

Training Video for Clerical
Officer/Accounts
Secretary

RCT & VAT Overview




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RCT and VAT



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RCT and VAT

- > Vat Compensation Scheme – Procedures for Making a Claim
- > RCT Guidance note for Board of Management

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- > How to create the payment notification on ROS

Guidelines on
RCT/VAT

Accounting for RCT
and VAT

RCT Relevant
Contracts Tax

VAT-Reverse Charge

Areas to be covered

- What is RCT
- When does RCT apply
- When RCT is not applicable
- 5 steps to take when RCT applies
- VAT in school setting & reverse VAT charge
- RCT/VAT reporting templates
- Annual VAT RTD
- RCT & VAT payment dates



(RCT) is a tax which applies to construction contracts where the tax is deducted from payments due to a sub-contractor by the principal contractor.



The rates of RCT are either 0%, 20% or 35%.



School boards of management are classified as principal contractors for RCT



A relevant contract refers to the construction, alteration, repair, extension, demolition or dismantling of buildings and structures.



Maintenance only contracts are not included. Contracts involving maintenance and repair are included



RCT is an electronic system processed through ROS

Is RCT is applicable ?

RCT

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

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

RCT does not apply

RCT



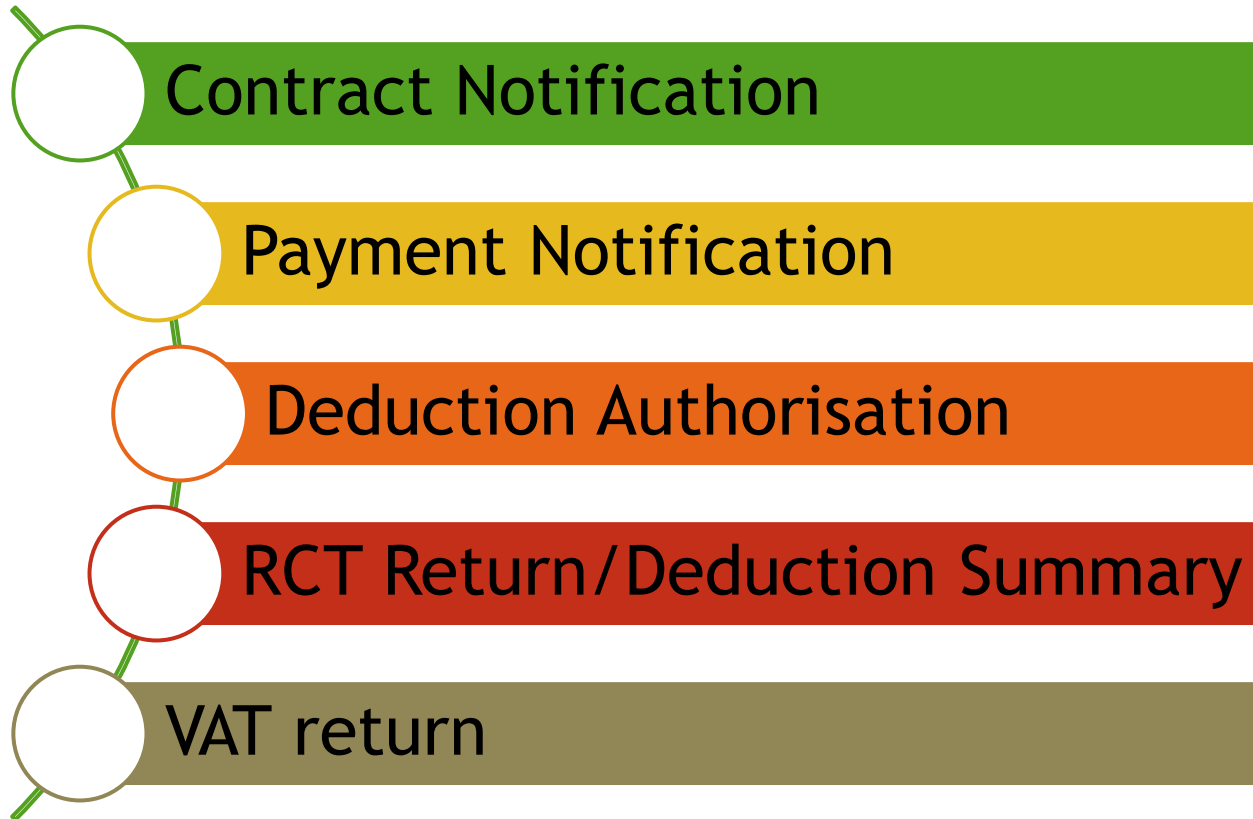
- Construction Projects
- Emergency & Summer Works
- Installation of prefabs
- Repairs to buildings incl. electrical, plumbing
- Maintenance contracts with repair element
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RCT



- Maintenance **Only** Contracts
- Routine Cleaning
- Computers & Hardware
- Professional fees e.g. architect fees
- Landscaping except where part of the build
- Other goods and services

There are 5 steps to take when dealing with RCT & VAT



STEP 1: Contract Notification



Notify Revenue of all relevant contracts on ROS

- Sub-contractor name & Tax Reference
- Nature of Work
- Location of Work - SIN (Site Identification Number) (if not know select No, then select most recent SIN from drop down)
- Start & finish dates
- Estimated value of work - Ex Vat

STEP 2: Payment Notification



- Notify Revenue before any payment is made to Sub-contractor.
- Revenue send Deduction Authorisation (DA) in real-time
- Penalties will be applied if payment made to sub-contractor without DA

STEP 3: Deduction Authorisation (DA)



- Deduction Authorisation will set out how much if any RCT to be withheld
- Rates are currently 0%, 20% & 35%
- Provide copy of DA to Sub-contractor

STEP 4: RCT Return/Deduction Summary (DS)



- Revenue makes available a Deduction Summary at the end of filing period.
- Check for accuracy
- Amendments can be made if necessary
- If no amendment DS is deemed to be the return and payment needs to be arranged on or before the due date
- Print Deduction Summary for records.

Step 4 Filing and payment of RCT on ROS

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



Step 5: VAT Reverse charge



STEP 5: If RCT applies VAT applies



VAT to be accounted for by the Principal Contractor



School's must account for VAT

Post-Primary: [Financial Guideline 2020/2021 - 25](#)

Primary: [Financial Guideline 2020/2021 - P13](#)

Updated Guidance for Schools on Registering and Accounting for VAT

Example of RCT & VAT in practice

The school engages a subcontractor to build a gym

Construction costs - €500,000 (VAT exclusive)

Amount used in Steps 1 & 2

RCT deduction on the deduction authorisation at 35% is €175,000 (€500,000 x 35%)

RCT amount on Step 3 & Step 4

VAT @ 13.5 % of €500,000 is €67,500

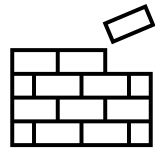
VAT due by Reverse vat charge - Step 5

Payments breakdown for the school as follows
To Sub-contractor - €325,000 (€500,000 - €175,000)
Revenue RCT - €175,000
Revenue VAT - €67,500
Total cost to School €567,500

STEP 5: Cont'd VAT return - Vat Rates

13.5% VAT Rate

- plumbing
- electrical work
- plastering
- block laying



23% VAT Rate

- hire-supply and erection of scaffolding
- supply of a crane with an operator
- supply and erection of temporary fencing
- hire of site labour through an agency





VAT - Value Added Tax

If RCT Applies – VAT Applies

1. VAT Registration

- Once this has been done it does not need to be done again
- VAT registration number should be on all documentation

2. Sub-contractor provides - Ex Vat invoice

- The invoice should be ex VAT.
- Should bear the legend – **VAT TO BE ACCOUNTED FOR BY PRINCIPAL CONTRACTOR**
- The rate of VAT to apply should be indicated.

STEP 5 Cont'd: VAT return - on ROS

The screenshot displays the Revenue ROS portal interface. At the top left, the Revenue logo is visible with the tagline 'Cuide agus Creatas do Mhóráir' and 'Help, Tax and Customs'. The navigation menu includes 'MY SERVICES', 'REVENUE RECORD' (highlighted with a red arrow), 'PROFILE', 'WORK IN PROGRESS', and 'ADMIN SERVICES'. On the top right, there are language options for 'GAELIGE', 'ENGLISH', and 'ROS HELP', along with an 'EXIT' button. Below the navigation, a 'Tax Clearance Issued' notification is present. The main content area is divided into sections: 'My Frequently Used Services' with an 'Add a service' button, 'MyEnquiries', and 'Employer Services'. The 'Employer Services' section contains four columns: 'Revenue Payroll Notifications (RPNs)' with a 'Request RPNs' link; 'Payroll' with 'Submit payroll' and 'View payroll' links; 'Returns' with a 'Statement of Account' link; and 'Additional Services' with a 'PPS Number Checker' link. Below this is the 'File a Return' section, which includes 'Complete a Form Online' (highlighted with a red box) and 'Upload Form(s) Completed Offline'. A 'Tax Clearance Issued' notification is also visible in the top right corner of the main content area.

Complete a Form Online

Select a return you would like to complete now. You will be given the option of filing the return with or without a payment.

VAT  VAT3  [File Return →](#)

VAT3 Return

Step 1

To begin filing, complete the form below.

Form Data

Payment Details

Sign & Submit

Acknowledgement

Form Help



- Returns are due by the 19th of the month following the period selected.
- Denotes required field
- This return must be completed in Euro.

Taxation Period

Only outstanding periods are shown

01/07/2023 - 31/08/2023

Click on **Additional** to file an Amended or Supplementary VAT3

[Additional →](#)

Currency



Enter Whole Euro only, please do not enter cent.

VAT on Sales

T1

VAT on Purchases

T2

Unusual Expenditure

Please indicate if this Return includes any exceptional business purchases which have resulted in an unusually large T2 (e.g. vehicles, fittings, equipment, plant and machinery, property, ICT equipment or software, franchise license etc.)?

Yes

No



Click the **Calculate** button to determine whether a payment or repayment is due

[C Calculate](#)

3. Reverse VAT accounting – completing VAT Return

The VAT3 return records the Value Added Tax (VAT) payable by you in your taxable period. The return should be completed as follows:

- T1 – VAT on sales
Usually '0' except when there is a reverse charge due because of a Relevant Contract.
When RCT is applicable, put the VAT amount in this box i.e., 13.5% of Relevant Contract.
- T2 – VAT on purchases
For Schools always enter '0' in this box.
- T3 – VAT payable
For schools, this will always be the same as T1.
- T4 – VAT repayable
This will never be applicable to a school.
- E1 – Intra-EU supplies of goods
Always enter '0'.
- E2 – Intra-EU acquisitions of goods
Enter amount if relevant but usually '0'
- ES1 – Intra-EU supply of service
ES2 – Intra-EU acquisition of services
Not usually relevant for schools. Enter '0'

IMPORTANT NOTE: If no VAT is applicable, you **must** still do a 'nil' VAT return.

4. Pay VAT over to Revenue

- VAT liability is due based on the invoice date and not the date invoice is paid – so invoice dated 25th Feb should be included in Jan/Feb VAT return and paid by 23rd of the month following the vat return.



VAT & RCT Supporting Excel Sheet

School Name:												
School Year: Sept 22-Aug 23												
		Date of Inv	Supplier Name	Inv No	Invoice amount	VAT @ 13.5%	VAT @ 23%	VAT JNL Entered on Accounts package (Y/N)	Payment Date	Payment Amount	RCT Deducted (if any)	RCT accounted for on accounts package (Y/N)
VAT PERIOD	SEPT/OCT 2022											
		No subcontractor invoices										
VAT PERIOD	NOV/DEC 2022											
		No subcontractor invoices										
VAT Period	Jan/Feb 2023											
		28/01/2023	D Martin	100	46,666		6,300	Y				
VAT PERIOD	MAR/APR 2023											

Reporting Tools

Project description		New Science Lab	31/03/2023			
Income		COA code		Actual	Budget	Variance
				€	€	€
		3900	Department grants		365,500	- 365,500
		3920	Dept F&F Grant		110,000	- 110,000
Total				-	475,500	- 475,500
Expenditure						
		3940	Professional Fees		25,000	- 25,000
		3940	Building Contractor bills		270,000	- 270,000
		3940	VAT payments		36,450	- 36,450
		1420	Furniture and Fittings		110,000	- 110,000
		3940	Retention payment		34,050	- 34,050
Total				0	475,500	-475,500
Surplus/Deficit				0	0	0

RCT File



**RCT
file/Folder**

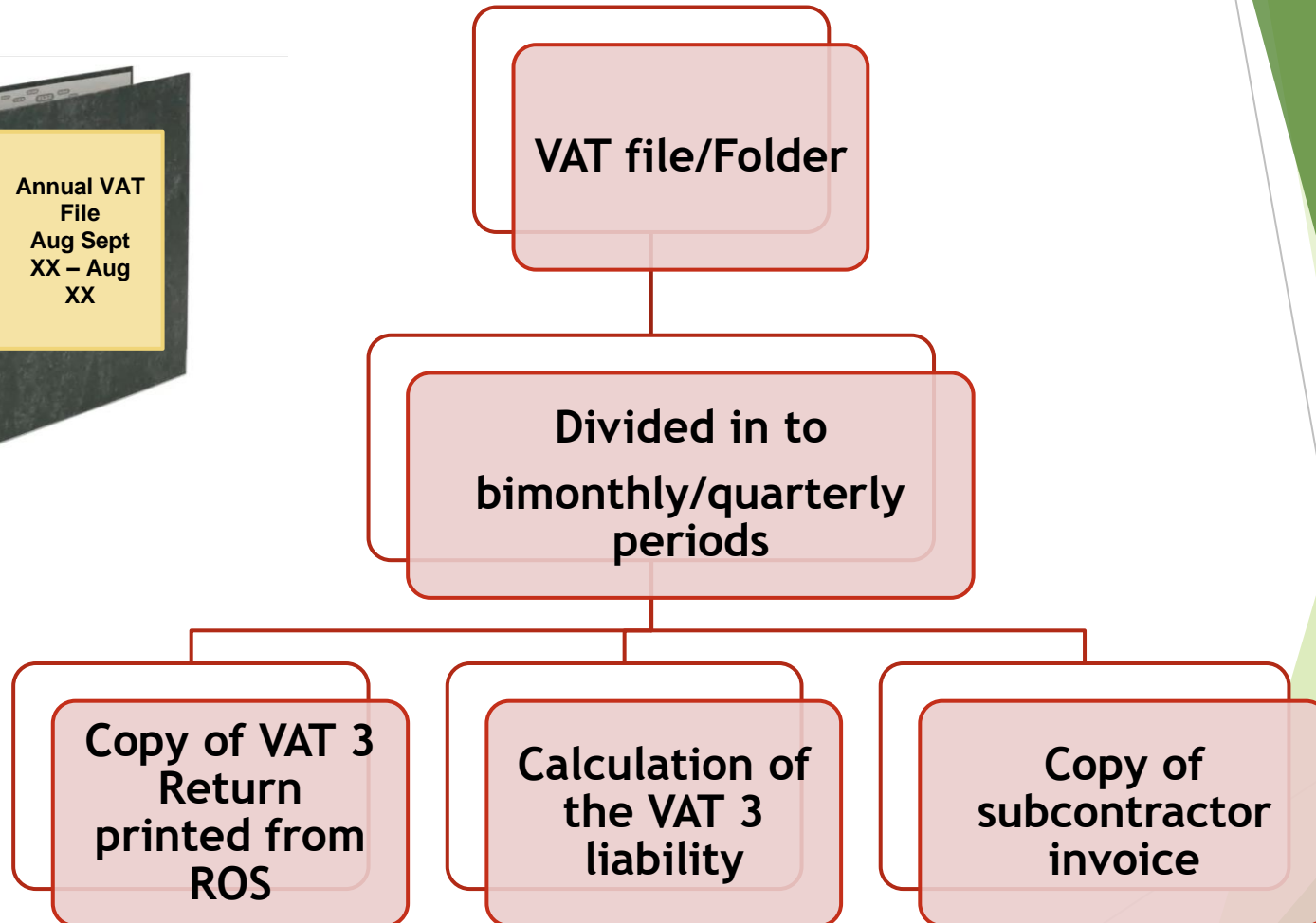
**Divided in to
monthly/quarterly
periods**

**Copy of
contract
notification**

**Copy of
payment
notification**

**Copy of
subcontractor
invoice**

VAT File



VAT RTD return

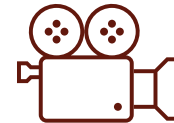
Q: What is a VAT RTD form?

A: Annual VAT Return of Trading Details or VAT RTD

Q: How does this apply to a school?

A: If the school has operated the VAT Reverse Charge system during the year then a VAT RTD must be completed

Post primary Guideline link [here](#)
Primary guideline link [here](#)



RCT monthly & quarterly return dates and Vat bi-monthly

VAT Jan-Feb due date 23rd Mar
RCT Jan-Mar due date 23rd April

Q1 Jan-Feb-Mar.

VAT Jul-Aug due date 23rd Sep
RCT Jul-Sep due date 23rd Oct

Q3 July-Aug-Sep.

Q2 Apr-May-Jun

VAT Mar-Apr due date 23rd May
RCT Apr-Jun due date 23rd July
VAT May-Jun due date 23rd July

Q4 Oct-Nov-Dec.

VAT Sep-Oct due date 23rd Nov
RCT Oct-Dec due date 23rd Jan
VAT Nov-Dec due date 23rd Jan

DON'T FORGET!

RCT Monthly returns - 23rd of following month

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Thank you for taking the time to view this video.

If you have any specific training requests or there are topics you would like to see covered please do not hesitate to contact us.

