



MONEY MATTERS

with Derek Madden & Company



In this month's issue we have concentrated on the typical PAYE employee and issues that each employee should be aware of from the main tax credits you need to know about to changes in your personal circumstances that could trigger a tax refund position. A tax check should be completed each year and could result in a tax repayment in some circumstances.

Claiming your tax entitlements

There are still a significant number of Irish taxpayers that don't claim tax refunds for which they are eligible. By now most PAYE workers will have received their 2010 P60 and Income levy certificates from their employer so it is a perfect time to review your taxes and claim for any available tax credits. Here are a few of the many items that taxpayers miss out on:

- Service/Refuse Charges
- Trade Union Subscriptions: Relief is being abolished for 2011 and subsequent years but you can ensure you claim relief for the years 2007-2010.
- Medical Expenses
- Non-routine Dental Expenses
- Rent Relief
- Mortgage Interest Relief
- Relief on Pension Contributions

Why not log on to our free online calculator and allow us to do a quick calculation to determine if you may be entitled to any tax refunds. If you are not due a refund, there is no charge for our service. A claim can be done for the last four tax years (2007, 2008, 2009 & 2010) if one has not already been done, so don't miss out!

Changes in Personal Circumstances

Marriage:

The Revenue will treat you as a single person until the 1st January following the year you get married. However you may be entitled to a tax refund through a "Year of Marriage" review. Some tax credits are transferable between spouses which can reduce the amount of tax you pay and you can also transfer tax bands between spouses meaning you could pay less tax at the higher rate of 41%. If one spouse is a stay at home parent and earns less than €5,080 in the tax year then your spouse can get an extra credit worth a maximum of €810. This has become a more common situation in the last year.

Received Redundancy:

If you paid tax on any ex-gratia redundancy payment then you may be entitled to top slicing relief which can amount to a substantial sum depending on the tax paid and your average tax rate over the previous three years. It is a must if you have received redundancy payments to have your taxes checked. In addition to taxes income levy refunds may also apply to redundancy payments which need to be applied for separately.

Emigrating:

If you finish work before the end of the tax year you will not have received all your annual tax credits so you may be due a refund of some of the tax paid. Ensure that you do not leave this behind you, a quick check of your P45 can determine if an application for a tax refund would be of benefit.

Revenue targets for 2011 Revealed

PAYE workers who fail to declare income earned on the side are being targeted by Revenue in a crackdown on the shadow economy as well as dentists and the cash-for-gold business. Tax practitioners have been advised that surprise visits from the taxman will be stepped up throughout 2011, concentrating on but not limited to the above persons.

The rise in taxes and the cost of living as well as widespread pay cuts and shorter working hours, have forced many to seek extra or part-time work to supplement their incomes. If you pay PAYE in your second job you should not have cause to worry as all your earnings will be in the tax net. There is a risk that you could underpay your taxes however unless you tell Revenue to split your tax bands and credits between your two jobs. To avoid this problem call Revenue as soon as you start a second job. If you are paid in cash without any deduction of tax, this makes you responsible for declaring and paying tax under self assessment.



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