

Accounts liable to DIRT, Company and Pension Scheme Deposits and Foreign Bank Accounts

Part 08-04-02

This document should be read in conjunction with sections 256, 265 and 895 TCA
1997

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1 Introduction

This Manual sets out the:

- Deposit Interest Retention Tax (DIRT) rates that apply to accounts that are liable to DIRT;
- information to be supplied by a company or pension scheme to a deposit taker in order to have their deposit interest paid gross (i.e. without the deduction of DIRT); and
- reporting requirements that apply to a person or an intermediary who open foreign bank accounts.

2 Accounts liable to DIRT [s.256]

Interest paid or credited to individuals on accounts in respect of which Deposit Interest Retention Tax (DIRT) is charged (i.e. final liability accounts) are liable to tax, on the interest paid or credited, at the rate specified in Section 256(1) TCA 1997.

The DIRT rates from 2002 are as follows

Period	Standard DIRT Rate	Higher DIRT Rate*
From 1 January 2020	33%	
1 January 2019 to 31 December 2019	35%	
1 January 2018 to 31 December 2018	37%	
1 January 2017 to 31 December 2017	39%	
1 January 2014 to 31 December 2016	41%	
1 January 2013 to 31 December 2013	33%	36%
1 January 2012 to 31 December 2012	30%	33%
1 January 2011 to 31 December 2011	27%	30%
8 April 2009 to 31 December 2010	25%	28%
1 January 2009 to 7 April 2009	23%	26%
1 January 2002 to 31 December 2008	20%	23%

* From 2002 to 2013, a higher DIRT rate applied to interest earned on a deposit where the interest cannot be calculated annually or more frequently and the interest cannot be determined until it is paid. This higher DIRT rate was abolished as and from the 1st January 2014.

However, the deposit interest is part of the individual's total income and the deposit interest must be included in the recipient's return of income and may be liable to Pay Related Social Insurance (PRSI).

3 Companies/Pensions Schemes and DIRT [s.265]

DIRT does not apply to interest on deposit accounts opened by companies (chargeable to corporation tax in respect of the interest), or by approved pension schemes/retirement annuity provided that the deposit taker has been provided with

- the tax reference number of the company,
- the Superannuation Fund (SF) reference number that has been assigned to the pension scheme by Revenue Commissioners when the scheme received approval.

4 Foreign Bank Accounts [s.895]

4.1 Person opening an account [s.895(6)]

Where a person who is resident in the State opens a bank account outside the State, or causes a bank account to be opened when that resident person is beneficially entitled to the sums in the account, that resident person is a chargeable person

- for that accounting period in respect of a company,
- for that year of assessment in respect of an individual.

As a chargeable person they must file a return under Part 41A, and must provide Revenue with the following details:

- the name and address of the financial institution with which the account was opened.
- the date on which the account was opened.
- the amount of the deposit made in opening the account.
- the name and address of any intermediary who provided a relevant service in relation to opening the account.

4.1.1 Practice – financial services companies

It is accepted that the reporting requirements under s.895 were not intended to cover certain transactions by financial services companies in the ordinary course of their business. The legislation, if strictly applied, would mean that those companies would be obliged to report hundreds of transactions on their annual return in circumstances where the income on the accounts is being returned for tax purposes. Accordingly, the Revenue Commissioners have agreed that Irish-resident companies are not required to report the opening of foreign bank accounts in the following circumstances:

(a) the foreign account is opened in the course of a financial services trade carried on by the company;

(b) the account is opened for overnight/short-term placement (short-term meaning up to 3 months);

(c) the deposit on the account is held as a trading asset of the company;

(d) income on the account forms part of the trading income of the company, chargeable to tax under Case 1, Schedule D.

This practice is agreed subject to a written undertaking being supplied by the companies involved to the Revenue office dealing with their affairs to the effect that the income arising on such foreign accounts will be included in the company's annual return of income.

4.2 Intermediary opening an account [s.895(2)]

Any person who in the ordinary course of their trade acts as an intermediary in connection with the opening a foreign bank account for a person who is resident in the State will also have reporting obligations.

The details to be provided are the same as are required from persons opening foreign accounts with the addition of the name and address and tax reference number of the resident to whom the intermediary service has been provided. A resident requesting an intermediary to provide an intermediary service is required to provide the intermediary with the details which the intermediary is required to include in a return; the intermediary is required to take all reasonable steps to confirm the details given to him/her are correct.