

PAYE Taxpayers and Self-Assessment

Interaction of PAYE and Self-Assessment Procedures: Income Tax

Part 42-04-13

This document was last reviewed in January 2025

See also:

- Tax and Duty Manual [Part 42-04-12](#) 'PAYE Taxpayers with Occasional Income subject to Self-Assessment Procedures to be followed in PAYE Districts'
 - Tax and Duty Manual [Part 41A-01-01](#) 'Who must file a tax return and self-assessment under full self-assessment?'
-



Table of Contents

1. Chargeable Person	3
2. Proprietary Directors	3
3. Definition of non-PAYE income.....	3
4. Action to be taken by staff.....	4
Appendix – Sample Letter	5

1. Chargeable Person

A chargeable person for self-assessment purposes is a person who is chargeable to tax on income on that person's own account or on another person's account in respect of a chargeable period (per section 959A of the TCA 1997).

There are some exceptions to this general rule (per section 959B) that an individual is not a chargeable person where he or she is in receipt of:

- PAYE income only, or
 - PAYE and non-PAYE income (for example, trading income, rents, dividends, deposit interest), where the net non-PAYE income assessable to tax
 - does not exceed €5,000, and
 - is 'coded' or taken into account in determining the individual's tax credits and standard rate cut-off point or is taxed at source under section 261 TCA 1997 (D.I.R.T.)
- and
- the gross non-PAYE income does not exceed €30,000.

However, an individual whose non-PAYE income is reduced to nil because allowances or reliefs claimed reduces his or her taxable profits to zero remains a chargeable person because 'nil profits' cannot be taxed through the PAYE system.

A director of a trading company or their jointly assessed spouse or civil partner, remains a chargeable person.

In deciding whether non-PAYE income is to be taken into account in determining tax credits and the standard rate cut-off point, Revenue may have regard to the amount of such income for the year in question or previous years.

When an individual is a chargeable person in one year in relation to a source(s) of income, then regardless of the amount of that income in future years, that person will continue to be a chargeable person so long as those sources of income continue to exist. (per Section 959B(1))

2. Proprietary Directors

A proprietary director is a director who can control, either directly or indirectly, more than 15% of the share capital of a company. All proprietary directors are 'chargeable persons' and must be set up on Revenue's record for the issue of a self-assessment return. Where Joint Assessment applies, the spouse or civil partner of such directors are also brought within self-assessment.

3. Definition of non-PAYE income

Non-PAYE income includes trading income, rents, dividends, deposit interest. 'Non-PAYE income' for the purpose of this section excludes:

- social welfare payments and pensions, and
- legally enforceable maintenance payments received.

Where the above non-PAYE sources of income can be charged to tax by coding against the individual's tax credits, there is no requirement to register the case for income tax self-assessment.

4. Action to be taken by staff

The following action should be taken to identify new self-assessment cases.

- a) All Income Tax Returns (Forms 12) received should be examined to identify cases that fall within the definition of a 'chargeable person'. Note: the criteria regarding income limits can be applied to the actual year or to a previous year.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

- c) Relevant cases identified should be registered for self-assessment and the customer notified accordingly (see sample letter in the Appendix). The received Income Tax Return (Form 12) should be regarded as fulfilling the customer's filing requirements for that tax year. There is no need to backdate the self-assessment registration.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

- e) Where Revenue receives a Return or other information from a customer declaring non-PAYE income and there is an indication that the total gross income from non-PAYE sources exceeds the thresholds outlined above, the customer should be asked to supply details of the total gross non-PAYE income received.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

Appendix – Sample Letter

Standard letter to be issued to a ‘chargeable person’

Re: Income Tax Year _ _ _ _

Tax Ref:

Your Ref:

Dear

I am writing to advise you that under Section 959A of the TCA 1997, you are now regarded as a ‘chargeable person’ for the purposes of Income Tax Self-Assessment.

As a ‘chargeable person’, you are obliged to complete and submit an Income Tax Return (Form 11) – Pay and File Tax Return – each year starting with the Tax Year _ _ _ _.

Newly registering or re-registering income taxpayers are required to pay and file electronically, on the Revenue Online Service (ROS). For more information, including how to register for ROS, visit www.revenue.ie.

Your completed tax return is to be submitted annually on or before 31 October.

Where the completed return is received after 31 October a surcharge (5% if submitted within two months, otherwise 10%) may be added to your tax liability.

Tax law also provides for penalties for failure to make a return.

A guide to completing the Income Tax Return (Form 11) is available from Revenue’s Forms and Leaflets Service at 01 738 36 75 or + 353 1 738 36 75 if calling from outside ROI.

Yours sincerely

For assistance please contact: