

Rate of tax at which repayments are to be made

Part 15-01-13

Document last reviewed July 2020

Section 460 TCA 1997 provides that a repayment of income tax to which a person is entitled, after the granting of any personal tax credit/relief, for any year of assessment, is to be made at the standard rate of tax or the higher rate, as appropriate.

Where a person proves that he or she had no taxable income for a year of assessment, because of his or her entitlement to any tax credit, deduction, or relief for that year, any tax paid by him or her in respect of his or her income for that year is refundable in full. However, any such repayment cannot exceed the difference between the correct tax liability and the amount of tax actually paid.

Example 1

John is a single individual. In 2020, he was an employee and received a salary of €15,700. PAYE of €2,300 was deducted. John's tax liability for 2020 is as follows:

	€	€
John's Taxable Income		<u>15,700</u>
<u>Tax</u>		
€15,700 @ 20%	3,140	
<u>Less tax credits</u>		
Single Person Credit	1,650	
Employee PAYE Credit	<u>1,650</u>	

Liability	Nil
PAYE paid	<u>2,300</u>
Tax Refundable	2,300

Example 2

Jane is a single individual. She has royalties of €40,000 a year from which tax is deducted at 20%. Jane's liability for 2020 is as follows:

	€	€
Jane's Taxable Income		40,000
<u>Tax</u>		
35,300 @ 20%	7,060	
4,700 @ 40%	<u>1,880</u>	
	8,940	
<u>Less tax credits</u>		
Single Person Credit	<u>1,650</u>	
Liability	7,290	
PAYE paid	<u>8,000</u>	
Tax Refundable	710	