



MONEY MATTERS

with Derek Madden & Company



Reduce your Tax Liability!

In the last few months everyone has been gearing up to 31 October 2011 tax deadline in relation to your 2010 tax return and coming up with money to pay any tax liabilities. By the time this article goes to print, the deadline will have passed. So if you must still file your tax return it will now have to be completed and paid via ROS (Revenue's online system) to avoid any interest and penalties. With all the talk in reference to tax bill's we have decided to outline some ways in which future tax bills may be reduced so the pain can be eased!

Jointly Assessed:

Joint assessment is usually the best option because it allows couples to make the most of income tax bands and credits. You should make sure that if you are married and it is in your favor to be jointly assessed that you inform the Revenue about your change in circumstances. Also if you have got married or entered into a civil partnership in 2011 you may be entitled to a tax refund, especially if your spouse earns less than you.

Reclaim Levies:

Medical Card Holders (full medical card), people aged 70 and over and recipients of a Social Welfare survivor's pension i.e. Widow's or Widower's Pension, One-Parent Family Payment or Deserted Wife's Benefit/Allowance or Widow's or Widower's Pension acquired under the social security legislation of a country covered by EC Regulations do not have to pay the Health Levy, even if their pay is more than €500 per week. If during the year you are charged Health Levy based on your weekly earnings you may be entitled to a refund. There is an annual threshold. i.e. if you earn less than €26,000 in 2010, then you are due a refund of any health levy you paid for the weeks you earned over €500. Many jobs will create this situation as standard, i.e. if you work in a shop and do Christmas overtime. So you might earn less than €500 a week normal weeks, but get extra hours for 2 weeks at Christmas, putting you up to €600. You will pay Health Levy on the 2 €600 weeks, but if your total pay is less than €26,000, you will get that health levy portion of your refund back. Likewise if for any period you worked between 2007 & 2010 you had a Medical Card, then you should not have had to pay the Health Levy and a refund may be claimed.

Various Options:

As outlined in this column previously you can save money by claiming tax reliefs and credits on items such as medical bills, if you are going back to college you can claim on tuition fees, claim bin charges and if you began renting before the December 7 2010 then you may be able to claim a rent credit. Some individuals may be in a position to retire early and avoid extra tax bills if you are expecting a large lump sum in retirement.

Despite the bad press that pensions have received in recent weeks, they still provide great tax relief and also putting money away for retirement can have the double benefit of hopefully putting you on a sound financial footing when you retire.

News in Brief

• Payment of tax by Credit Card

A facility to pay tax (excluding Domicile Levy) to Revenue by credit card is now available [limited to VISA and Mastercard]. Arrangements to pay by credit card can only be made, for the moment, by telephone. Revenue's dedicated payment by credit card telephone service is available Monday to Friday 9:00-17:00 hours on 1890 27 37 47 (international customers +353 1 828 8045)

A person wishing to pay by credit card must pay a transaction charge, purely related to third party fees incurred by Revenue, in the provision of this service, of 1.69% of the value of the payment.

• Domicile Levy

Revenue has issued an E-brief on the filing deadlines for this new levy. The E-brief also contain details of who it applies to. The main details of the levy are:

The domicile levy is charged on an individual who is Irish-domiciled and an Irish citizen -

- whose world-wide income exceeds €1m, whose Irish property is greater in value than €5m, and whose liability to Irish income tax in a relevant tax year was less than €200,000.

For further details log on to www.revenue.ie

• Universal Social Charge (USC)

The USC, which came into effect on 1 January 2011, is payable on gross income and is charged on weekly, fortnightly, etc. basis. As and from 1 January 2012, the deduction of USC will change from the present week 1 basis to a cumulative basis – similar to the manner in which PAYE is deducted.

For further information see

www.revenue.ie/en/tax/it/leaflets/payee-employer-notice-oct11.pdf



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