

## Welcome to our monthly tax newsletter designed to keep you informed.

We hope you enjoy reading the newsletter remember, we are here to help you so please contact us if you need further information on any of the topics covered or indeed to discuss issues that might concern you. In this issue we have tried to cover topics that are relevant. Unfortunately usually most of these have to do with Banks, extra taxes and dealing with the revenue. Keep the faith it can only get better!!!

### 2012 INCOME TAX RETURNS:

I know it may seem that the 2011 tax returns that were filed last October have just passed but another tax deadline is approaching. The 2012 income tax returns must be filed by the 31st of October 2013 and extending to the 14th of November if you pay and file online. We are in the process of writing/emailing everyone to whom that deadline applies. It is our intention to try and ease the worry around this deadline to let you know of your liabilities as early as possible so that you can plan accordingly. This can be done by putting money aside or reviewing some of the tax planning options available to you to ease any potential liabilities.

### VAT

Revenue has published a Tax Briefing to outline the principal amendments to the Value-Added Tax Consolidation Act 2010 arising from Finance Act 2013 some of these include:

### Threshold for Moneys Received Basis of Accounting for VAT

The threshold for accounting for VAT on the moneys received basis is being increased from €1,000,000 to €1,250,000 with effect from 1 May 2013. This increase was announced as part of Budget 2013 on 5 December 2012.

### Flat-Rate Addition for Farmers

The flat-rate addition for unregistered farmers was reduced to 4.8% with effect from 1 January 2013. This change was announced as part of Budget 2013 on 5 December 2012.

### 1ST OF JULY 2013 CHANGES FOR THE BETTER??

**With the 2013 budget a thing of the past, parts of it are still only being implemented:**

#### Taxation of Maternity Benefit, Adoptive Benefit and Health & Safety Benefit

Employers, agents and payroll practitioners should note that Maternity Benefit, Adoptive Benefit and Health & Safety Benefit, payable by the Department of Social Protection (DSP) from 1 July 2013 will be taxable in full. However, USC and PRSI will not apply to these benefits.

As part of the ongoing exchange of information arrangements between Revenue and DSP, Revenue will receive the payment details which will be updated onto their records. By way of administering the taxation of these benefits, Individuals who pay their tax through the PAYE system will, where possible, will have their annual tax credits and cut-off point reduced by the amount of these payments.

Employers/pension providers will be advised of the adjusted tax credits and cut-off points on employer tax credit certificates (P2Cs).

#### Taxation of Illness Benefit and Occupational Injury Benefit - IT 22

Illness Benefit (formerly known as Disability Benefit) and Occupational Injury Benefit, paid by the Department of Social Protection (DSP) are taxable sources of income.

Child dependant additions (i.e. additional payments made to claimants in respect of qualifying children) are exempt for tax purposes. Prior to 1 January 2012, the first six weeks (36 days) of Illness Benefit and Occupational Injury Benefit payments in the tax year were also exempt for tax purposes. This leaflet explains the tax treatment which applies to persons in receipt of the above benefits.

NOTE: References to Illness Benefit also include Occupational Injury Benefit.

How is Illness Benefit taxed?

For taxation purposes Illness Benefit recipients can be divided into two groups and the taxation treatment of each group is outlined below:

#### 1. Individuals in employment and in receipt of Illness Benefit.

When you are absent from work due to illness and receive Illness Benefit from the DSP, tax is deducted through the PAYE system. The DSP notifies your employer of the amount of the taxable Illness Benefit, which you are entitled to receive while out sick, and also the date the payment commenced. Your employer will operate one of the following procedures to deduct the tax due on your Illness Benefit, depending on whether or not you are paid by your employer while out sick:

If your employer pays you and you retain your Illness Benefit, your employer will include the taxable portion of illness Benefit with your pay and tax the combined amount. If your employer pays you and recovers the amount of Illness Benefit from you, the position is the same as outlined above. If your employer does not pay you and you retain your Illness Benefit, your employer will still be notified of the amount of taxable Illness Benefit you receive and will include this amount in their on-going payroll calculations. The amount of taxable Illness Benefit will be shown on your P45 if you cease employment during the year, or on your P60 if you are still in employment on 31 December.

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## A new JobsPlus incentive scheme will replace the Employer Job (PRSI) Exemption Scheme and Revenue Job Assist from July 2013.

JobsPlus aims to encourage employers to employ long-term unemployed people. It is proposed that the new incentive will be payable monthly in arrears, over a 2-year period. There will be 2 levels of incentive: €7,500 for recruits unemployed for more than 12 but less than 24 months and €10,000 for recruits unemployed for more than 24 months. Existing participants on the Revenue Job Assist and Employer Job (PRSI) Exemption Scheme (both due to cease on 30 June 2013) will not be affected by the new JobsPlus scheme.

## NPPR 2013 Charge

With the painful introduction of the local property tax we have received a lot of calls regarding the Non Principal Private Residence (NPPR) charge. The collection of the Non Principal Private Residence Charge for 2013 commenced on the 31st March 2013. The 2013 charge is based upon the ownership and status of the property on the 31st March 2013.

Please note that you had to pay the NPPR charge for 2013 on or before the 30th June to avoid late payment fees. While The Local Property Tax (LPT) came into play this year, property owners will still remain liable for the Non Principal Private Residence (NPPR) Charge in 2013. The NPPR Charge will not be abolished until 2014. This means that residential property investors and those with second homes will be hit with both a NPPR Charge bill and a Property Tax bill in 2013.

## INSOLVENCY SCHEMES

In April we saw the official launch of the Insolvency Service of Ireland (ISI) which included the new website [www.isi.gov.ie](http://www.isi.gov.ie). The aim of the ISI per their website is to help restore people who are insolvent to solvency in a fair, transparent and equitable way using one of three mechanisms. For further information log onto their website.

## 2. Individuals not in employment and in receipt of Illness Benefit.

If you fall within this category the taxable portion of Illness Benefit will be taken into account by Revenue as income when dealing with any tax repayment claim you may make. If you do not make a tax repayment claim while unemployed the taxable element of Illness Benefit will be taken into account by reducing your tax credits and rate band on your Tax Credit Certificate when you resume work.

NOTE: You will not have to pay any income tax if your own and your spouse's or civil partner's total income from all sources does not exceed the relevant exemption limit that applies to you. Details of exemption limits for the current year are given in Leaflet IT1-Tax Credits, Reliefs & Rates.

Illness Benefits and Occupational Injury Benefits outlined above are taxable sources of income and must be declared, in addition to other sources of income of yourself and your spouse or civil partner, on any form from Revenue including the annual return, which requires details of income from all sources to be stated.

4 year time limit - A claim for tax relief must be made within 4 years after the end of the tax year to which the claim relates. Revenue's full leaflet IT22 can be found at [www.revenue.ie](http://www.revenue.ie)

## JOBS PLUS SCHEME RULES

### Employers

JobsPlus is available to all employers in the private (including commercial semi-state), community, not-for-profit and voluntary sectors. It is not open to public service employers. Employers can avail of Jobsplus when filling positions that arise as a consequence of natural turnover.

#### Employers must meet the following conditions:

- The business must be registered as a PAYE employer with the Revenue Commissioners.
- The employer must be compliant with Irish tax and employment laws. Employers will be asked to give an officer of the Department of Social Protection permission to check your status with the Revenue Commissioners and to obtain a Tax Clearance Certificate using Revenue's on line service.
- The employer must offer full-time employment of over 30 hours per week, spanning at least 4 days per week. The eligible employee must be on payroll and subject to PAYE and PRSI.
- Employers must give details of workforce prior to application, where an increase in the work force is not evident employers will be asked to provide additional information to the Department to support the application.

### Employees

#### Eligible employees must:

- Be getting Jobseeker's Benefit (JB) or Jobseeker's Allowance (JA), or signing on for credits.

#### And

- Be at least 12 months\* (312 days) on the Live Register in the previous 18 months to qualify as an eligible employee for the €7,500 incentive

#### Or

- Be at least 24 months\* (624 days) on the Live Register in the previous 30 months to qualify as an eligible employee for the higher incentive of €10,000

\* Periods spent on certain activation schemes, or time spent in prison may count this time towards the qualifying period once entitlement to one of the qualifying payments outlined above is re-established prior to commencing employment. Jobseekers' payments paid in conjunction with periods of casual employment may count towards satisfying the qualifying period, as will breaks in jobseekers payments as a result of periods of illness during which Illness Benefit is paid. People taking part in internships under JobBridge and the Work Placement Programme (WPP) who were getting a qualifying payment prior to their internship may be employed directly from these schemes once the required qualifying period and conditions are satisfied.

## Other supports

**Family Income Supplement:** New employees under the JobsPlus scheme may be entitled to get Family Income Supplement.

**Medical card:** People who have been unemployed for at least 12 months may keep their medical card for 3 years when they take up new employment.

**Rent and Mortgage Interest Supplement:** Rent and Mortgage Interest Supplement are not payable where a jobseeker or spouse are in full-time employment (30 hours or more a week). People who are already getting Rent Supplement may be able to keep it, subject to a means test, while they working full time, as long as they are eligible for housing support under the Rental Accommodation Scheme (RAS). People already getting Mortgage Interest Supplement may be able to keep it while working full time as long as the gross household income does not exceed €317.43 a week.

## How to apply

### Employers

If an employer decides to recruit an additional employee, they can log on to [jobsplus.ie](http://jobsplus.ie) and complete an online application form giving, for example, the name of company, size of workforce, bank details and economic sector of company. Once this is submitted an officer of the Department of Social Protection (DSP) will review and check the tax clearance certificate is in order and email the employer if it is approved.

Once eligibility is confirmed by the DSP an employer may start to recruit, either by contacting their local Intreo centre or employment services office for details of suitably experienced and qualified candidates for their vacancy. They could also register the vacancy with Jobs Ireland. Employers should apply to register their company at [jobsplus.ie](http://jobsplus.ie).

Source: [www.citizensinformation.ie](http://www.citizensinformation.ie)