Estimates for Income Tax and Corporation Tax

Part 41A-08-01

This document should be read in conjunction with section 959AX of the Taxes Consolidation Act 1997

Document created November 2026

Revenue
Cáin agus Custaim na hÉireann
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1 Introduction

Part 41A Taxes Consolidation Act 1997 (TCA) provides for a full self-assessment regime. Taxpayers who are subject to self-assessment, who are known as "chargeable persons", are required to calculate their own tax liabilities and file relevant returns accordingly.

Section 32 Finance Act 2025 introduced section 959AX into Part 41A to provide that Revenue can make estimates for Income Tax (IT) and Corporation Tax (CT) where individuals or companies fail to file their IT or CT returns respectively. These estimates are payable unless discharged by a return or, if the individual or company is not a chargeable person for the chargeable period in question, the taxpayer cancels their tax registration. Revenue can also make assessments at any time on a chargeable person who fails to file tax returns, under section 959AC TCA.

2 In what circumstances will an estimate be made?

Where a chargeable person fails to file statutory IT or CT returns for a chargeable period, Revenue will issue reminders to the individual or company, as appropriate, reminding them to file their returns. Failure to file a return may result in an estimate being made on the individual or company.

A person will be notified that an estimate has been made on them for a chargeable period by way of Revenue issuing a Notice of Estimate. Section 959AX(3) TCA provides that the estimated tax figure specified in the notice is recoverable as if the person had submitted a tax return for the chargeable period under S959I TCA on or before the specified date. That means normal enforcement procedures will apply.

Estimates are not subject to the time limits which apply to making or amending Revenue assessments and making enquiries. There is no option to appeal an estimate for IT or CT. Following receipt of a Notice of Estimate, an individual or company must either file the related return or cancel their registration for IT or CT if they were not a chargeable person for the chargeable period to which the estimate relates. If the taxpayer has paid the amount of the estimate before they file their return, the amount paid will be credited against their tax liability for the chargeable period. Further information on how an estimate can be displaced is provided below at paragraph 4.

3 Calculating the estimate

Section 959AX(2) TCA provides that the estimated tax for the chargeable period will be the higher of:

- an amount based on the average amount of tax due on the two most recent tax returns filed, if applicable, or
- €1,000

Where no returns have been previously filed by the taxpayer, the amount of the estimate will be €1,000.

Example 1.

Taxpayer A has not filed an Income Tax return since 2020 but is still registered for Income Tax. In September 2026 they receive a notice of estimate for 2024. The tax due on the last two returns filed was €10,000 for 2020 and €12,000 for 2019.

€10,000 + €12,000 = €22,000/2 = €11,000.

The average amount of tax due on their last two tax returns is €11,000. This is greater than the €1,000 figure provided for by section 959AX TCA so the estimated tax due figure contained in the notice of estimate will be €11,000.

Example 2.

Taxpayer B has not filed an Income Tax return since 2021 but is still registered for Income Tax. In September 2026 they receive a notice of estimate for 2024. The tax due on the last two returns filed was €1,000 for 2020 and €500 for 2019.

€1,000 + €500 = €1,500/2 = €750.

The average amount of tax due on their last 2 returns is €750. This is less than the €1,000 figure provided for by section 959AX so the estimated tax due figure contained in the notice of estimate will be €1,000.

Example 3.

Taxpayer C has never filed an Income Tax return but is registered for Income Tax.

In September 2026 they receive a notice of estimate for 2024. Because Taxpayer C has never previously filed a return, the estimate figure contained in the notice will be €1,000.

4 Displacing the estimate

A person can displace an estimate for IT or CT if, within 30 days of receipt of the notice, they file the tax return to which the notice of estimate relates, and pay the tax due, if any, along with any interest, penalties and surcharges that are due in relation to the chargeable period.

Alternatively, if the person is not a “chargeable person” for the chargeable period included on the notice of estimate, the estimate can be displaced by confirming to Revenue that they are not a chargeable person for that period, within 30 days of the receipt of the notice. There is a “Manage Tax Registrations” option on ROS where taxpayers can cancel their tax registrations online in a quick and secure manner.

5 Paying the estimate but not filing a return

If an individual or company is a chargeable person for IT or CT respectively for a chargeable period, paying the estimate does not remove the obligation on them to file the statutory tax return.

If the taxpayer has received an estimate but is not a chargeable person for that period – for example, an individual with no self-employment income, or a company that has not traded in the period - then they may cancel their registration for tax on Revenue's Online Services (ROS). If the taxpayer was not a chargeable person but has paid the estimate, they can apply for a refund.

If a person is a chargeable person for that period, then the amount of the estimate paid will be set against their actual tax liability for the period once they have filed their return. Interest on the amount of the estimate paid will stop accruing from the date it was paid. Interest will continue to accrue on any remaining tax liabilities for the period until those liabilities are paid. If the amount that has been paid is more than the actual final liability for the period, any excess tax paid will be refunded by Revenue.

If a person pays the estimate amount for a chargeable period and fails to file a return, interest on late payment and surcharges for late filing will apply. In the absence of a return, Revenue may make an assessment in accordance with section 959AC TCA.

Example 4

Taxpayer D has not filed a return of income since 2020 but is still registered for Income Tax. In September 2026 they receive a notice of estimate from Revenue for 2024. The tax due on the last 2 returns filed was €15,000 for year 2020 and €13,000 for year 2019.

€15,000 + €13,000/2 = €14,000.

The average tax due from their 2 most recent returns filed is €14,000. This amount is greater than €1,000 so the estimated tax figure for 2024 will be €14,000. Taxpayer D pays the estimate but does not file the return for the chargeable period. Paying the estimate does not remove D's obligation to file the return and pay the tax due for the chargeable period. The €14,000 paid by Taxpayer D will be credited against the actual tax liability once the return is filed. When the tax liability is determined after the return for the chargeable period has been filed, the taxpayer will be liable to pay any additional tax due or can get a refund of any amount of tax overpaid.

Interest and surcharges will apply, where applicable. However, interest on the amount of the estimated tax due will cease to accrue from the date the estimated tax was paid.

6 Failing to act after receiving a Notice of Estimate

If, within 30 days of receiving a Notice of Estimate, a person fails to –

- file a return and pay the related tax due, and related interest penalties and surcharges; or
- inform Revenue that they are not a chargeable person

then the amount of tax set out on the notice will become due and payable.

This means the estimate amount becomes enforceable and is recoverable in the same manner as if the chargeable person had delivered a return for the chargeable period concerned.

Enforcement action can include:

* referral to the sheriff

* referral to an external solicitor

* attachment of bank accounts or debtors

* liquidation or bankruptcy.

Example 5

Taxpayer E receives a notice of estimate in the amount of €30,000 for 2024. They fail to pay the estimated tax or file the required tax return within 30 days. The €30,000 becomes due and payable and Revenue commences enforcement proceedings. The taxpayer now faces possible legal and financial repercussions, including but not limited to referral to the Sheriff and possible attachment of personal bank accounts.

7 No right of appeal against an estimate

There is no right of appeal against an estimate for IT or CT. The person can either file the required tax return or inform Revenue that they are not a “chargeable person”. If, after the failure to file a return, a Revenue assessment is made on the person for the chargeable period, that assessment may be appealed under section 959AF TCA.

The four-year time limits for making and amending assessments provided for in Part 41A TCA do not apply to estimates. The four-year time limits on making a Revenue assessment also do not apply where no return has been filed, by virtue of section 959AC(2)(a) TCA.