

Income Tax and VAT

Student Activity Worksheet

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Solutions



1. Fill in the blanks in the following sentences.

The PAYE system is used to collect Income Tax from **employees** and people who receive a work **pension**. The self-assessment system is used to collect Income Tax from people who are self-**employed** and people with non-**PAYE** income. The groups taxed under the self-assessment system are known as **chargeable** persons.

2. Identify the correct Schedule D case number from the following explanations.

Explanation	Schedule D, Case Number
Rental income	V
Untaxed interest and foreign income	III
Income from a trade	I
Taxed income and miscellaneous income	IV
Income from a profession	II

3. Distinguish between **gross income** and **net income**.

- Gross income **relates to total income before deductions**.
- Net income **is calculated as gross income less deductions**.

4. Identify whether each of the following types of income can be categorised as PAYE income or non-PAYE income.

Income Type	PAYE income / Non-PAYE income
1. Salary	PAYE
2. Business profit	Non-PAYE
3. Rental income	Non-PAYE
4. Bonus	PAYE
5. Bank interest received	Non-PAYE
6. Commission	PAYE

5. Circle the correct answer in the following statements.

- a. An individual must register for self-assessment Income Tax if their net non-PAYE income exceeds €8,000 / **€5,000**.
- b. The pay and file deadline for self-assessed Income Tax is 31st March / **31st October**.
- c. An individual must register for self-assessment Income Tax if their gross non-PAYE income exceeds **€30,000** / €50,000.
- d. VAT is a(n) direct / **indirect** tax on goods and services.
- e. The standard VAT rate is 13.5% / **23%**.
- f. Businesses that sell goods exceeding **€75,000** / €105,000 must register for VAT.
- g. The term 'ROS' means **Revenue Online Services** / Revenue Online Servicing.