

[38.3.11] Solicitors and Client Accounts

Extract from Tax Briefing, Issue 29 (December 1997)

Reviewed: March 2017

Question

We have been asked to clarify the third party reporting requirements for solicitors regarding payments for services made from client accounts?

Answer

Section 889(6) TCA 1997 (formerly Section 227 Finance Act 1992 which inserted subsection (4A) into Section 173 Income Tax Act 1967) states that “*a return.....shall include payments made.....on behalf of any other person*”. The reporting provisions therefore clearly apply to payments made on behalf of clients including those made from “client accounts”.

At the time of the passing of the Act solicitors were concerned about client confidentiality and as a consequence meetings were held in 1993 between Revenue and the Incorporated Law Society of Ireland. The result was that:

- * Revenue gave assurance on solicitor/client confidentiality.
- * The information required on the return only concerns details of the payment made to the Third Party and no information about a client on whose behalf a payment is made or the circumstances giving rise to a payment is required.

Payments for services to any one person in any return period, which do not exceed €6,000 in the aggregate, do not have to be reported.

The situations in which the reporting requirements are relaxed for solicitors are outlined in [Tax instruction 38.03.04](#).

It should be borne in mind that the underlying structure and Revenue approach is such so as to ensure confidentiality.