Unit 3

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Income Tax for Employees

Myth Buster

Myth	Fact
Being a student means that I don't pay tax.	Being a student doesn't affect the amount of tax that you pay. Students typically work part-time or earn under €13,000 in a year. Regardless of whether you are a student or not, anyone earning under that amount does not pay Tax or USC.
I should be paying the same amount of tax on my payslip as my friend in work who gets paid the same as me.	While that is true in most cases, tax credits do influence the amount of tax paid. Tax credits are tied to personal circumstances and some people have more or less based on their lifestyle e.g. being married, being a single parent, receiving a social welfare payment etc.
I can claim a refund of any tax credits I haven't claimed during the year.	Tax credits are used to reduce the amount of tax you pay. However, tax credits do not convert to cash. If you haven't used the total amount of your tax credits during the year, you cannot claim the cash value in a refund.
When I start working for the first time, my employer will sort my taxes out for me.	When you start your first job, you must register your job with Revenue. Otherwise, Revenue will not be able to send your employer instructions on how you are to be taxed. Your employer will then have to tax you on an emergency basis until you have registered your employment.

Myth	Fact
I didn't pay enough tax because my employer made a mistake when calculating my tax. It wasn't my fault, so I don't have to pay.	You are ultimately responsible for paying your tax. Even if it wasn't your mistake that caused the underpayment, it is still your responsibility to pay the amount that is owed. Therefore, to reduce the risk of errors, you should: • Check your Tax Credit Certificate each year to ensure that it is correct • Tell Revenue if your circumstances have changed. This includes keeping your personal details, such as your address, up to date, as well as changes in circumstances which may affect your entitlement to a tax credit. • Notify Revenue of any non-PAYE income. You may have to pay tax and / or USC on these incomes.
If I get a second job I will pay more tax.	Regardless of how many jobs you may have, you are still taxed based on your income. Therefore, you won't pay more tax specifically because you have multiple jobs, but because your income has increased. However, you must ensure to divide your credits and rate bands between your employments. If you don't, your second job will be taxed at the highest rate of tax.