

Guidelines on PAYE Assessments

Part 42-04-72

This document should be read in conjunction with section 990 of the Taxes Consolidation Act (TCA) 1997

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1. Introduction

This manual relates to the making of assessments under section 990 of the Taxes Consolidation Act (TCA) 1997 where the return made, if any, by an employer, is incorrect. This guidance applies in respect of **emoluments paid on or after 1 January 2019**.

Section 5(4) of Finance (No.2) Act 2023 amended section 990 TCA 1997 by inserting new subsections (5), (6), (7) and (8) into section 990 TCA 1997. This legislative amendment introduced a statutory 4-year time limit on Revenue in relation to the making or amendment of PAYE assessments. It also sets out circumstances in which a Revenue assessment on an employer may go beyond the 4-year statutory limit. For further details see paragraph [6.2 Statutory time limits for making PAYE assessment](#).

Prior to 1 January 2019, sections 989 and 990 TCA 1997 provided for the making of monthly and annual estimates (rather than assessments).

2. Operation of the Pay As You Earn (PAYE) system

The operation of the PAYE system is governed by Chapter 4 of Part 42 TCA 1997 and the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018).

The PAYE system enables employers to calculate and deduct income tax, Universal Social Charge (USC), Pay Related Social Insurance (PRSI) and Local Property Tax (LPT) from emoluments paid to employees.

In brief, employers are obliged to operate the PAYE system and, in particular, to:

- notify Revenue on or before the making of any payment of any emoluments, or the provision of any reportable benefit, to an employee or an office holder;
- deduct tax at source under the PAYE system from emoluments;
- remit such deductions to Revenue; and
- submit relevant documentation in relation to such deductions (for example, section 985G TCA 1997 places the obligation on an employer to make a monthly PAYE income tax return to Revenue).

3. Meaning of employer for the purposes of operating the PAYE system

Section 983 TCA 1997 is the interpretation section for Chapter 4 of Part 42 TCA 1997 (PAYE system). An 'employer' for the purposes of the PAYE system means any person paying emoluments. 'Emoluments' means anything assessable to income tax under Schedule E. References to payments of emoluments includes references to payments on account of emoluments.

4. Assessment of amounts due

Where Revenue has a reason to believe that:

- an employer has not made a PAYE tax return under section 985G TCA 1997 for an income tax month, or
- a return was made but does not include the total amount of tax due for the relevant income tax month,

an inspector or other nominated Revenue officer may make, or amend, an assessment under section 990 TCA 1997 of the amounts due.

Where such an assessment is made or amended, Revenue must serve notice on the employer specifying the total amount of tax¹ so assessed. The [notice](#) will also show the total amount of tax (if any) paid by the employer in respect of the income tax month, and the balance of tax outstanding. A notice given by an inspector or other Revenue officer under section 990 TCA 1997 may cover two or more income tax months.

The purpose of a PAYE assessment is to quantify the total amount of tax due in respect of the income tax month(s), and facilitate collection of those amounts once the appeal period has passed, or an appeal has been determined confirming the amount due.

5. PRSI, USC, and LPT contained in an assessment

Where a PAYE assessment is to be made, it should, as appropriate, include amounts in respect of:

- **PRSI** (employer and employee contributions) – the statutory basis for including these in the assessment is provided by Regulation 11 of the 1996 Social Welfare (Consolidated Contributions and Insurability) Regulations, 1996.
- **USC** – Section 531AAA TCA 1997 applies the provisions of Chapter 4 of Part 42 (the PAYE system) to USC in relation to the collection and recovery of unpaid amounts; and
- **LPT** – Part 10, Chapter 1 of the Finance (Local Property Tax) Act 2012 (as amended) deals with Deduction at Source for Employers.

¹Income tax, USC, PRSI and LPT

6. Making a PAYE Assessment

6.1. Issuing of a notice of assessment

Section 990(1) TCA 1997 provides for both -

- the making of an assessment, and
- the serving of a notice of that assessment on the relevant employer,

by Revenue as regards the total amount of tax that the employer is liable to remit.

Section 990(2) TCA 1997 allows Revenue to amend an assessment. Where Revenue forms the view that the amount assessed is incorrect, Revenue may increase or decrease the assessment and notify the employer accordingly.

Section 990(3) allows an employer to appeal a notice of assessment to the Appeal Commissioners within 30 days of the date of the notice.

Section 990(4) TCA 1997 allows Revenue to extend an assessment or amended assessment to two or more income tax months (i.e., calendar months).

6.2. Statutory time limit for PAYE assessment

Section 5(4) of the Finance (No.2) Act 2023 introduced additional provisions to section 990 TCA 1997. In summary, these provisions introduced a statutory limitation on the making or amending of PAYE assessments by Revenue and take effect from 1 January 2024. For employer income tax month returns relating to 2024 only, the making or amending of PAYE assessments by the Revenue officer is time bound to 4 years commencing at the end of the year following the year of assessment in which the income tax month falls. For example, an assessment in respect of the income tax month of February 2024 would be permitted to be made up to 31 December 2029, subject to certain exceptions.

A further amendment to section 990(5) was introduced by section 26 of the Finance Act 2024. This amendment provides that 4-year time limit to make or amend PAYE assessment by the Revenue officer commences at the end of the year following the year of assessment in which the employer return for that income tax month **is made**. This provision is effective for all income tax month returns from 1 January 2025 onwards.

The various provisions relating to the time limits in section 990 TCA 1997 are outlined below.

Section 990(5) provides that a statutory 4-year time limit applies to the making or amending of PAYE assessments by Revenue.

Section 990(6) specifies a range of circumstances for which no time limit applies for the making or amending of PAYE assessments by Revenue including raising or amending an assessment:

- further to an appeal determination,
- to take account of facts or matters arising by reason of an event occurring after the return is made,
- amending errors in the calculation of the assessment or the amended assessment, or
- to correct a mistake of fact.

Section 990(7) provides that no time limit applies where an assessment is made or amended to give effect to a mutual agreement reached between Revenue and a competent tax authority in another jurisdiction.

Section 990(8) provides that the statutory 4-year time limit for the making or amending assessments by Revenue does not apply in cases of fraud or neglect.

6.3. Who can make or amend a PAYE assessment?

Section 990(1) TCA 1997 enables an inspector, or other officer as the Revenue Commissioners may nominate for the purposes of section 990, to make or amend a PAYE assessment.

6.4. Appeal against a PAYE assessment

An employer may appeal a PAYE assessment to the Tax Appeals Commission (TAC) within 30 days of the date of the notice. An appeal can be made by completing and submitting a Notice of Appeal form to the TAC. The Notice of Appeal form, which can be obtained from the TAC website at www.taxappeals.ie/en/notice-of-appeal, can be completed online or downloaded and posted to:

Tax Appeals Commission
Fitzwilliam Court
Leeson Close
Dublin 2
D02YW24

An employer must submit a copy of the PAYE assessment being appealed with the Notice of Appeal.

The TAC can be contacted by email at info@taxappealsireland.ie or by telephone on 01-6624530.

After those 30 days, if no notice of appeal is received, or if there is an appeal, on determination of the appeal in favour of Revenue, any amounts due shall be due and recoverable.