diabetics (as such food may be considered to be an allowable expense for the purposes of a health expenses claim).
A letter from a doctor stating that the taxpayer is diabetic is acceptable.
Receipts are not confined to those from a chemist - receipts from supermarkets, etc., in respect of food products manufactured specifically for diabetics are also acceptable
- ◆ Child Oncology Patients and Children with Permanent Disabilities: in certain circumstances tax relief may be claimed under the heading of health expenses for Overnight Accommodation, Travel, Telephone, and Hygiene products and special clothing,
- ◆ Kidney Patients: for Hospital Dialysis patients, Home Dialysis patients and Chronic Ambulatory Peritoneal Dialysis [CAPD] patients certain items of expenditure and travel expenses can be claimed under health expenses,
- ◆ Hearing aids,
- ◆ Glucometer machine for a diabetic,
- ◆ In-Vitro fertilisation,
- ◆ Orthopaedic bed/chair,
- ◆ Transport by ambulance,
- ◆ Wheelchair/wheelchair lift (no relief is due for alteration to the building to facilitate a lift),
- ◆ Engaging a qualified nurse in the case of a serious illness,
- ◆ Cost of a computer where it is necessary to alleviate communication problems of a severely handicapped person.

Where qualifying health care is only available outside Ireland, reasonable travelling and accommodation expenses can also be claimed. In such cases the expenses of one person accompanying the patient may also be allowed where the condition of the patient requires it.

Some medical expenses must be **prescribed by a doctor** to qualify for relief. For further information on these and any other health related expenses you should contact your local Revenue office.

Deductions (sums received/receivable in respect of Health Expenses) [548 - 551]

You cannot claim relief in respect of sums already received or due to be received from:

- ◆ any public or local authority, e.g. your local Health Office (formerly known as your health board), **[548]**,
- ◆ any medical Insurance policy, e.g. Hibernian Aviva Health, Quinn Healthcare, VHI Healthcare, etc. **[549]**,
- ◆ any other source, e.g. Compensation, **[550]**.

You must give details of such amounts and deduct them from the total expenses claimed in Form 11/Form 11E, or on Form Med 1 if you are completing Form 12.

Calculation of relief

Relief is given at the highest rate of income tax at which you are chargeable for the year of claim.

Enter the amount claimed at Row 18 of the Calculation Guide

Panel J - High-Income Individuals: Limitation on use of Reliefs [601-603]

The High-Income Individuals restriction does not apply to you for a year unless the answer to each of the following three questions is YES:

- ◆ Is your adjusted income for the year equal to or greater than the threshold amount? (The threshold amount is normally €250,000 but is less if you have ring-fenced income) i.e. deposit interest and/or other income listed in Panel F of Form RR1, in the year involved).
- ◆ Is the aggregate of the specified reliefs used by you for the year equal to or greater than the threshold amount?
- ◆ Does the aggregate of the specified reliefs used by you exceed half of your adjusted income for the year?

Adjusted income is calculated by adding the amount of specified reliefs used by an individual in a year to the amount of his or her taxable income and then deducting any ring-fenced income from the sum of those amounts.

In the case of a married couple, the restriction is calculated separately for each spouse and the threshold amount, taxable income and adjusted income of each spouse must be determined separately.

If the restriction applied to you for 2008 (and/or 2007), enter the amount of **Excess Relief** forward from 2008 (and/or the balance, if any, of excess relief forward from 2007), at **Line 601**.

Excess Relief is relief under section 485F TCA 1997 which arose from an increase in the amount of your taxable income for 2008 (and/or 2007, if applicable) due to the application of the restriction. Excess relief coming forward is given as a separate deduction in 2009 in computing your taxable income for that year. It is given after all other tax reliefs for the year have been given and is treated as a Specified Relief to the extent to which it is actually used in 2009.

If the restriction applies to you for 2009, you should complete a Form RR1 (**High-Income Individuals Statement**) for 2009 and Panel J of the Form 11 2009.

Amounts at Lines 602 and 603 should be transferred from the completed Form RR1:

- state the amount(s) of Taxable Income for 2009, calculated on the basis that the limitation on use of reliefs does not apply, at Line 602. In the case of a married couple, the original Taxable Income of each spouse must be entered at this line, even though the restriction may apply to only one spouse.
- state the amount(s) of Recalculated Taxable Income for 2009 at Line 603. In the case of a married couple where the restriction applies to only one spouse, the original Taxable Income (if any) of the other spouse should be re-entered at this line in the space relating to that other spouse.

It is important to note that irrespective of the completion and submission of Form RR1, Panel N of Form 11 2009 - Property Based Incentives On Which Relief is Claimed in 2009 - must be completed as appropriate.

Panel K - Request for Short Notice of Assessment for 2009 [701 - 703]

Only complete this part of the Return if you wish to receive a short notice of assessment. When you complete

this panel and, at the time of making the assessment, the Inspector:

- ◆ accepts your calculation, the notice of assessment will show the tax figure you have calculated, **OR**
- ◆ does not accept your calculation or if the return is filed late, a long notice of assessment showing the Inspector's calculation will issue to you.

Panel L - Capital Gains - Capital Gains for the year 1 January 2009 - 31 December 2009 [801 - 816]

General

Capital Gains Tax (CGT) is a tax on the disposal of certain assets owned by you and/or your spouse. At its simplest, deducting the price you paid for an asset when you acquired it from the sale proceeds when you disposed of it gives you the chargeable gain.

Example

You purchased shares in January 2009 at a cost of €5,000 and sold them in August 2009 for €8,000. Assume you have no other Capital Gains, Losses or allowable expenditure:

Disposal proceeds	€8,000
Cost price	<u>€5,000</u>
Chargeable Gain	€3,000

Deduct:

Personal exemption	<u>€1,270</u>
Net Chargeable Gain	€1,730
Chargeable @ 25%	
Capital Gains Tax due	€432.50

CGT is subject to self-assessment principles.

Due Date for Payment of Capital Gains Tax

Capital Gains Tax is subject to Self-Assessment principles.

For 2009 the due date for paying CGT is determined by the date the asset was disposed of and the CGT tax year is divided into a revised set of two periods for CGT payment purposes as follows:

- ◆ Disposals between 1 January 2009 and 30 November 2009 inclusive - 'initial period' - CGT due by 15 December 2009
- ◆ Disposals between 1 December 2009 and 31 December 2009 inclusive - 'later period' - CGT due by 31 January 2010.

A refund may arise where, for example, a payment was made on a gain arising in the 'initial period' and a loss arises in the 'later period'.

While the payments must be made by these dates, the return of details of the gain is generally due on 31 October in the year following the year in which the disposal took place. If you disposed of chargeable assets during 2009 (1 January 2009 to 31 December 2009 inclusive) give the required details on the Return.

You should retain your CGT calculations and supporting documentation (purchase/sale contracts, valuations, etc.) in case these are requested by Revenue for the purposes of a verification check or an audit. More detailed information on CGT, exemptions, reliefs, worked examples and computation sheets, are available in Revenue's **Leaflet CGT 1 - Guide to Capital Gains Tax**. A smaller leaflet, **Leaflet CGT 2 - Capital Gains Tax - A Summary of the Main Features**, contains a computation sheet for straightforward disposals. Both leaflets are available on Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 (ROI only), 00353 1 6744050 (outside ROI), or from any Revenue office.

Notes on Completion of Lines [801 - 816]

In this panel you are required to give details in relation to disposals in the year 1 January 2009 to 31 December 2009.

You are not required to submit your computation with the Return but rather you are required to give the information requested on the Return.

At **Line 801** you should indicate the type of assets sold and the aggregate consideration for each asset and show the total consideration at **Line 801 (I)**.

If any of the disposals involved a transaction which was not at arm's length tick the appropriate box at **Line 802 or 803**.

If you are claiming reliefs such as retirement relief, principal private residence relief, etc.; you make the claim at **Line 805 or 806** as appropriate. The chargeable gain at **Line 807** should be net of any of the reliefs claimed here.

In **Lines 807 – 814** show details of the gains and losses arising on these disposals. In this section you should show how much of the gain applies to you and how much applies to your spouse. You also claim the personal exemption at **Line 811**. This personal exemption is not transferable between spouses.

In order that a correct notice of assessment can issue you have to complete **Lines 815 to 816**, which allocates the net chargeable gain to the relevant period, but if you have an overall CGT loss in 2009 there is no need to complete these lines.

Capital Gains Tax – Disposal of farmland by farmers under Compulsory Purchase Order (CPO) for road-building purposes – S542(1)(d) TCA 1997 – rate of charge to CGT

Where the chargeable gain in respect of a disposal to which the above section applies, is deemed to accrue in a year of assessment, which is later than the year of disposal, then the rate of CGT applicable, is that of the year of disposal.

Example – Under a CPO of farmland for road-building purposes, the authority entered on the land (to which this provision applies), in 2005, this is the date of disposal. The rate of CGT was 20% in 2005. The compensation was not agreed at that time. The compensation is received in 2009, when the rate is 25%. The applicable rate is that which was in effect at the date of disposal, being 20% in this scenario (i.e. a disposal in 2005).

If the above section applies you will have to complete a Form CG1 2009 as the Form 11/11E 2009 does not cater for individuals with this type of chargeable gain. Form CG1 2009 is available at www.revenue.ie from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 (ROI only), 00353 1 6744050 (outside ROI), or from any Revenue office.

2010 Capital Gains Tax

Gains arising in the year 2010 should not be included in this Return.

However you should note that for 2010 and subsequent years the tax year is also divided into two periods for CGT payment purposes, as follows:

- ◆ 'initial period' - 1 January 2010 to 30 November 2010, both inclusive.
- ◆ 'later period' - 1 December 2010 - 31 December 2010, both inclusive.

The due dates for payment of CGT are as follows:

- ◆ Disposals in the initial period: Tax due by 15 December 2010 (in the same tax year).
- ◆ Disposals in the later period: Tax due by 31 January 2011 (in the following tax year).

Panel M - Chargeable Assets Acquired in 2009 [817]

Enter the number of assets acquired and the consideration given under the appropriate categories (a-h) where relevant.

The consideration given will usually comprise money or money's worth for the acquisition of the asset. However, where a transaction occurs between connected persons or where the transaction is not conducted as a bargain at arm's length the amount entered on the form as the consideration given will be the market value of the asset at the time of acquisition. It may also be necessary to state the market value of the asset as the consideration given:

- ◆ where the asset is acquired (wholly or partly) for a consideration that cannot be valued,
- ◆ where the asset is acquired by means of distribution from a company, or

- ◆ where the asset is acquired in connection with or in recognition of a person's employment, for example in the case of certain employee share schemes.

Panel N - Property Based Incentives on which Relief is claimed in 2009 [901- 930]

The specific schemes on which information is required are listed in Panel N of the Return. Where you are claiming relief in respect of any of these schemes you must provide the information requested in this part of the Return. Failure to fully and correctly complete Panel N may leave you liable to penalties under Section 1052 TCA 1997 and/or a surcharge under Section 1084 TCA 1997.

This reporting requirement was introduced in 2004, however there is no change to the method of claiming or granting the relief. This page in the Return is for statistical purposes only; its purpose is to identify the specific relief claimed and to provide a breakdown of the amount claimed under each scheme.

The information to be provided refers to reliefs under two main headings, **Residential Property** and **Industrial Buildings Allowance** as appropriate. Under each of these headings information is sought on Owner Occupier and Investor-Lessor separately.

The figure to be entered is the amount claimed in a particular year. It should not include amounts carried forward into the year either as Losses or Capital Allowances, see following examples.

Residential Property

Owner Occupier - the amount to be entered here is the annual amount of the allowance.

Example:

A qualifying apartment in a Rural Renewal area purchased in 2005 with qualifying expenditure of €130,000. Relief of 5% is due for 2009 of €6,500. The amount to be entered in Panel N, Line 904, is €6,500.

Investor - Lessor - this relief, commonly known as 'Section 23' relief, is granted in full in the year in which the property is first let under a qualifying lease, information on this relief is only required in that year. Unused relief is carried forward as a rental loss and is not required in this Panel of the Return.

Example:

In 2009 an investor purchased a property in a Town Renewal scheme with qualifying expenditure amounting to €140,000. The investor has net rental income of €46,000 before any allowance for Rented Residential Relief (Section 23 Relief) or for losses forward.

Unused rental loss carried forward from 2007 (say)	€ 86,000
Qualifying expenditure incurred in 2009	€140,000
Rental income	€ 46,000
Section 23 relief (as above)	<u>€140,000</u>
Rental Loss	€ 94,000
Rental Loss forward from 2008	<u>€ 86,000</u>
Total rental loss forward to 2010	€180,000

The amount to be entered in Panel N, Line 902, is €140,000

Industrial Buildings Allowance

An **Owner Occupier** is a person who has the 'relevant interest' in a property and the property is in use for the purpose of a trade carried on by that person.

An **Investor-Lessor** is an individual who lets a building to a lessee and who has the relevant interest in respect of the qualifying expenditure. The amount to be entered for both Owner Occupier and Investor – Lessor is the amount of the Capital Allowance claimed for 2009 ignoring amounts carried in from earlier years.

Example:

An investor has incurred allowable expenditure in a qualifying hotel of €2,750,000, which qualifies for an annual Writing-Down Allowance of 15% (€412,500).

Writing-Down Allowance claimed for 2009	€412,500
Unused Capital Allowances forward from previous years (say)	€118,000
Total allowances available for 2009	€530,500
Amount used in 2009 (say)	€117,000
Balance for carry forward to 2010	€413,500

The amount to be entered in Panel N, Line 916, is €412,500 (Writing-Down Allowance claimed for the year whether fully utilised or not).

Partnerships

Where you have invested in a property based incentive scheme through a partnership you are still required to account for your share of the relief in this Panel of the Return.

Married Couples

Where a married couple are assessed under Section 1017 TCA 1997, i.e. under joint assessment, they file a single tax Return. As there are not separate sections for self and spouse in this Panel of the Return, an aggregate figure is required for each relief. If both spouses have claimed relief for the same type of investment the aggregate should be entered at the appropriate line.

Schemes not listed in Panel N

The majority of property based incentive schemes on which relief can be claimed are listed at Lines 901 – 929 inclusive. However, there are certain older schemes where you may still be claiming relief. Where you are claiming relief in respect of an investment in a scheme not listed in this panel the name of the relevant scheme and the amount of relief claimed should be entered in **Line 930**. If there were investments in more than one of these unlisted schemes write in the names of the schemes and enter a single total figure.

Panel O - Additional Items

Panel O only applies to the Form 11E. The helpsheet that accompanies the Form 11E provides a list of the items contained in the Form 11 but have not been included in the main body of the shorter Form 11E.

What is Form 11E?

The Form 11E is the shorter of the two Income Tax Return forms for self-assessed individuals. It is an extract of the main personal tax Return (Form 11).

Can I use the Form 11E?

The Form 11E is not suitable for individuals with a turnover of €1,000,000 or greater. Those individuals will have to either file online via the Revenue On-Line Service (ROS) or complete a paper Form 11. In addition, those who:

- ◆ have three or more trades,
- ◆ are claiming tax relief in respect of a Property Based Incentive Scheme in 2009,
- ◆ have information to declare in respect of Deferred Share Options,
- ◆ opened a Foreign Bank Account, were issued with a Foreign Life Policy, or acquired an interest in an Offshore Fund, in 2009,
- ◆ disposed of Foreign Life Policies or Offshore Funds,
- ◆ are affected by the Limitation on the use of Reliefs by High-Income Individuals,

must file online via ROS or complete a Form 11.

Items omitted from the Form 11E, which are in the Form 11, are listed hereunder and on page 4 of the Form 11E Helpsheet. If you have anything to declare in relation to any of the other items you can enter the required information in the space provided at Panel O of the Form 11E.

Items Not Included In Form 11E

The following items that appear on the Form 11 have not been included in the Form 11E. If you have anything to declare in relation to the items marked in bold you must complete Form 11. If you have anything to declare in relation to any of the other items you may use the space provided in Panel O. Alternatively, it may be more appropriate for you to file online via ROS or complete a Form 11, available on Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets Service at LoCall 1890 306 706, or from your Revenue Office.

Line

15-20	Residence status for the year 2009: If your status is other than resident and domiciled in the State you must file online via ROS or complete Form 11
232	Convertible Securities
234 & 235	Deferred Share Options
303	E.U. Deposit Interest
305	Foreign Employments on which Transborder Relief is not claimed
306	Foreign Employments on which Transborder Relief is claimed
307	U.S. Dividends
308 & 309	Canadian Dividends
310 & 311	Foreign Trade/Profession
313 & 314	All other Foreign Interest, Royalties, Annuities, Dividends, etc.
315	Irish tax deducted on encashment
316	Foreign Bank Accounts
317-319	Foreign Life Policies/ Offshore Funds/ Other Offshore Products
408	Investment Undertakings
410 - 412	Exempt Income (Artists, Woodlands & Exempt Patent Income)
509	Retirement Relief for Certain Sportspersons
511	Interest relief on a loan applied in acquiring an interest or share in certain companies or partnerships, etc.
512	Significant Buildings and Gardens
528	Owner Occupier Relief on a Residential Property in a Designated Area
601-603	High-Income Individuals: Limitation on use of Reliefs
801 (e) & (f)	Disposals of Foreign Life Policies or Offshore Funds
901-930	Property Based Incentives on which relief is claimed in 2009

You can obtain a Form 11 from Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets Service at LoCall 1890 306 706 or from any Revenue office. LoCall rates - note that the rates charged for the use of 1890 (LoCall) numbers may vary among different service providers.

Part Two

Income Tax Calculation Guide 2009

The following pages are a guide to assist you in calculating your income tax liability.

To meet your Pay and File obligations you will **need to know** your tax liability by the Pay and File deadline, 31 October 2010. The Income Tax Calculation Guide on pages 65 to 67 is designed to assist you in calculating your income tax liability. Before proceeding to calculate your liability it is recommended that you re-read the introduction on pages 6 and 7 of this Guide.

Remember, however, that if you want Revenue to calculate your Income Tax for you in time to meet your Pay and File obligations you must file your Tax Return on or before 31 August 2010. Alternatively, you can file your Return on-line using the **Revenue On-Line Service (ROS)**, which will calculate your liability automatically. ROS is the fastest and most convenient way for you to meet your tax obligations as it provides an instant, accurate and timely calculation of your liability.

If you choose to calculate your liability, the following notes together with those contained throughout the rest of this Guide, may be helpful.

Notes:

1. General

Entries referring to each spouse should be shown separately until you reach Row 17 of the calculation. On this Row the combined income from both spouses should be added together into a single figure. From this point in the income tax calculation a single running total is required.

PRSI and Health Contributions are calculated separately for each spouse (Rows 36 - 51 incl.). 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.

2. Tax Rates and Tax Bands applicable in 2009 (1 January 2009 to 31 December 2009)

Tax rates and tax bands applicable in the 2009 income tax year are set out in Table A, on page 63 of this Guide.

3. Personal Tax Credits

The amounts of the various personal tax credits are set out in **Table B**, on page 63 of this Guide. Further information in relation to any specific tax credits can be obtained in this Guide (see pages 43 - 53 incl.). Information can also be obtained from various Information Leaflets available on Revenue's website www.revenue.ie, from Revenue's Forms and Leaflets Service by phoning LoCall 1890 306 706 (ROI only), 00353 1 6744050 (outside ROI) or from any Revenue office.

Any tax credits due should be totalled and entered at Row 23 of the Calculation Guide

4. Income Tax Exemption/Marginal Relief

(a) Exemption Limits

If you are 65 years or over you are exempt from income tax (although you may have a liability to either PRSI or Health Contribution) where your total income (figure at Row 17 of the Calculation Guide) does not exceed the following Exemption Limits:

Personal Circumstances	2009 (€)
Single/ Widowed 65 years of age or over	20,000
Married 65 years of age or over	40,000
Single/Widowed/Married 65 years of age or over Additional for 1st and 2nd dependant child	575
Single/Widowed/Married 65 years of age or over Additional for each subsequent dependant child	830
Marginal Relief Tax Rate	40%

4. Income Tax Exemption/Marginal Relief

(b) 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 Row 17) _____ - _____ (Appropriate figure from table above) x 40% = _____ *

**Substitute this figure for the income tax due figure at Row 52 of the Calculation Guide, if it is less than your tax liability figure in Row 29*

Example

You are a single person aged 70 and have assessable rental income of €20,500.

Your income tax liability is €20,500 @ 20% =	€4,100
Less:	
Personal tax credit	€1,830
Age tax credit	€ 325
	<u>€2,155</u>
Tax due (before marginal relief computation)	€1,945

Marginal relief:

Your income tax is restricted to: (€20,500 – €20,000) = €500 @ 40% = €200

Note: for the tax year 2009 and subsequent years the Marginal Relief Tax Rate applies to persons 65 years of age or over.

5. P. R. S. I.

The minimum PRSI contribution for 2009 is €253.

More detailed information on PRSI for the Self-Employed is included in “A Guide to PRSI for the Self-Employed” (SW74), which is available from the Department of Social and Family Affairs, at www.welfare.ie or,

Self –Employment Section,
Social Welfare Services Office,
Cork Road,
Waterford.

E-mail: selfemployment@welfare.ie **Telephone:** (051) 356 000 / (01) 704 3000

Class S PRSI is not payable on income taxed under Self-Assessment by a person:

- ◆ whose total income from all sources, before deduction of capital allowances and pension contributions is less than € 3,174,
- ◆ who is an employee (other than a proprietary director) or an occupational pensioner and whose self assessed income consists only of unearned income (for example deposit interest, rents, etc.),
- ◆ who is a public servant paying Class B, C or D PRSI and who is also self-employed
- ◆ who is under 16 years or over 66 years of age,
- ◆ in receipt of Pre-Retirement Allowance on an ongoing basis,

Any sums received by way of pension, benefit, etc. from the Department of Social and Family Affairs, are exempt from PRSI

(see summary table overleaf).

6. Health Contribution

You are exempt from the Health Contribution where:

- ◆ your income is less than €26,000 (€500 per week), or
- ◆ you qualify for a Medical Card, or
- ◆ you are in receipt of any of the following Social Welfare pensions or benefits: Widow's/Widower's contributory pension Widow's (Non-Contributory) Pension or a corresponding pension from an EU Member State, Deserted Wife's Benefit, Deserted Wife's Allowance, Death Benefit, One-Parent Family Payment

Note: the upper age limit of 66 years does not apply to Health Contributions.

Otherwise, the Health Contribution is payable on your total income with the exception of income that has already had the Health Contribution deducted at source, i.e. salaries, etc. (see summary table below).

Exempted persons [P.R.S.I. and Health Contribution]		
Self-Employed [Class S]		
Categories	P.R.S.I.	Health Contribution
Individual Under 16	No Charge	No Charge
Individual Over 66	No Charge	Chargeable (3.333% on all income up to €75,036, 4% on all income from €75,036 to €100,100 and 4.167% on all income over €100,100)
Individual with income less than €3,174	No Charge	No Charge
Individual with income between €3,174 - €26,000	Chargeable (3%)	No Charge
Individual with income over €26,000	Chargeable (3%)	Chargeable (3.333% on all income up to €75,036, 4% on all income from €75,036 to €100,100 and 4.167% on all income over €100,100)
Employed Person/Occupational Pensioner without Trading/ Professional income*	No Charge	Chargeable (3.333% on all income up to €75,036, 4% on all income from €75,036 to €100,100 and 4.167% on all income over €100,100)
*The employed person in this case will have PRSI deducted under the PAYE system on reckonable earnings or reckonable emoluments as appropriate. This exemption does not apply to certain Public Sector employees and persons in receipt of Early Farm Retirement Pension scheme; these individuals will be liable to a charge to PRSI on their other income.		

7. PRSI and Health Contributions - Self Employed Class S (Self Employed)

Self Employed Income Chargeable as below:

Tax Year 2009

PRSI

3% on all income

Health Contribution

3.333% on all income up to €75,036

4% on all income from €75,036 to €100,100

4.167% on all income over €100,100

Income Levy

1.67% on income up to €75,036 per annum

3% on income between €75,037 and €100,100 per annum

3.33% on income between €100,101 and €174,980 per annum

4.67% on income between €174,981 and €250,120 per annum

5% on income in excess of €250,120 per annum

Examples to show the liability to PRSI, Health Contributions and Income Levy where an individual has different sources of income are set out below.

Where an individual has employment income that has already suffered PRSI at source, the liability to the Self-Employed (class S) PRSI depends on the type of income the person has. The following examples will help show the liability to PRSI where an individual has different sources of income.

Example 1

Individual with employment income and no trading income:

Employment income	€30,000
Investment income	€50,000
PRSI class S liability	nil
Health Contribution	€45,036 @ 3.33%
Health contribution	€ 4,964 @ 4%
Income Levy	€75,036 @ 1.67%
Income Levy	€ 4,964 @ 3%

Example 2

Individual with employment income, investment income, and trading income:

Employment income	€30,000
Investment income	€50,000
Trading income	€20,000
PRSI class S liability	€70,000 @ 3%
Health Contribution	€45,036 @ 3.33%
Health Contribution	€24,964 @ 4%
Income Levy	€75,036 @ 1.67%
Income Levy	€24,964 @ 3%

Example 3

Individual with employment and trading income:

Employment income	€30,000
Trading income	€22,000
PRSI Class S liability	€22,000 @ 3%
Health Contribution	€22,000 @ 3.33%
Income Levy	€52,000 @ 1.67%

Example 4

Individual with investment income:

Investment Income	€50,000
PRSI Class S liability	€50,000 @ 3%
Health Contribution	€50,000 @ 3.33%
Income Levy	€50,000 @ 1.67%

Example 5

Individual with trading and investment income:

Trading income	€22,000
Investment income	€50,000
PRSI Class S liability	€72,000 @ 3%
Health Contribution	€72,000 @ 3.33%
Income Levy	€72,000 @ 1.67%

Example 6

Individual with trading income:

Trading Income	€105,000
PRSI Class S liability	€105,000 @ 3%
Health Contribution	€ 75,036 @ 3.33%
Health Contribution	€ 25,064 @ 4%
Health Contribution	€ 4,900 @ 4.16%
Income Levy	€ 75,036 @ 1.67%
Income Levy	€ 25,036 @ 3%
Income Levy	€ 4,900 @ 3.33%

Example 7

Individual with employment income and trading income:

Employment income	€ 70,000
Trading income	€105,000
PRSI Class S liability	€105,000 @ 3%
Health Contribution	€ 5,036* @ 3.33%
Health Contribution	€ 25,064 @ 4%
Health Contribution	€ 74,900 @ 4.16%
Income Levy	€ 75,036 @ 1.67%
Income Levy	€ 25,064 @ 3%
Income Levy	€ 74,880 @ 3.33%
Income Levy	€ 20 @ 4.67%

* 75,036 – 70,000 = 5,036 (This is the balance of the low rate of Health Contribution that is available to the self-employment income.)

Example 8

Individual with employment income and trading income:

Employment income	€120,000
Trading income	€105,000
PRSI Class S liability	€105,000 @ 3%
Health Contribution	€105,000 @ 4.16%
Income Levy	€ 75,036 @ 1.67%
Income Levy	€ 25,064 @ 3%
Income Levy	€ 74,880 @ 3.33%
Income Levy	€ 50,020 @ 4.67%

Tax Rates and Tax Bands applicable for the Tax Year 2009

Table A

Personal Circumstances	Tax Year 2009	
	€	
Single/Widowed without dependent children	36,400 @ 20%	Balance @ 41%
Single/Widowed qualifying for One-Parent Family Tax Credit	40,400 @ 20%	Balance @ 41%
Married couple (one spouse with income)	45,400 @ 20%	Balance @ 41%
Married couple (both spouses with income)	45,400 @ 20%*	(with an increase of 27,400 max.) Balance @ 41%

* The increase in the standard rate tax band is restricted to the lower of € 27,400 or the amount of the income of the spouse with the lower income. The increase is not transferable between spouses

Personal Tax Credits for the Tax Year 2009

Table B

Personal Circumstances	Tax Year 2009	
	€	
Single Person's Tax Credit		1,830
Married Person's Tax Credit		3,660
Widowed Person's Tax Credit		
- qualifying for One-Parent Family Tax Credit		1,830
- without dependent children		2,430
- in year of bereavement		3,660
One-Parent Family Tax Credit (with qualifying dependent children) Widowed, Deserted, Separated or Unmarried		1,830
Widowed Parent Tax Credit Bereaved in 2008		4,000
Bereaved in 2007		3,500
Bereaved in 2006		3,000
Bereaved in 2005		2,500
Bereaved in 2004		2,000
Home Carer Tax Credit (Max)		900
PAYE Tax Credit		1,830
Trade Union Subscription		70
Age Tax Credit (a) Single/Widowed		325
(b) Married		650
Incapacitated Child Tax Credit		3,660
Dependent Relative Tax Credit		80
Blind Person's Tax Credit Single person		1,830
Married (one spouse blind)		1,830
Married (both spouses blind)		3,660
Additional Allowance for a Guide Dog		825
Incapacitated Person - Allowance for Employing a Carer		*50,000 max

* Relief for Employing a Carer (2009 and 2010) is allowable at the individual's highest rate of tax, i.e. 20% or 41%.

NOTES

INCOME TAX CALCULATION 2009

Row No.	Line No.		SELF	SPOUSE
1	104,105, 106	Income from Trade/Profession		
2	107, 109 - 111	Deduct Capital Allowances	()	()
3	113	Deduct Trading Losses unused from a prior year (Restricted to the amount of the related trading income)	()	()
4	207	Add Rental Income (if a loss, show 0.00)		
5	208(c), 210	Deduct Rental Capital Allowances & Loss(es) (Restricted to the amount of rental income in Line 207)	()	()
6(a)	404(a & b)	Add Interest earned and Gross Dividends received		
6(b)	403(a)	Add Gross Deposit Interest on which DIRT was deducted		
7	301, 306 - 314, 401 402, 405 - 407	Add Other		
8		TOTAL		
9(a)	212, 213, 215, 219, 224, 225, 227	Add Employments/Pensions/Benefits/Directorships		
9(b)	220 - 223	Add Social Welfare payments, benefits, pensions rec'd		
10	216, 226, 302, 305	Add Employments/Pensions (non-PAYE)		
11		TOTAL		
		DEDUCT		
12	112	Trading Losses incurred in Accounting Period	()	()
13	218	Allowable Deductions incurred in Employment	()	()
14	506(f), 507(g), 508(d)	RAC/PRSA/Migrant Member Relief	()	()
15(a)	503(a), 504, 505, 511	Other	()	()
15(b)	503(b)	Maintenance payments paid (tax not deducted)	()	()
16		TOTAL		+
17		TOTAL INCOME (SELF & SPOUSE)		=
18	518-520, 527, 528, 530, 533 - 535, 541	Deduct Reliefs (e.g. Health Expenses, BES Relief, Donations to Approved Bodies)		()
19		TAXABLE INCOME		
20		on which Income Tax is charged as follows: _____ @ 20%=		
21		on which Income Tax is charged as follows: _____ @ 23%=		
22		on which Income Tax is charged as follows: _____ @ 25%=		
23		on which Income Tax is charged as follows: _____ @ 26%=		
24		on which Income Tax is charged as follows: _____ @ 28%=		
25		(Note 2) _____ @ 41%=		
26		TOTAL INCOME TAX		
		PERSONAL TAX CREDITS		
27	2, 5, 6, 7, 8, 9, 513-515, 516(a), 517, 521 - 526, 531, 547	Deduct Personal Tax Credits (Note 3)		()
28		INCOME TAX DUE - SUB-TOTAL		

Row No.	Line No.	CREDITS - NON-REPAYABLE	
29	403(a)	DIRT(Non-Refundable - person aged under 65 years)	()
30	302, 305, 309-312, 315	Other	()
31	TOTAL NON-REPAYABLE CREDITS		
32	INCOME TAX DUE [Row 24 less Row 28 - if result is negative show 0.00]		

TAX WITHHELD BY YOU

33	501-505	Rent to Non-Residents/TRS Clawback/Covenants _____ @ 20% =	()
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CREDITS - REPAYABLE

34	403(a)	DIRT (Repayable - persons aged 65 years and over)	
35	230	PAYE Tax deducted by employer	
36	116	Professional Services Withholding Tax (PSWT)	
37	307- 312 404-407,	Other Credits (e.g. dividend withholding tax, etc)	
38	TOTAL REPAYABLE CREDITS		

PRSI (Note 5)

SELF SPOUSE

39		Income (from Total at Row 8)		
40	112-113	Add back Trading losses, if any		
41	210	Add back Rental losses from a prior year, if any		
42		Sub-Total		
43		Deduct any pensions included at Row 8	()	()
44		Adjusted income for PRSI purposes Sub-Total		
45		PRSI @ 3%		
46		Minimum Contribution €253		
47	TOTAL PRSI PAYABLE			

HEALTH CONTRIBUTION (Note 6)

SELF SPOUSE

48		Income (from Total at Row 8)		
49	112-113	Add back Trading losses, if any		
50	210	Add back Rental losses from a prior year, if any		
51	216, 226	Add Non-PAYE Employments/Pensions		
52		Sub Total		
53		Health Contribution (see Page 60)*		

* (Not payable where Sub-Total plus any PAYE income is €26,000 or less)

54	TOTAL HEALTH CONTRIBUTION PAYABLE			
----	--	--	--	--

TOTAL LIABILITY TO INCOME TAX, PRSI & HEALTH CONTRIBUTION 2009

Row No. Line No.

55	Income Tax Due - [Marginal relief - see Note 4]	
56	Add Tax withheld by you (Row 30)	
57	Add Income Levy (see guide below)**	
58	Add PRSI payable	
59	Add Health Contribution payable	
60	Deduct Credits/Reliefs (Repayable)	()
61	TOTAL PAYABLE/REPAYABLE	

AMOUNT DUE [Payable on or before 31 October 2010]

62	Total Payable	
63	Deduct Preliminary Tax paid for 2009	()
64	BALANCE NOW DUE - Enter this amount at 'Income Tax Balancing Amount 2009' on your payslip	

** Income Levy

Line 57 – you can calculate the amount of Income Levy to be inserted at Line 57 above using the following mini calculation guide. Refer to the Income Levy information on pages 25 and 26 and www.revenue.ie for more information.

Income from totals at:

Row 1 – _____
 Row 4 – _____
 Row 6 – _____
 Row 9 – _____
 Row 10 – _____

Deduct:

Row 15(a) Maintenance Payments paid (tax not deducted) _____

Gross income for Income Levy

Apply 2009 annual rates of the Income Levy as follows:

Income (up to €75,036) _____ @ 1.67% = _____
 Income (between €75,037 and €100,100) _____ @ 3% = _____
 Income (between €100,101 and €174,980) _____ @ 3.33% = _____
 Income (between €174,981 and €250,120) _____ @ 4.67% = _____
 Income (in excess of €250,120) _____ @ 5% = _____

Income Levy due:

Deduct:

Income Levy already paid in 2009 _____

Amount to be inserted at Line 57 € _____

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