

## [4.1.7] Taxation of Couriers

*Reviewed June 2016*

Reference material: **Tax Briefing, Issue 28 (October 1997)**

### **Question**

How are couriers treated for tax purposes?

### **Answer**

Couriers are regarded as self-employed for PRSI purposes as a result of a Social Welfare Appeals Officer's decision. In the interest of uniformity Revenue decided, without prejudice, to treat them as self-employed for tax purposes.

Many courier firms have opted to implement a voluntary PAYE system of tax deduction in respect of couriers engaged by them. The employee tax credit is given to the couriers who are subject to this voluntary PAYE deduction system.

A special flat-rate expense allowance regime has been agreed for couriers on voluntary PAYE (see Appendix below for details). In the interest of reducing the administrative overhead, this involves treating expenses as a percentage of income. The PAYE principle of disregarding the allowable expenses for tax purposes before operating PAYE was applied.

Any courier wishing to join the voluntary PAYE scheme should contact his/her Inspector of Taxes.

## APPENDIX A

**Motor Cycle Couriers**

Motorcycle couriers' expense allowance figure, to exclude wear and tear on the motorcycle, is agreed at 40% of a courier's gross earnings.

Wear and tear on the motorcycle will be regarded as additional to the 40% expenses deduction. To avoid couriers, courier firms and Revenue having to compute wear and tear on an ongoing basis, particularly each time a motorcycle is changed, 5% of the courier's gross earnings is allowed as an additional expense to cover wear and tear on the motorcycle. This gives a total expense allowance of 45% of gross earnings for motorcycle couriers.

**Cycle Couriers**

While cycle couriers would not have a similar level of expenditure to motorcycle couriers, a composite flat-rate expenses figure of 20% is allowed to cover wear and tear, replacement of the bicycle and spare parts and the purchase, replacement and cleaning of specialist gear, etc.

**Van Owner-Driver Couriers**

Because of the limited numbers and the particular circumstances of van owner-driver couriers, there is no flat-rate expense for this category. They may claim expenses incurred "wholly and exclusively" for the purpose of the trade in the normal way.