

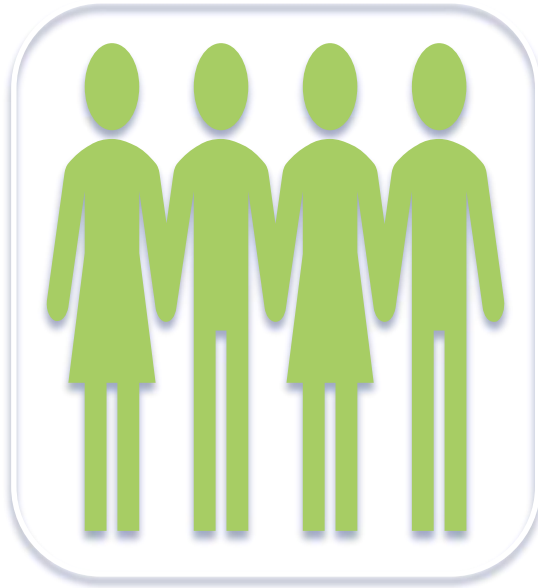


FSSU
Financial Support
Services Unit

REVENUE COMPLIANCE WORKSHOP

JUNE 2019

Revenue Compliance



Payroll



RCT



VAT

AGENDA

- ❖ Payroll
 - ❖ Illness benefit
 - ❖ Employee vs Self Employed
 - ❖ Travel & Subsistence
 - ❖ ASC replaces PRD
- ❖ RCT/VAT
- ❖ VAT on EU Acquisitions
- ❖ Revenue Audit
- ❖ Charities Regulator



ILLNESS BENEFIT

Illness Benefit is payable by the DEASP when a person is unable to work due to illness or accident

ILLNESS BENEFIT



The person must have made the appropriate PRSI contributions



The DEASP do not pay illness benefit for the first 6 days of a claim



There are new forms for claiming illness benefit since 7th August, 2018




The forms are available in the doctors surgery


TAXATION OF ILLNESS BENEFIT



Illness Benefit

 Employers Pay while on sick leave then you must tell them the weekly amount of illness benefit received



 If the Employer does not pay sick leave then you do not need to tell them the weekly amount of the illness benefit



ILLNESS BENEFIT - PAYROLL

1

- Illness Benefit is no longer taxed through the schools payroll system

2

- Revenue will tax Illness Benefit through an adjustment to the employees tax credits and SRCOP.

3

- Schools must import the latest RPN's each time they run the payroll.



TAXATION OF ILLNESS BENEFIT CLOSING WITHIN 4 WEEKS



Mary commenced sick leave in March 2019 for three weeks

The DEASP notified Revenue that the claim was closed within 4 weeks

a new RPN was issued by Revenue on a cumulative basis

Mary received Illness Benefit of €396.00

ILLNESS BENEFIT – RPN’S REDUCTION



The Revenue will adjust the SRCOP and Tax Credits for the amount of benefit received by Mary as follows:

	SRCOP	TAX Credits
Mary RPN original	€34,550.00	€3,300.00
<ul style="list-style-type: none"> •Revenue adjustment illness •Benefit (396*20%) 	<u>-€396.00</u>	<u>-€79.20</u>
Mary's RPN Revised	€34,154.00	€3,220.80

ILLNESS BENEFIT – EMPLOYEE RECEIVES SICK PAY

- Mary earns €650 per week
- Her employer pays her sick leave
- She was absent on sick leave for 3 weeks from week 11 to week 13
- Mary received illness benefit of €198 in week 12 & 13 and this was mandated to her employer
- Mary returned to work and was paid her normal salary in week 14

PAYROLL EXAMPLE

Solution to Example 6

Ciara

	Original	Revised
Annual Tax Credits	€ 3,300	€ 3,220.80
Weekly Tax Credits	€ 63.47	€ 61.94
Annual SRCOP	€ 34,550	€ 34,154
Weekly SRCOP	€ 664.43	€ 656.81

Standard Rate of Tax:	20%
Higher Rate of Tax:	40%

A	B		C	D	E	F	H	I	J	K	L	M	N		O	P	Q
Week No:	Salary Only	Repay Illness Benefit	Pension	PRD	Cumulative Taxable Pay	Cumulative SRCOP	Cumulative Tax due at Standard Rate	Cumulative Tax due at Higher Rate	Cumulative Gross tax	Cumulative Tax Credit	Cumulative tax due (cannot be less than 0)	Tax deducted or refunded this period	PRSI Contributions			USC	Net Take Home Pay
													EE PRSI	ER PRSI			
10	650.00		15.47	9.71	6,248.20	6,644.30	1,249.64	-	1,249.64	634.70	614.94	61.49	26.00	69.47	17.17	520.16	
11	650.00		15.47	9.71	6,873.02	7,308.73	1,374.60	-	1,374.60	698.17	676.43	61.49	26.00	69.47	17.17	520.16	
12	452.00	198.00	15.47	9.71	7,299.84	7,973.16	1,459.97	-	1,459.97	761.64	698.33	21.89	18.08	47.99	7.76	577.09	
13	452.00	198.00	15.47	9.71	7,726.66	8,637.59	1,545.33	-	1,545.33	825.11	720.22	21.89	18.08	47.99	7.76	577.09	
14	650.00		15.47	9.71	8,351.48	9,302.02	1,670.30	-	1,670.30	888.58	781.72	61.49	26.00	69.47	17.17	520.16	
15	650.00		15.47	9.71	8,976.30	9,852.15	1,795.26	-	1,795.26	929.10	866.16	84.44	26.00	69.47	17.17	497.21	
16	650.00		15.47	9.71	9,601.12	10,508.96	1,920.22	-	1,920.22	991.04	929.18	63.02	26.00	69.47	17.17	518.63	
17	650.00		15.47	9.71	10,225.94	11,165.77	2,045.19	-	2,045.19	1,052.98	992.21	63.02	26.00	69.47	17.17	518.63	
18						11,822.58				1,114.92							
19						12,479.39				1,176.86							
20						13,136.20				1,238.80							

ILLNESS BENEFIT – MORE THAN 4 WEEKS

Where the illness Benefit is claimed for more than four weeks the Revenue will issue the RPN on a week1/month 1 basis.

The Employee will need to contact revenue directly to get it restored to a Cumulative Basis.

Payroll



All payments made by the school for services **must be Revenue compliant**



All payments for supervision & substitution





Payments made to teachers for mock exams





Selection committee payments


Payroll

 **After school study – ran by the school**


 All income/receipts must be lodged to the school bank account

 All payments to supervisors & organisers must go through the payroll

 **After school study – ran by a private enterprise model**





 Organiser must write to board to seek permission

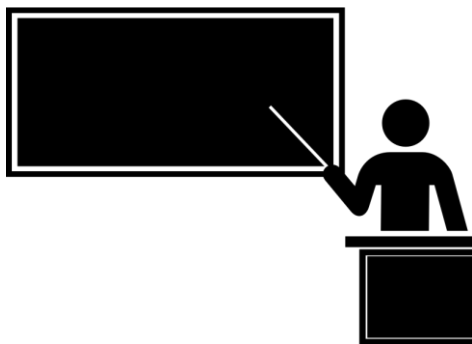
 Organiser must have insurance

 Communication with students & parents is done by the organisers - school letter head paper should not be used





Employed V Self Employed

Employee

-  Supplies labour only
-  Cannot sub contract the work
-  Received a fixed rate of pay
-  **Directed** how, when and where to work



Self Employed

-  Owns own business
-  Can subcontract the work
-  Sets cost for work
-  **Controls** how, when and where work is carried out



Employee V Self Employed

Certain statements does not deem an individual to be self employed

- 'deemed to be an independent contractors'
- 'it shall be the duty of the individual to pay and discharge such taxes and charges as may be payable to the revenue'
- 'the individual is responsible for accounting for the taxes on this income'

Documentation Required for Self-Employed Individual



Document reasons why referencing Revenue's Code of Practice for Determining Employment or Self-Employment Status of individuals



Obtain a valid invoice



Obtain a copy of their insurance



Tax Clearance Certificate

Travel & Subsistence Expenses



Board of management should decide on the types & categories of school business for which expenses may be paid



The Board of Management set the travel rates and the Civil Service travel rates are the maximum rates which may be paid without incurring a tax liability



The financial year for the purpose of calculating kilometric travel rates is the calendar year



It is not appropriate to claim un-vouched or round sum expenses

Travel & Subsistence Expenses



Travel & subsistence claims should be submitted as soon as possible



All claims should be submitted on the recommended Travel & Subsistence claim form



Each claim for expenses should be verified & approved by the Principal



Where the principal is the claimant, the chairperson of the board verifies and approves the claim



The cumulative mileage/kilometres for the year to date must be included and is from all sources

ASC replaces PRD

- **From 01st January 2019**
- ASC applies to public servants who are in receipt of **pensionable pay** and applies to a person who is;
 - a) Member of a public service pension scheme or
 - b) Receive a payment in lieu of pension or
 - c) Is entitled to an ex-gratia retirement gratuity (annual or lump sum) on retirement
- Non-pensionable income such as supervision & substitution, selection committee payments, state examination remuneration paid by the school, payments to teachers for privately paid hours, un-rostered overtime, etc. will be **exempt** from ASC.

Board of Management as a principal contractor for RCT

Principal Contractor

“any board or body established by or under statute ... and funded wholly or mainly out of funds provided by the Oireachtas”.



Guidance Note Boards of Management
Relevant Contracts Tax/Value Added
Tax
Section 530A, Taxes Consolidation Act
1997



A **construction operation** is defined as

“The construction, alteration, repair, extension, demolition or dismantling of buildings or structures.....”

Is RCT is applicable ? RCT

- Construction Projects
- Emergency & Summer Works
- Installation of prefabs
- Repairs to buildings incl. electrical, plumbing
- Maintenance contracts with repair element

www.fssu.ie - Help with VAT/ RCT - Revenue Guidelines for Board of Management

Is RCT is applicable ? RCT

installing, altering or repairing:

- security systems
- lighting systems
- heating systems
- air conditioning systems
- soundproofing systems
- ventilation systems
- power supply systems
- drainage systems
- sanitation systems
- water supply systems
- telecommunications systems

RCT

Is RCT is applicable ? RCT

- Maintenance Only Contracts
- Routine Cleaning
- Computers & Hardware
- Professional fees ie architect fees etc
- Landscaping except where part of the build
- Other goods and services

www.fssu.ie - Help with VAT/ RCT - Revenue Guidelines for Board of Management

RCT

Is RCT is applicable ? **RCT**

Examples of fittings include:

- Blinds (most types)
- Fitted carpets and lino, other than floor covering stuck down over its entire surface
- Lighting other than recessed lighting
- Most shelving
- Refrigeration units, including deep freezers
- Safes (certain)
- Kitchen cookers
- Washing machines and dishwashers, including plumbed-in machines.

WARNING!

Never label a supplier

Each invoice should be examined on its
own merit

RCT - Steps

1

- Notify Revenue of all contract online (**Contract Notification**)

2

- If the school is using a Principal Contractor, the **SIN** for the school must be provided to Principal Contractor

3

- Notify payment online (**Payment Notification**) – Penalties apply where prior notification to the Revenue is not obtained

4

- Provide a copy or details of the Deduction Authorisation to the subcontractor when paying the subcontractor

Filing and Payment of RCT on ROS

RCT Returns are filed on ROS on or before 23rd of the month after period of RCT activity

NO RCT
activity



**AUTO-
FILED**
on ROS

RCT activity at
0% deduction



**AUTO-
FILED**
on ROS

RCT activity at
20%/35%
deduction



MANUAL FILING
on ROS

VAT – Reverse Charge



If RCT applies VAT
applies



VAT to be accounted for by
the Principal Contractor



School must account for
VAT at 13.5%

VAT treatment of services and goods received from abroad

1

- Quote school VAT number to the EU (Including NI & UK) supplier

2

- The invoice received from the EU supplier should then be exclusive of VAT

3

- Irish VAT should be accounted for at the same rate if the goods were purchased in the state

4

- VAT must be returned to Revenue in the T1 in the VAT return and the net amount returned in the E2 box (Total goods from EU countries)

Revenue Audit

Open the
letter

Understand

Get
organised

Review

Seek
advice

Charities regulator

- School must be registered
- Has the school received their Registered Charity Number (RCN)
- Schools are required to show registered charity number on school's headed paper.
- New Board- Have the details of BOM members been updated on school's CRA account?

Welcome to the Financial Support Services Unit

The FSSU is a support mechanism for the school management in the Voluntary Secondary and Primary School sectors which assists them in complying with the provisions of the Education Act 1998 in terms of transparency, accountability and financial responsibility for State and other funding.

The FSSU addresses the financial interests and responsibilities of the Department of Education & Skills, Boards of Management, Principals and other partners as defined by the Education Act. The FSSU is fully funded by the Department of Education and Skills and is under the aegis of the Joint Managerial Body.

PRIMARY



POST-PRIMARY

Search



Home



Topics



FSSU Guidelines



School Management






External Accountants / Auditors




Training



Popular Topics

-  Sage 50
-  Grants
-  Payroll
-  Motor Rates
-  RCT & VAT

Current Issues

-  Guideline on Registering with the Charities Regulator
-  Budget Workshops: 6th, 7th & 8th February
-  New Circular: Operation of the Financial Support Services Unit (FSSU)
-  Revised salary rates applicable from 1st January 2018
-  Latest Circulars: Revision of Salaries from January 1st 2018

Remote Support



Search A-Z



Forms & Templates



Thank You for Attending