Rate of tax at which repayments are to be made

Part 15-01-13

Reviewed June 2018

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

A single individual has PAYE income of €15,700 for the year 2018. Tax deducted for the year was €2,300. His liability for 2018 is as follows:

	Employment Income	Tax deducted
	€	€
	15,700	2,300

<u>Taxable Income</u>

€15,700 @ 20% = 3,140

<u>Less tax credits</u>

1,650	
1,650	<u>3,300</u>
Liability	Nil
Tax deducted	2,300
Refund	€2,300

Example 2

A single individual has royalties of €40,000 a year from which tax is deducted at 20%. His liability for 2016 is as follows:

		Taxed Income	Tax deducted
		€	€
		40,000	8,000
Taxable Income			
34,550 @ 20%	6,910		
5,450 @ 40%	2,180		
	9,090		
Less tax credit			
	1,650		
Liability	7,440		
Tax deducted	8,000		
Repayment due	€560		