



# June 2010 E-Zine

## PROBLEMS PAYING TAX?

Unfortunately more and more businesses are having difficulty in paying VAT and PAYE/PRSI liabilities on time. Our advice on this matter is to be upfront with Revenue and engage with them at an early stage in relation to the difficulties arising. They will not act as a Banker of last resort but will listen to any reasonable proposal that a taxpayer may have in relation to discharging the liability over time.

## BOGUS TELEPHONE CALLS

It has come to the notice of the Revenue Commissioners that a caller (reported to have a non-Irish accent) purporting to be a Revenue official has been contacting businesses seeking PPSN numbers or addresses of named taxpayers.

The Revenue would not make this type of telephone call. If any person or business receives a telephone call purporting to be from Revenue about which they have doubts they should contact their local Revenue Office or call us immediately.

## TAX INCENTIVES FOR BUSINESSES AND FOREIGN DIRECT INVESTMENT

Despite the fact that Ireland continues to run a large budget deficit, the tax position for corporate, both domestic and foreign, wishing to invest in, or expand activities in Ireland, continues to remain positive. Some of the main incentives worth highlighting are:

- Continuation of 12.5% corporate tax rate on trading activities.
- Continuation of research and development tax credits.
- Exemption from tax for certain start up companies for a three year period.
- Withholding tax exemption on dividends paid to overseas companies with less onerous "paperwork" than heretofore.
- Participation exemption for companies whereby certain sales of trading subsidiaries are exempt from Irish capital gains tax.

## Dear Client,

Welcome to our monthly tax newsletter designed to keep you informed of the latest tax issues.

We hope you enjoy reading the newsletter and remember, we are here to help you so please contact us if you need further information on any of the topics covered.

Best wishes

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From the perspective of the business “owner” or overseas Manager seconded to Ireland, the abolition of the remittance basis in 2006 was a significant obstacle in luring overseas personnel to Ireland, as in many cases it resulted in an increase in these individuals’ personal tax liability.

The relief was partially reinstated in 2008 and now Finance Act 2010 has further increased the relief available which will be a welcome development in boosting Ireland’s overall attractiveness as a place in which to locate business.

## **CAPITAL ACQUISITIONS TAX UPDATE**

### **The Finance ACT 2010 Made Several Important Changes**

#### **Obtaining a grant of probate**

At present, in order for a personal representative to adequately deal with a deceased persons Estate he/she must first file an Inland Revenue Affidavit with Revenue who will then either certify that it does not require a payment of inheritance tax at that time or alternatively that an adequate payment of tax has already been made. With effect from mid June 2010 all applications will be made via the probate office.

#### **Pay and file regime**

At present capital acquisitions tax must be paid within 4 months of the valuation date of the gift or inheritance. This will now change to a fixed date of 31 October each year and will apply to all gifts/inheritances in the 12 month period ending on 31 August in that year. This means that where a valuation date falls in for example June 2011 the pay and file date would be 31 October 2011. If the valuation date was sometime in September 2011 the pay and file date would be 31 October 2012.

It can be seen that this deadline date ties in with the general personal tax filing deadline and will hopefully assist in increasing awareness and certainty as to the obligations arising in terms of filing deadlines and payment of any taxes that may arise. Apart from very straight forward cases all Returns will now need to be filed electronically through the Revenues on line system ROS.

#### **Abolition of CAT as a charge on property**

Finance Act 2010 has abolished CAT as a charge on property received as a gift or inheritance and eliminates the need to apply for a certificate of discharge which in the past could have caused unwelcome delays and administrative issues in dealing with property transactions.

#### **Abolition of secondary accountability**

Where a beneficiary fails to declare and account for any CAT liability arising on a gift or inheritance, another party could historically have had “secondary” accountability to Revenue for the tax liability arising. This other party would usually have had a status similar to a personal representative of a deceased person in an Estate and had some control over the manner in which the assets were distributed. With effect from passing of the 2010 Finance Act, this concept of secondary accountability for a tax liability arising by someone other than the beneficiary has been abolished.



## PAYE ANYTIME

The Revenue are currently promoting their Online PAYE registration system. On the register screen you will be asked for a number of details. Once you have given them these details, they will match them up with their own records. If the details match, you will be issued with a PIN within 5 working days. Once you have your PIN, you are ready to use PAYE anytime.

Once registered, you can:

- View your tax record.
- Claim a wide range of tax credits: service charges, union subscriptions and Rent Credit etc.
- Apply for refunds of tax including health expenses.
- Declare additional income.
- Request a review of tax liability for previous years.
- Re-allocate credits between yourself and your spouse.
- Track your correspondence submitted to Revenue.

Contact us if you need assistance in registering with the Revenue.

Please contact a member of our Tax Team if you would like to discuss any of the issues raised



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