

# Revenue Procedures for Personal Insolvency Caseworking

## Collector-General's Division

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## 1. Background – Legislation

**1.1** The **Personal Insolvency Act 2012**, introduced three debt resolution processes for individuals in financial difficulty. Although essentially non-judicial in nature, the debt resolution processes will require approval by the Court. The main features of the processes are as follows:

### (1) Debt Relief Notice (DRN)

- Total debts less than €35,000
- Assets less than €1,500
- Net Disposable Income less than €60 per month
- [Insolvency](#) established
- Three years allowed for discharge (i.e. write-out) of the debt
- Non-payment arrangement
- Annual Review of applicant's circumstances by Approved Intermediary.

### (2) Debt Settlement Arrangement (DSA)

- **Unsecured debts**, e.g. credit cards - **no threshold or limit**,
- 75% of debts must be at least six months old
- [Insolvency](#) established
- Five years allowed for discharge of the debt – possible extension of 12 months
- Annual Review of applicant's circumstances by Personal Insolvency Practitioner

### (3) Personal Insolvency Arrangement (PIA)

- **Secured and Unsecured debts where the secured debts are less than €3,000,000** (may be higher if all secured creditors agree)
- 75% of debts must be at least six months old
- [Insolvency](#) established
- Six years allowed for discharge of the debt - possible extension of 12 months
- Annual Review of applicant's circumstances by Personal Insolvency Practitioner

The **Personal Insolvency (Amendment) Act 2015** introduced changes to include a Court review process where a creditor has rejected the borrower's proposed PIA, giving the Court the power to enforce the proposed PIA. The 2015 Act also increased the upper limit of debt that may be covered by a DRN from €20,000 to €35,000.

The Act was further amended by the Personal Insolvency (Amendment) Act 2021 effective from 25 June 2021.

- Insolvent homeowners have the right to seek review by a court if their mortgage lender or other creditors refuse a reasonable proposal for a personal insolvency arrangement regardless of when the arrears arose.
- The asset ceiling for an insolvent person applying for a debt relief notice has been raised from €400 to €1,500. This removes an obstacle that could otherwise have affected recipients of some social welfare payments that are paid as lump sums, such as fuel allowance.
- Allowing a key advisory meeting between the insolvent person and their financial adviser to take place via remote communications technology, rather than face to face; and
- Allowing a personal insolvency practitioner (PIP) to delegate their functions under the Act to another person employed by the PIP or working with him/her in the same firm, subject to certain conditions.

Full details of the Acts and explanations of the various arrangements are available on [ISI's website](#).

- 1.2** These insolvency arrangements relate to [specified \(established\) debt](#) only. Therefore, where there is Revenue debt, all returns must be filed up to the date of the arrangement.

The role of the [Insolvency Service of Ireland \(ISI\)](#) includes monitoring the operation of insolvency arrangements and bankruptcies and authorisation and provision of licenses to the [Approved Intermediaries](#) and the [Personal Insolvency Practitioners](#).

**1.3 Approved Intermediary (AI):**

- is authorised by the ISI to support a debtor who wishes to apply for a Debt Relief Notice (DRN);
- is qualified to assess an individual's financial status.
- will confirm the individual's eligibility to apply for a DRN, (i.e., that the individual is insolvent and unlikely to become solvent in the next 3 years);
- will be the intermediary between the applicant and their creditors;
- will present the insolvency arrangement to the ISI for approval, once approved the ISI will present the arrangement to the Courts for its implementation.

**All Debt Relief Notices (DRNs) will be processed by Approved Intermediaries (AIs).**

**1.4 Personal Insolvency Practitioner (PIP):**

- is authorised by the ISI to make an application for a DSA or PIA on behalf of a Debtor;
- is qualified to assess an individual's current financial status;
- will confirm the individual's eligibility to apply for a DSA or a PIA, (individual is insolvent and that they are unlikely to become solvent over the term of the arrangement);

- will recommend the best course of action based on their review of an individual's financial status;
- is the intermediary between the applicant and their creditors;
- will present the insolvency arrangement to the ISI for approval once, approved the ISI will present the arrangement to the Courts for its implementation.

**All DSAs/PIAs will be processed by Personal Insolvency Practitioners (PIPs).**

### **1.5 The C-G's Personal Insolvency Unit (PIU):**

- Will be the first point of contact for all AIs and PIPs
- Maintain a record of all cases that have applied for Personal insolvency arrangements
- Liaise with the PIP
- Issue Proof of Debt to the PIP
- Make the decision as regards voting at the creditors meeting and issue a proxy to the PIP
- Upon court approval notify the Debt Management unit and request they monitor the arrangement, input relevant STOPS on the periods covered by the arrangement and monitor the dividend payments due in the arrangement.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

## 2. Procedures for Dealing with Personal Insolvency Cases

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

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### ➤ **Debt at Enforcement**

Once an application is made for a DRN, DSA or PIA, the Debt Management caseworker will e-mail all enforcement agencies that are pursuing the taxpayer's debt and request that the enforcement action be put on hold. The caseworker will also request a figure for the fees due.

#### **Once a DRN is agreed:**

- The total tax debt will be written-out
- Referrals/warrants withdrawn
- Claims for fees will be dealt with under the existing Enforcement Contract/Agreement.

#### **In DSA and PIA cases:**

The Insolvency Unit caseworker will issue a Proof of Debt to the PIP with Revenue's decision to opt in or out. The Proof of Debt will include:

1. All the specified tax outstanding including the tax that is with an enforcement agency for collection.
2. All interest charged on the tax debt. For the debt at enforcement the interest figure will be the amount included on the referral. Where the debt was included in a judgment, court interest may also be included in the Proof of Debt. For debt not at enforcement the interest will be calculated as follows:
  - Where the PIP requests Revenue to opt in before the PC (Protective Certificate) issued interest will be calculated to the date Revenue opted into the DSA/PIA.
  - Where the PIP requests Revenue to opt in after the PC issued interest will be calculated to the date of the PC.

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### ➤ **Secured Debt**

A **secured debt** is a debt that is secured against an asset of the individual. The most common secured debt is a Mortgage by a financial institution over a property. Revenue

may also have a secured debt in the form of a Judgment Mortgage on the property of the individual.

While secured debt is not included in a DSA, a DSA can be agreed where there is secured debt. A PIA will include reference to the secured debt in the agreement and may include a write down of the secured amount.

In a PIA, once the PIP notifies the creditors of the issue of a [protective certificate](#), the secured creditor must send the PIP the market value of the security and a preference as to how the secured debt is to be treated.

### ➤ **Preferential Debt**

A **preferential debt** is a debt which has priority for payment before other debts.

In Revenue's case preferential debt means:

- The VAT, Employer Income Tax/PRSI/USC/LPT and RCT tax debt for twelve months prior to the date the Protective Cert issues from the Court and any interest chargeable on the periods.
- The twelve month IT/CGT period with the largest tax debt and any interest chargeable on the period.
- The twelve month CAT period with the largest tax debt and any interest chargeable on the period.

In accordance with sections 67 and 101 of the Personal Insolvency Act 2012, all preferential debt due will be paid in priority to any other creditor in a DSA or PIA. Once the PIP notifies the creditors of the issue of a [protective certificate](#) s/he must also request evidence of any preferential debt claim to be made by the creditors. The onus will be on Revenue to prove that a debt is preferential. As the Personal Insolvency Act 2012 gives priority to the payment of preferential debt, Revenue can insist that all preferential debt be paid before any other creditor. In most cases Revenue will insist that the preferential debt is paid first.

However, in some cases where the PIP can prove to the caseworker's satisfaction that if Revenue was to insist the preferential debt be paid first the other creditors would refuse to enter into an arrangement and it would fail, Revenue may agree to have the preferential debt paid over the life of the arrangement.

- 2.1** Having provided all the necessary information, the AI/PIP will then make a formal request to the relevant caseworker seeking Revenue's consent to involvement in the arrangement. Revenue has 21 days to agree to a DRN or to opt in/out of a DSA / PIA arrangement.
- 2.2** AIs and PIPs have been notified of Revenue's minimum requirements in relation to information to be provided. These requirements are listed under each type of insolvency arrangement below and are also published on Revenue's website under [Guidelines for Approved Intermediaries and Personal Insolvency Practitioners](#).
- 2.3** Revenue is automatically deemed to have consented to an arrangement if a decision is not notified to the AI/PIP within 21 days. Therefore, it is very important that the AI/PIP is notified when Revenue does not agree to a DRN or wishes to opt out of a DSA/PIA.
- 2.4** **In relation to DRNs** – Revenue has agreed with the ISI that the AI will have a 70-day setting-up period which begins on the day of the formal request to Revenue. During this period all

caseworking of Revenue debt, including debt at enforcement, must be put on hold. The relevant enforcement agency must be contacted immediately and instructed to put collection on hold. During this 70-day period the AI will proceed to get the approval of the ISI before applying to the Court for final approval. The 70-day period can be extended in certain circumstances, where caseworker agrees this is necessary.

- 2.5 In relation to DSAs/PIAs** - the PIP can apply to the Court for a Protective Cert before or after the formal request is made to Revenue. When the Protective Cert is granted, all creditors including Revenue must hold collection / enforcement for 70 days. The relevant enforcement agency must be contacted immediately and instructed to put collection on hold. The 70-day protective period can be extended in certain circumstances.
- 2.6** Where Revenue opts out, normal caseworking procedures will continue - but only after the Protective Certificate/DRN setting up period has been completed.
- 2.7** Where Revenue consents to a DRN, the AI will proceed to get the approval of the ISI before applying to the Court for final approval.
- 2.8** Where Revenue consents to opt into a DSA/PIA arrangement, the PIP will prepare a payment proposal and ask creditors to vote to either accept or reject the terms of the proposal. In order for the payment proposal to proceed, creditors representing -

**In the case of a DSA**

- (i) a minimum of 65% of the debt value

**In the case of a PIA**

- (i) a minimum of 65% of the debt value **and**  
(ii) half of the value of the secured debt **and**  
(iii) half of the value of the unsecured debt

must vote to accept the arrangement. Even if Revenue, having consented to opt in, vote against the proposed arrangement, where the minimum percentage of creditors vote to accept the arrangement, it may still proceed, and Revenue will be bound by the terms.

- 2.9** Once the arrangement is accepted the PIP will proceed to get ISI approval before applying to the Court for final approval.
- 2.10** When setting up a DSA/PIA approved arrangement where there is no secured debt, the payments are to be allocated to the outstanding taxes in the following order:
- (i) Preferential Debt  
(ii) Remaining outstanding Employer Income Tax/PRSI/USC/LPT.  
(iii) Other taxes
- 2.11** Where a DSA/PIA approved arrangement subsequently fails, either with regard to the specified debt or compliance for current taxes, Revenue will initially liaise with the PIP before considering whether to apply to the Court to have the arrangement terminated as the breach may be as a result of a payment variance or a payment break. Where the debtor is in arrears with his/her payments for 6 months then the arrangement has automatically failed, and the ISI will terminate it.
- 2.12** A payment variance or a payment break is available to the PIP where they believe that the debtor's circumstances have changed, and the debtor will no longer be able to pay the agreed

payment. The PIP will call a creditor's meeting and the creditors will vote on whether to accept or reject the changes. However, where a DSA/PIA contains terms for a payment variance, or a payment break the PIP may introduce these options without calling a creditor's meeting.

**2.13 Payment Variance** - Where the variation is less than 5% of the [set costs](#) and the DSA/PIA contain terms for a payment variance, the PIP may reduce the contributions made to the creditors without seeking a creditor's meeting. The 5% rate in this clause has increased to 10% for use on or after the 18<sup>th</sup> June 2024. The creditors will be given 14 days' notice of the reduction and the reason for the variance. This reduction will not require an extension of the length of the DSA/PIA to cover the reduction in the payments.

**2.14 Payment Break** - A payment break may be no less than 2 months and no more than 4 months on each occasion. The overall break must not exceed 12 months. The arrangement may be extended by up to 12 months to take account of these breaks. Payment breaks cannot run concurrently. A break may be appropriate where:

- (i) the debtor faces an emergency or unusual item of expenditure or
- (ii) there is an unforeseen temporary reduction in the debtor's income

If the debtor avails of a payment break as approved by the PIP then the DSA/PIA cannot be terminated as a result of the breaks.

**2.15** Where it is necessary for an arrangement to be terminated, the Collector General's Division can commence Court proceedings.

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**2.16** If a creditor applies to the Court for a termination of the arrangement the ISI (as well as the PIP) will inform all the creditors. The PIP will notify the ISI where the arrangement is 6 months in arrears and the arrangement will be automatically terminated.

### 3. Guidelines for Caseworkers where a taxpayer has applied for Insolvency

3.1 The following will apply in all cases where an individual has applied for one of the new insolvency options:

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- **All time periods are calendar periods and not working days. It is important that the 21-day deadline for consent is not missed by the Insolvency Unit caseworker.**
- Tax Clearance will not issue to an individual while negotiations are on-going. Tax Clearance will issue only when the arrangement is in place and is issued subject to the normal rules for tax clearance as if an instalment were in place.
- The debt included in an arrangement is '[specified](#)' and does not include taxes falling due after the [specified date](#). Therefore, normal debt collection procedures will apply to any taxes not included in the original specified debt figure. All current taxes should be paid as they fall due during the negotiations of the insolvency arrangement.
- All initial contact by an AI or PIP will be with the C-G's Insolvency Unit as set out in [Guidelines for Approved Intermediaries and Personal Insolvency Practitioners](#).
- C-G's Insolvency Unit will provide the AI/PIP contact details and individual's information when referring the case to the relevant Supervisor.
- The case will be assigned to a designated Insolvency Unit caseworker.
- Revenue should **opt out** of any arrangement where
  - All required information is not received with the formal request for a DRN, DSA or PIA.
  - A case is under Audit or Appeal.
  - Any creditor is to receive a larger proportion of their debt outstanding than Revenue. With the possible exception of the bank holding the mortgage on a PPR.
  - The individual has failed on a regular basis to meet their legal obligations to file and pay their correct tax debts. Example: numerous failed instalment arrangements, prosecution for non-submission of returns.

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### In DSA and PIA Cases

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- The Debt Management Unit caseworker will provide details of any debt at enforcement and the status of the enforcement process such as Judgment, Judgment Mortgage etc and details of the balance of tax and interest owing to the Insolvency Unit caseworker.
- The Insolvency Unit caseworker will be responsible for the review of any proposal and the decision to participate in the arrangement will be made by the caseworker.
- Pension funds can now be accessed early by individuals and can be an option for payment of insolvency arrangements. If there is no pension fund listed in the Prescribed Financial Statement (PFS), caseworkers should in all such cases, confirm that none exist. If a pension is listed in the PFS and not included in the arrangement, the caseworker should establish the reason for the omission. Any pension due to be paid within 6 years and 6 months of the date of the application for the protective cert in the case of a DSA and 7 years and 6 months in the case of a PIA must be included in the arrangement.
- A DSA or PIA must make provision for the payment of all current tax liabilities incurred by the debtor during the course of the DSA or PIA. Failure to comply with this requirement would enable the Collector-General to apply to the Court for the termination of a DSA or PIA as appropriate.
- Where there are tax liabilities arising on the sale or other realisation of an asset in an arrangement, then these liabilities are considered, for the purposes of the arrangement, to arise after the Effective Date (date DSA/PIA begins) and must be paid on or before the date they are required by law to be paid (e.g. CGT on the disposal of assets held in trust under the terms of a DSA or a PIA).
- Caseworkers should note that any overpayments by Revenue to a taxpayer in relation to TRS must be included in the specified debt of an arrangement. The personal insolvency caseworkers will have access to the TRS database to check if any monies are outstanding.
- An insolvency arrangement will also include any amounts outstanding for E-Levy and Customs and Excise Duties.
- When a DSA/PIA has been agreed and there is no secured debt, the payments will be allocated as follows:
  - All preferential tax and interest on the preferential tax
  - Any remaining Employer Income Tax/PRSI/USC/LPT balance

- All other taxes.

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## 4. Debt Relief Notice (DRN)

### 4.1 An individual can apply for a DRN where:

- Total Debts < €35,000
- Mainly unsecured debts, e.g., credit cards
- Assets < €1500
- Net Disposable Income < €60 per month

#### **The following conditions also apply**

- Three-year supervision period following which the debt will be discharged.
- Only one DRN in a lifetime.

### 4.2 The individual contacts an Approved Intermediary (AI) to act on their behalf. Revenue will deal only with the AI in relation to the specified debt. When a DRN is approved the individual's name will be placed on the public register of DRNs. When the three-year supervision period is reached the individual's name will be removed from the register.

#### **The Caseworker:**

### 4.3 On receipt of notification from the C-G's Insolvency Unit that the taxpayer has applied for a DRN, the Insolvency Unit caseworker will take the following initial steps:

- Contact the AI to request confirmation from the individual that the AI can act on their behalf.

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[...]

- Specify the information required by Revenue to accompany a formal request:
  - All tax returns must be up to date.
  - A copy of the Prescribed Financial Statement (PFS).
  - Confirmation that all current taxes will be filed and paid as they fall due.

These are Revenue's minimum requirements and additional information may be sought by the caseworker to confirm the taxpayer's financial position as per the PFS.

- Remind the AI that they have two weeks to make a formal application for a DRN. If a formal request is not made within the two weeks normal collection procedures continue.

Revenue may consider a formal request received after the two week deadline is exceeded. However, the case may have already progressed to enforcement.

- Issue a Proof of Debt to the AI of the outstanding taxes including any debt at enforcement, any penalties due from an audit and interest on the outstanding taxes. The interest on the tax referred to enforcement is the interest figure on the original referral.

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- 4.4** Once the formal application is made, the Insolvency Unit caseworker has 21 days to review the request, seek clarification or further information, to decide whether to consent to be involved in the process and to notify the AI of Revenue's decision.
- 4.5** On reviewing the information provided and depending on what is received the following will occur:
- Where a substantial amount of the necessary information is not included - Revenue does not consent.
  - Where most of the information is provided – contact AI and request additional information.
  - Where the information does not match with Revenue records – contact AI and verify information.
  - Where all information is received – review case and provide AI with decision within 21 days.

**Revenue's Minimum Requirements in order to consider whether to consent:**

- Individual details to include name, address and PPSN
  - Confirmation from the individual that AI can act on their behalf and confirmation of AI's authorisation
  - All tax returns up-to-date
  - A completed Prescribed Financial Statement.
- 4.6** If there is no other [excludable debt](#) or where it is known that the other excludable creditors will consent (contact with other excludable creditors may be required), then Revenue will consent to the DRN for all these cases.
- 4.7** The decision will be made either to consent or not consent. It is important that the Insolvency Unit caseworker remembers to notify the AI when Revenue does not consent to the DRN - if we fail to notify the AI of our decision we will be deemed to have consented to the DRN.
- 4.8** **If Revenue does not consent**, the Insolvency Unit caseworker will notify the AI and provided the AI is not continuing with the DRN, Revenue may proceed with normal collection procedures. If the AI is continuing with the DRN, Revenue must continue to hold collection for 70 days starting on the date of the formal request. The Debt Management caseworker should ensure that any relevant enforcement agency is aware of the 70 day hold.

- 4.9** During the 70-day setting up period, the AI will confirm that current taxes will be paid as they fall due and apply to the ISI and the Court for the DRN to be approved. Any taxes that fall due during the setting up period must be filed and paid as they are not included in the [specified tax debt](#).
- 4.10** The Insolvency Unit caseworker should contact the ISI where a current compliance problem arises during the supervision period. If the issue cannot be resolved it may result in the DRN being terminated by the Courts and the tax debt being re-instated.
- 4.11** If the individual adheres to the DRN conditions for the three-year supervision period then all debts included in the DRN are permanently discharged.
- 4.12** An individual may finish a DRN early if half of the debt owed in the DRN arrangement is paid before the end of the supervision period. In these cases, the legislation states that any payments will be allocated firstly to the [excludable creditors](#) and any available balance will be allocated to the remaining creditors.
- 4.13** The ISI must notify Revenue of a change in the individual's circumstances. Where an individual's net monthly salary increases by > €400, then half of the increase must be used to pay the debts included in the DRN. The payments will continue until the DRN supervision period finishes or half the debt included in the DRN is paid.
- 4.14** The ISI will notify Revenue when the DRN is successfully completed and the individual will be removed from the Insolvency Service's Register of DRNs.

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## 6. Debt Settlement Arrangement (DSA)

### An individual can apply for a DSA where:

- 75% of debts are at least six months old
- Unsecured debts only – e.g. credit cards
- Insolvent

### The following conditions also apply

- Five years allowed for partial payment of the debt – possible 12 month extension
- Annual review of financial circumstances carried out by the PIP
- Only one DSA in your lifetime
- Publication of debtor's arrangement on the ISI's Public Register of DSAs

**6.1** The individual contacts a Personal Insolvency Practitioner (PIP) to act on their behalf. Revenue will negotiate the arrangement with the PIP in relation to the specified debt.

**6.2** A PIP may apply for a protective certificate before notifying Revenue of the taxpayer's intention to enter a DSA. A formal request will then be sent to Revenue and the caseworker will have 21 days to make the decision to opt in or out. If a protective certificate issues from the Court all collection by Revenue must be put on hold, including debt at enforcement. The Debt Management caseworker should contact the relevant enforcement agency and inform them of the protective certificate. In this scenario please follow the steps in 6.3 and then skip to [point 6.7](#) and continue from there.

### **6.3 The Insolvency Unit Caseworker:**

- Contacts the PIP to request confirmation from the individual that PIP can act on their behalf and confirmation that the PIP is authorised.

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Specifies the minimum information required by Revenue to accompany a formal request:

- Individual's name, address and PPSN
- Confirmation from the individual that the PIP can act on their behalf
- All tax returns must be up to date
- A completed Prescribed Financial Statement (PFS)
- Approximate cost of PIP

- Confirmation that all current taxes will be filed and paid as they fall due
- Confirmation that payments in the arrangement will be made by EFT.

These are Revenue's minimum requirements and additional information may be sought by the caseworker to confirm the taxpayer's financial position as per the PFS.

- Will put a hold on collection of all Revenue debt, including debt at enforcement.

- 6.4** The caseworker informs the PIP that all necessary information and a formal request for an arrangement must be filed within two weeks.
- 6.5** If a formal request is not made within the two weeks, normal collection procedures continue. Revenue may consider a formal request received after the two-week deadline is exceeded. However, the case may have already progressed to enforcement.

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- 6.6** Once the formal application is made, the caseworker has 21 days to review the request, seek clarification or further information, to decide whether to consent to be involved in the process and to notify the PIP of Revenue's decision.
- 6.7** On reviewing the information provided and depending on what is received the following will occur:
- Where a substantial amount of necessary information is not included - Revenue opts out.
  - Where most of the information is provided – contact PIP and request additional information.
  - Where the information does not match with Revenue records – contact PIP and verify information.
  - Where all information is received – review case and provide PIP with decision within 21 days.
- 6.8** The PIP has 10 days to respond to any requests for additional information/verification as Revenue has just 21 days to come to a decision to opt in or out. If the information/verification is not provided in time, Revenue will opt out.
- 6.9** **Once a decision is made to either opt in or out, the Insolvency Unit caseworker will notify PIP.**

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**6.10** Where Revenue opts in, the Insolvency Unit caseworker will issue a Proof of Debt with an email notifying the PIP of Revenue's decision to opt in. The Proof of Debt is the basis for Revenue's specified debt in the DSA and must include the following:

- The total tax debt including the debt at enforcement.
- Interest on debt at enforcement, interest charged on the referral.
- Interest on debt not at enforcement.
- Any audit penalty outstanding.

The Proof of Debt issued will cover all debt including debt at enforcement, interest figure and any audit penalty figure.

**6.11** Regardless of whether Revenue has opted in or out, once a protective certificate issues from the Court, Revenue must hold collection for 70 days. The relevant enforcement agency should be instructed to put collection on hold while the protective certificate is in place.

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**6.12** If no protective certificate issues from the Court, then normal collection procedures will follow.

**6.13** The Insolvency Unit caseworker will remind the PIP of the additional informational requirements needed to decide whether Revenue will agree to the arrangement.

**Minimum Revenue requirements in order to consider whether to agree to an arrangement:**

- The expected contribution that the taxpayer will be making to his creditors in the arrangement.
- The expected contribution that the taxpayer will be making to the Revenue Commissioners in the arrangement.
- The duration of the arrangement.
- The projected Reasonable Living Expenses that the applicant will be seeking to claim.
- The costs likely to be incurred by the applicant by remaining in occupation of his/her current accommodation.
- Details of how the secured debt will be treated in the arrangement.
- A breakdown of the second car allowance/special circumstances etc
- All bank account details (both within and outside the jurisdiction), and the last 6 months statements.
- All Credit Union details and the last 6 months statements.
- An up to date mortgage statement for all properties.
- Details of any pension schemes/endowment policies/prize bonds/insurance policies etc.

- How the applicant proposes to address LPT arrears arising prior to the commencement of the arrangement. Please note arrears of LPT are a charge on the property and cannot be written down in an Personal Insolvency arrangement. Such arrears must be addressed in the proposal. Please contact [LPT\\_Register\\_Team@revenue.ie](mailto:LPT_Register_Team@revenue.ie) to discuss payment options.

**6.14** All additional information must be supplied by the PIP within the 70-day period of the Protective Certificate, including confirmation that current taxes will be paid as they fall due. Any taxes that fall due during the setting up period must be filed and paid as they are not included in the specified debt covered by the protective certificate. In some cases the Court may extend the protective certificate period by 40 days where there is a reasonable chance of an arrangement being put in place. The Insolvency Unit caseworker will be notified of any extension by the PIP. In very exceptional circumstances another additional 40 days may be granted after the expiration of the initial 110 days. Where the Court has granted an extension on the time of the protective certificate, Revenue must also extend the hold on collection.

**6.15** The PIP will issue a Proxy Form to each creditor when asking them to vote.

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**6.16** If the individual defaults on current taxes or three months payments cancel under the DSA then the PIP should be contacted to resolve the issues. If they cannot be resolved, then the Collector-General may apply to the Court to have the DSA terminated.

**6.17** The DSA will be automatically terminated if the individual defaults on the arrangement for **six months**.

**6.18** Three months after successfully completing the DSA the debtor's name will be removed from the register.

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[...]



## 7. Personal Insolvency Arrangement (PIA)

### An individual can apply for a PIA where:

- Secured and unsecured debts
- Debts < €3,000,000 **secured**
- 75% of debts are at least six months old
- Insolvent

### The following conditions also apply

- Six years allowed for discharge of the debt – possible 12-month extension
- Annual review of financial circumstances carried out by the PIP
- Only one PIA in a lifetime.
- Publication of debtor's arrangement on the ISI's Public Register of PIAs

- 8.1** The individual contacts a Personal Insolvency Practitioner (PIP) to act on their behalf, Revenue will then only deal with the Personal Insolvency Practitioner in relation to the specified debt.
- 8.2** A PIP may apply for a Protective Certificate before notifying Revenue of the taxpayer's intention to enter a PIA. A formal request will then be sent to Revenue and the caseworker will have 21 days to make the decision to opt in or out. If a protective certificate issues from the Court all collection by Revenue must be put on hold, including debt at enforcement. The caseworker should contact the relevant enforcement agency and inform them of the protective certificate.
- 8.3 The Insolvency Unit caseworker:**
- Contacts the PIP and requests confirmation from the individual that PIP can act on their behalf.
  - Specifies the minimum information required by Revenue to accompany a formal request:
    - Individual's name, address and PPSN.
    - Confirmation from the individual that the PIP can act on their behalf.
    - All tax returns must be up to date.
    - The Prescribed Financial Statement (PFS).
    - Approximate cost of PIP.
    - Confirmation that all current taxes will be filed and paid as they fall due.
    - Confirmation that payments in the arrangement will be made by DD.
- These are Revenue's minimum requirements and additional information may be sought by the caseworker to confirm the taxpayer's financial position as per the PFS.
- Will put a hold on collection of all Revenue debt, including debt at enforcement.
- 8.4** The Insolvency Unit caseworker reminds the PIP that all necessary information and the formal request for an arrangement must be made within two weeks.

- 8.5** If a formal request is not made within the two weeks, normal collection procedures continue. Revenue may consider a formal request received after the two week deadline is exceeded. However, the case may have already progressed to enforcement.
- 8.6** Once the formal application is made, the Insolvency Unit caseworker has 21 days to review the request, seek clarification or further information, to decide whether or not to consent to be involved in the process and to notify the PIP of Revenue's decision
- 8.7** On reviewing the information provided and depending on what is received the following will occur:
- Where a substantial amount of necessary information is not included - Revenue opts out.
  - Where most of the information is provided – contact PIP and request additional information.
  - Where the information does not match with Revenue records – contact PIP and verify information.
  - Where all the information is received – review case and provide PIP with decision within 21 days.
- 8.8** The PIP has 10 days to provide additional information/verification requests as Revenue has just 21 days to come to a decision to opt in or out. If the information/verification is not provided in time, Revenue will opt out.
- 8.9** **Once a decision is made to opt in or out the caseworker will notify the PIP.**

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[...]

- 8.10** Where Revenue opts in, the Insolvency Unit caseworker will issue a Proof of Debt with the letter notifying the PIP of Revenue's decision to opt in. The Proof of Debt is the basis for Revenue's specified debt in the PIA and must include the following:
- The total tax debt including the debt at enforcement.
  - Interest on debt at enforcement, interest charged on the referral.
  - Interest on debt not at enforcement, interest calculated to date of Opt in or PC (whichever comes first).
  - Any audit penalty outstanding.

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[...]

Regardless of whether Revenue has opted in or out, once a protective certificate issues from the Court and Revenue is a specified creditor on the protective certificate, Revenue must hold collection for 70 days. The relevant enforcement agency should be instructed to put collection on hold while the protective certificate is in place.

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[...]

**8.11** If no protective certificate issues from the Court then normal collection procedures will follow.

**8.12** The Insolvency Unit caseworker will remind the PIP of the additional information required to decide on whether Revenue will agree to the arrangement.

**Minimum Revenue requirements in order to consider whether to agree to an arrangement:**

- The expected contribution that the taxpayer will be making to his creditors in the arrangement.
- The expected contribution that the taxpayer will be making to the Revenue Commissioners in the arrangement.
- The duration of the arrangement.
- The projected Reasonable Living Expenses of the applicant over the course of the arrangement.
- The proportion of those Reasonable Living Expenses that the applicant will be seeking to claim.
- The costs likely to be incurred by the applicant by remaining in occupation of his/her current accommodation.
- Details of how the secured debt will be treated in the arrangement.
- A breakdown of the second car allowance/special circumstances etc
- All bank account details (both within and outside the jurisdiction), and the last 6 months statements
- All Credit Union details and the last 6 months statements
- An up to date mortgage statement for all properties
- Details of any pension schemes/endowment policies/prize bonds/insurance policies etc.

**8.13** All additional information must be supplied by the PIP within the 70-day period of the protective certificate including confirmation that current taxes will be paid as they fall due. Any taxes that fall due during the setting up period must be filed and paid as they are not included in the specified debt covered by the protective certificate. In some cases the Court may extend the protective certificate period by 40 days where there is a reasonable chance of an arrangement being put in place. The Insolvency Unit caseworker will be notified of any extension by the PIP. In very exceptional circumstances another additional 40 days may be

granted after the expiration of the initial 110 days. Where the Court has granted an extension on the time of the protective certificate, Revenue must also extend the hold on collection.

**8.14** The PIP will issue a Proxy Form to each creditor when asking them to vote.

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[...]

**8.15** When the required value of creditors votes in favour of the PIA, the PIP brings the arrangement to the Insolvency Service, who will bring the arrangement to the Court for approval.

**8.16** The debt to be paid under the PIA will be paid in instalments by the PIP by EFT.

**8.17** If the individual defaults on current taxes or three months payments cancel under the PIA then the PIP should be contacted to resolve the issues. If they cannot be resolved, the Collector-General may go to the Court and request the PIA be terminated.

**8.18** The PIA will be automatically terminated if the individual defaults on the arrangement for six months.

**8.19** Three months after successfully completing the PIA the debtors name will be removed from the register.

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[...]



## 9. Collection of dividends due for a DSA or PIA

- It should be noted that an insolvency arrangement can be paid monthly, quarterly, bi-annually, or annually depending on the terms of the arrangement. Payments will be made to Revenue from the PIP by EFT.

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[...]

## 10. How to contact the Collector General's Personal Insolvency Unit

**External Queries from AI/PIP may be directed to:**

- E-mail: [personalinsolvency@revenue.ie](mailto:personalinsolvency@revenue.ie)

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[...]

## 11. Glossary

### **Approved Intermediary (AI)**

An AI is authorised and regulated by the Insolvency Service of Ireland and has functions under the Act with respect to a DRN. The AI will be the person who advises the debtor directly and negotiates the arrangement with the creditors on his/her behalf.

### **Excluded Debts**

These debts cannot be included in any insolvency arrangement:

Family maintenance payments under Court orders

Court fines in respect of criminal offences

Liabilities arising out of personal injury or wrongful death claims awarded by the Court

Liabilities arising from loans obtained by fraud

### **Excludable Debts**

These debts can only be included in an insolvency arrangement with the creditors consent:

- Taxes, duties, levies owed or payable to the State
- Local government charges
- Amounts due to the Health Service Executive under the Nursing Home Support Scheme
- Annual service charges to owner's management companies (apartments and housing estates)
- Liabilities arising under the Social Welfare Consolidation Act 2005
- Local authority rates
- Household charges

### **Insolvency Service of Ireland (ISI)**

The ISI is the statutory body established under the Act which is responsible for, amongst other things, monitoring the operation of the arrangements relating to personal insolvency provided for in the Act; the authorisation and regulation of Personal Insolvency Practitioners and certain other functions specified in the Act.

### **Insolvent**

A person is insolvent if they are unable to pay their debts in full as they fall due.

### **New Arrangements**

“New arrangements” refers to the three new measures introduced under the Act—the Debt Relief Notice (DRN); Debt Settlement Arrangement (DSA) and Personal Insolvency Arrangement (PIA).

### **Personal Insolvency Practitioner (PIP)**

A PIP is authorised and regulated by the Insolvency Service of Ireland and has functions under the Act with respect to a PIA or DSA. The PIP will be the person who advises the debtor directly and negotiates the arrangement with the creditors on his/her behalf.

**Preferential Debt**

A preferential debt is a debt which has priority for payment before other debts.

In Revenue's case preferential debt is:

- The VAT, Employer Income Tax/PRSI/USC/LPT and RCT tax debt for twelve months prior to the date the protective certificate issues from the Court.
- The twelve month IT/CGT period with the largest tax debt.
- Interest on all periods listed in the claim.

**Prescribed Financial Statement (PFS)**

Every applicant for an insolvency arrangement must complete a PFS. It is a sworn document that contains details of all assets, liabilities, income and expenditure of the individual applying for an insolvency arrangement. This is used to establish the individual's eligibility to participate in an arrangement, the possible level of payments and to identify the liabilities that will be discharged at the end of the process.

**Protective Certificate**

A Certificate issued by a Court which protects the debtor against legal proceedings or other actions by a creditor in respect of debts for a limited time while a PIA or DSA is being put in place.

**Reasonable Living Expenses**

These expenses include set costs, mortgage payments, rental payments, childcare and special circumstances costs.

**Secured Creditor**

A creditor who holds a specific claim (usually a property interest) over one or more of a debtor's assets as security for a secured debt. An example would be a mortgage or charge over a house.

**Secured debt**

A debt backed or secured by an asset to reduce the risk associated with the debt by use of arrangements which make the asset available to the secured creditor to discharge the debt before general/unsecured creditors (e.g. a mortgage or charge over a house used as security for a housing loan). If the debtor defaults or fails to meet one of the terms of repayment, the bank may seize the debtors' house to sell, using the proceeds towards the settlement of outstanding debts.

**Set Costs**

The costs attributed to a typical household are termed 'set costs'. e.g. food, clothing, household expenses. These costs do not include mortgage payments, rental payments, childcare and special circumstances costs.

**Specified date**

In the case of a DRN the specified date is the date that the formal request is made by the AI. In relation to Debt Settlement Arrangements and Personal Insolvency Arrangements, the specified date is the date the protective certificate issues from the Court.

**Specified debt**

In relation to a Debt Relief Notice, specified debt is the debt listed on the Debt Relief Notice and will not include any debt due after the formal request for a DRN.

In relation to Debt Settlement Arrangements and Personal Insolvency Arrangements, specified debt means a debt that is specified in the Protective Certificate as being subject to that certificate. Any debt due after the date Revenue opts into a DSA/PIA will be considered current taxes and will have to be paid by the individual.

**Unsecured creditor**

A creditor who does not have a specific claim (usually a property interest) over the debtor's assets.

**Unsecured debt**

A debt where the unsecured creditor would not be entitled to seize specific assets if the debtor fails to make repayments because that creditor does not hold security over those assets.

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[...]