

## **Tax Obligations of Non-Resident Principal and Sub contractors engaged in construction work in the Republic of Ireland**

Principal contractors engaged in Relevant Contracts in the construction industry must register for appropriate tax. This also applies to Sub contractors not engaged in Relevant Contracts but who are engaged in construction work in the Republic of Ireland. The relevant tax registrations include:

- Value Added Tax (VAT)
- Relevant Contracts Tax (RCT)
- Income Tax (IT) or Corporation Tax (CT)
- Employer Registration - Pay As You Earn (PAYE), Pay Related Social Insurance (PRSI) and Universal Social Charge (USC), if engaging employees

### **1. Value Added Tax (VAT)**

All non-resident Principals (individuals, partnerships and companies) who are engaged in Relevant Contracts in the construction industry must register for VAT and account for VAT at 13.5% or 23% under the reverse charge rule.

Non-resident Sub contractors engaged in Relevant Contracts are no longer obliged to register for VAT. Under EU Council Directive 2008/9/EEC, which came into effect on 1 January 2010, they can register for EVR (Electronic VAT Refund) with the tax office in their own jurisdiction and submit an electronic application for a VAT refund to their own tax authority.

Under EU place of supply rules which came into operation on 1/1/2010, non-resident Hauliers (other than Principals for RCT) engaged in Intra Community transport of goods to businesses are not required to register for Irish VAT. The place of supply is deemed to be where the customer is established and it is the customer who self-accounts for the VAT. They should also reclaim any vat-able businesses through EVR in their own Member State.

Sub-contractors not engaged in Relevant Contracts but who are engaged in construction work in the Republic of Ireland must register and account for VAT. **Note:** The turnover threshold for VAT

registration is nil. Please refer to <https://www.revenue.ie/en/vat/index.aspx> for further detail on VAT, including appropriate VAT rates.

To register for VAT a TR1 FT form must be completed by Sole Traders and Partnerships. Companies must complete a TR2 FT form. See <https://www.revenue.ie/en/vat/vat-registration/how-do-you-register-for-vat/index.aspx> for application forms.

Note: Please note that non-resident partnerships and companies will be allocated a registration number by registrations section but individuals must apply for a Personal Public Service Number (PPS Number) from the relevant Social Welfare Office. Instructions on how to get a PPS number are outlined in section 4 of this document below.

## **2. Relevant Contract Tax (RCT)**

Relevant Contract Tax (RCT) applies to payments on construction, meat processing and forestry operations carried out **within** the Republic of Ireland. Principals must notify Revenue of all payments made on relevant contracts via Revenue's e-RCT system. Contracts must first be registered on e-RCT before a payment notification can be made.

All contacts on behalf of the Principal (or the agent on behalf of the Principal) will be through an on-line process. All Principals in the construction, forestry and meat processing sectors are obliged to submit information, data, payments and returns electronically to Revenue via e-RCT.

For further information on RCT for non-resident contractors and on the e-RCT system see:

<https://www.revenue.ie/en/self-assessment-and-self-employment/rct/rct-for-non-resident-subcontractors.aspx>

**Note:** RCT applies irrespective of whether the Principal or Sub-contractor or both are resident outside the State. If the work is being carried out in the Republic of Ireland, RCT must be deducted from the gross payment.

**To claim a refund of tax deducted:**

Claims for refund throughout the year can only be applied for by applicants who do not have an obligation to be registered for Corporation Tax or Income Tax in the State. If you are required to be registered for Corporation Tax or Income Tax no refund claim can be processed until tax returns has been submitted for the year in question, and the liability has been satisfied.

**Obtaining a PPSN number:**

If you are an individual, please refer to Section 4 hereunder which outlines the procedure involved in obtaining a PPSN (Personal Public Service Number). Note: you must hold a PPSN when claiming your refund.

If you are a Company/Partnership, a number will be allocated to you by the registration section in the Revenue Commissioners.

You will need to be registered for all taxes pertaining to your operations in the State i.e. RCT, VAT, PREM, etc. Registration Forms can be downloaded from the following link:

<https://www.revenue.ie/en/starting-a-business/registering-for-tax/index.aspx>

**Partnerships:**

Refunds are not made to Partnerships but instead are made to each partner based on their ratio within the partnership. Each partner must be registered for RCT using their PPSN.

Each partner must complete an:

- IC1 form, see <https://www.revenue.ie/en/self-assessment-and-self-employment/documents/form-ic1.pdf>. Each partner completes the top portion of this form - down to the declaration. The bottom portion needs to be certified by the tax authorities in their country of residence. This form is generally valid for 3 years
- IC3 form, see <https://www.revenue.ie/en/self-assessment-and-self-employment/documents/form-ic3.pdf>. A company completes the top portion of this form - down to the declaration. The bottom portion needs to be certified by the tax authorities in their country of residence. This form is generally valid for 3 years
- RCT Questionnaire, see <https://www.revenue.ie/en/self-assessment-and-self-employment/documents/rct-questionnaire.pdf>. All section of this form must be completed
- The Payment Notification Acknowledgement form; these are available from your Principal and must be in the name of the Partnership

Please note failure to submit outstanding returns, balances and documentation as required will result in delays in processing your refund. All claims for refunds should be forwarded to:

**International Claims Section,  
Office of the Revenue Commissioners,  
Government Offices,  
Nenagh,  
Co Tipperary,  
E45 T611, Ireland.  
Telephone: +353 (0) 67 63174  
E-mail: [intclaims@revenue.ie](mailto:intclaims@revenue.ie)**

#### **Tax Agents:**

If a Tax Agent is engaged in the Republic of Ireland, please provide the Tax Advisers Identification Number (TAIN). Note: Revenue will not discuss the details of a taxpayer with an Agent unless the Agent has been correctly registered as Agent of the taxpayer. Once registered, an

Agent will automatically receive relevant data relating to their client. All queries for TAIN requests should be forwarded to [NationalAgentsTAINregister@revenue.ie](mailto:NationalAgentsTAINregister@revenue.ie).

### **3. Foreign employments (including offices) - Obligations of an employer**

With effect from 1 January 2006, all employers including non-resident employers must register for PAYE as an employer and operate PAYE/PRSI/USC in respect of income attributable to the performance in the State of the duties of the foreign employment.

[Tax and Duty Manual on Employee payroll tax deductions in relation to non-Irish employments exercised in the state](#) outlines the circumstances for the release for employers from the obligation to operate the Irish PAYE system.

In order to register as an employer, the section titled "Registration as an Employer for PAYE/PRSI" on the TR1 FT or TR2 FT form must be completed.

If you are already registered for RCT, VAT, Corporation Tax or Income Tax, you should complete a TR1 (FT) or TR2 (FT). See - <https://www.revenue.ie/en/starting-a-business/registering-for-tax/index.aspx>.

The Revenue Commissioners have a Tax and Duty Manual on Employee payroll tax deductions in relation to non-Irish employments exercised. This can be found at: <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-42/42-04-65.pdf>.

#### **4. Income Tax or Corporation Tax**

Under the terms of “Permanent Establishment” articles of Double Taxation Agreements between Ireland and other countries, the term “Permanent Establishment” expressly includes a building site or construction or installation project, which lasts for more than 6 months (or longer depending on the agreement). This also includes a place of management, a branch, an office/site office and factory or workshop.

If you are deemed to have a Permanent Establishment in the Republic of Ireland, you are liable for Income Tax as a sole trader, partnership, or Corporation Tax as a company, on the profits arising from Permanent Establishment. For more information on Double Taxation Agreements see Revenue’s website at <https://www.revenue.ie/en/tax-professionals/tax-agreements/double-taxation-treaties/index.aspx>.

#### **Employees Registration:**

##### **Step 1 - Personal Public Service Number (PPSN)**

The employee must have a PPS No. to register for tax. The Personal Public Service Number (PPSN) is obtained from the Department of Social Protection

In order to do this the employee must visit his/her local *Welfare Services Office* and he/she **must** bring the following documents:

- Passport **or** National Identity Card or Immigration Card

#### **And**

- Evidence of Address such as a Household Bill in employee’s name

If you have any further queries regarding a PPSN, please telephone Client Identity Services on 00-353-1-7043281. A full list of Social Welfare Offices are listed in the Eircom Phone Book or they can be found at the Department of Social Protection website address [www.welfare.ie](http://www.welfare.ie).

##### **Step 2. Register for myAccount**

To register for myAccount an employee should:

- Go to [www.revenue.ie](http://www.revenue.ie)
- Click on the ‘Register for myAccount’ link
- Follow the instructions on screen.

The following details will be needed to register:

- PPS number
- Date of birth
- Mobile number or landline number
- Email address
- Home address.

We will match the details provided against details provided to us by the Department of Social Protection (DSP). If all is in order, we will issue a temporary password for myAccount by post. This takes about 5 working days from the time the registration request was submitted.

### **Step 3. Register the new job with Revenue**

The following details will be needed to complete the job registration:

- The new employer's tax registration number
- The date the job started
- The staff number, if one has been allocated by the employer. This is also called a personal, works or payroll number.
- If the employee was/is receiving a benefit from the Department of Social Protection we may ask for the weekly amount, if it's not already on our record.

After the registration is complete and the job is set up, a Tax Credit Certificate (TCC) will issue notifying both the employee and the employer of the tax credits and rate band. Employees will be able to view the TCC on My Documents (available within myAccount) within 2 working days.

Once the employer has received this notification, he or she can make the correct income tax deductions.

For more information on starting your first job see: <https://www.revenue.ie/en/jobs-and-pensions/starting-your-first-job/index.aspx>

### **Tax Registration Number Cancellation/De-registration**

In the event of your contract or trading activity having ceased in the Republic of Ireland, you are obliged to cancel your Tax Registration Number. To do so, you should complete the Tax Registration Cancellation Notification at <https://www.revenue.ie/en/employing-people/documents/form-trcn1.pdf>.

If you should have registered under any taxhead but failed to do so, please be advised that you will be liable to pay the tax together with interest and penalties as appropriate.

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

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