RCT for Schools Webinar

Practical Guidance from the Revenue Commissioners

A practical session for boards of management acting as principal contractors

Delivered by the Revenue Commissioners

Financial Support Services Unit



Introduction

This webinar will help schools understand and manage their RCT responsibilities in a practical way.

- Focus on the board of management as a principal contractor
- Step-by-step guidance on key Revenue reporting obligations
- Practical support with common issues and questions



Relevant Contracts Tax

GUIDANCE FOR SCHOOLS

NOVEMBER 2026

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Overview

- What is Relevant Contracts Tax?
- Why are schools treated as Principal Contractors?
- Relevant Operations
- Contract Notifications
- Payment Notifications
- RCT Returns
- VAT Reverse Charge
- Non-Compliance
- FAQs
- Appendix

What is RCT?



RCT is a withholding tax that operates in the construction, meat processing and forestry industries.



RCT applies to payments made by a principal contractor to a subcontractor under a relevant contract.



Online Only: All transactions are carried out through **Revenue Online Service (ROS).**

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Why Are School Boards of Management Principal Contractors?

- Principal contractors are defined in legislation (Section 530A, Taxes Consolidation Act 1997 as amended).
- Any board established under statute and funded mainly out of public funds is deemed to be a Principal Contractor for RCT purposes.
- School Boards of Management are established under the Education Act 1998

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What is a Construction Operation?

- **C**onstruction
- **A**lteration
- **R**epair
- **E**xtension
- **D**emolition/Dismantling of buildings or structures

Relevant Construction Operations

RCT Does **Not** Apply:

- Maintenance **ONLY** Contracts.
- Professional Fees: Architects, Engineers, Surveyors.
- Supply and installation of 'fittings' such as, cookers and dishwashers, in construction contracts.
- Supply of Goods: Purchasing loose furniture, desks, stationery, or standalone technology.
- Routine Cleaning: Regular daily school cleaning.
- Landscaping *(unless part of an overall construction operation)*.

RCT Applies:

- Repair **AND** Maintenance Contracts.
- Repair of structures or any part of the building.
- Capital projects, building extensions, rendering complete of a *construction operation*.
- Painting, tiling, electrical, plumbing & roofing work.
- Installation, alteration or repair of fixtures/**systems.**

Examples of Systems:	
Heating	**Drainage**
Lighting	**Sanitation**
Fire	**Water Supply**
Security	**Telecommunications**
Ventilation	**Air-Conditioning**

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Example 1: Maintenance **and** Repair

Maintenance and Repair Contract for Security/Fire Alarm system

- **Total Invoice**: €5,000
- Maintenance: €4,000
- Total Cost of Repairs: €1,000
- RCT Payment Notification (PN): €1,000*

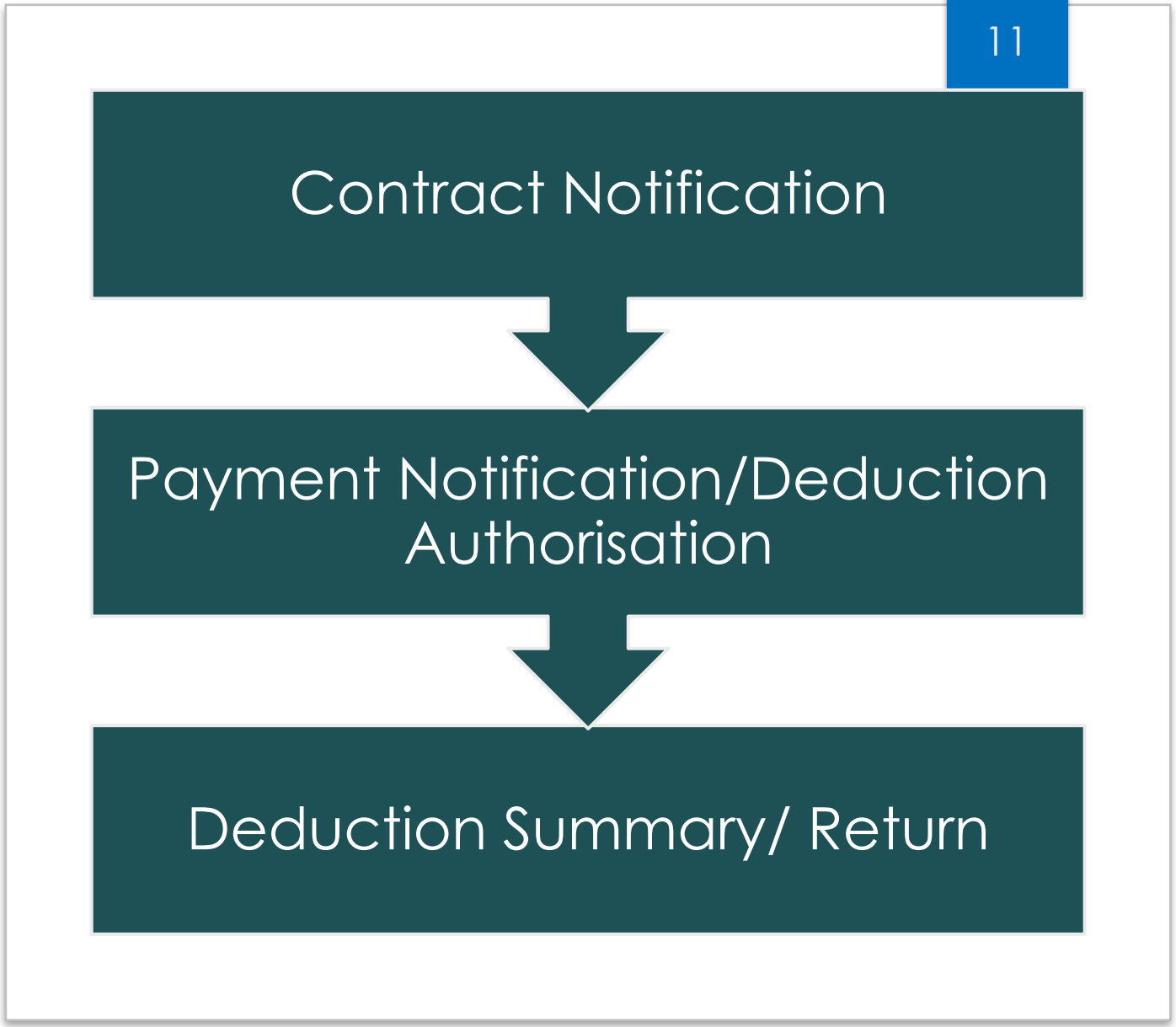
**Revenue is prepared to continue the current practice, outlined in paragraph 3.1(a) of Tax & Duty Manual 18-02-01, whereby principals operate RCT on the full amount paid under a repair and maintenance contract.*

Example 2: Supply and Fit

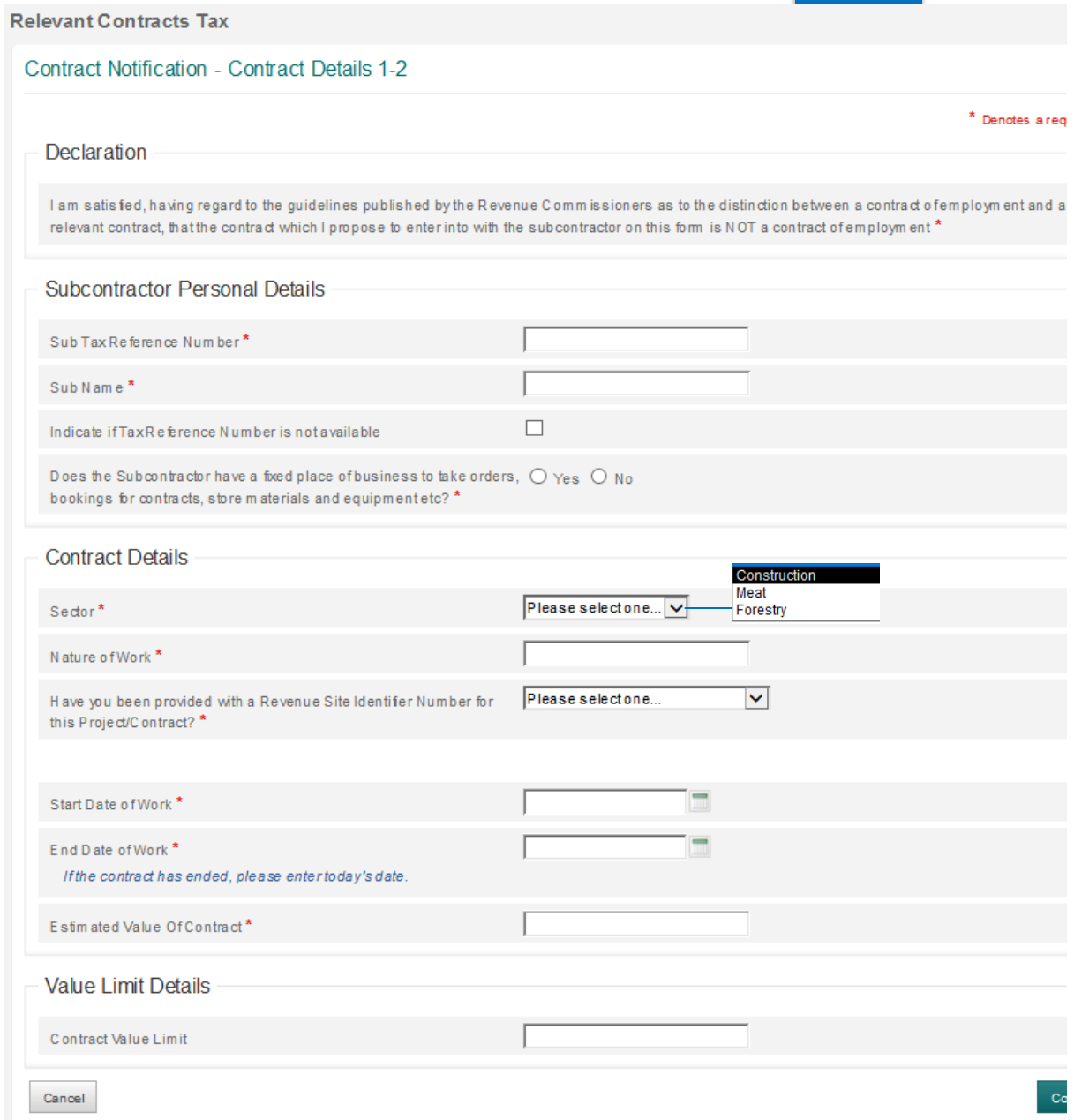
Invoice for Supply and Fit of Windows for New Classroom Extension

- **Total Invoice**: €3,000
- Materials: €2,000
- Labour: €1,000
- RCT Payment Notification (PN): €1,000

eRCT System


Contract Notification
Payment Notification/Deduction Authorisation
Deduction Summary/ Return

- Principal must notify each contract to Revenue
- Declaration on employment status
- Subcontractor details
- Contract details: sector, nature of work, location, estimated value and duration of contract
- Site Identifier Number (SIN)
- Confirm contract is NOT a labour only contract
- Sign & Submit



Site Identifier Number (SIN)



Introduced to ensure Revenue has the correct information on the location of relevant contracts.



Gives a Project Name and address instead of location.



Once SIN created, principal contractors can pre-populate contracts with correct Project Name & address.

Project Type	Action
New Project	Create a new SIN
Existing Project (SIN known)	Use same SIN for project
Existing Project (SIN unknown)	Select SIN from list

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Contract Notification Process

Principal Contractor ROS Action

Once contract details submitted, Principal Contractor receives an acknowledgement in ROS inbox with Contract ID number.

Subcontractor ROS Action

Subcontractor will be notified by Revenue, with Contract ID number and information.

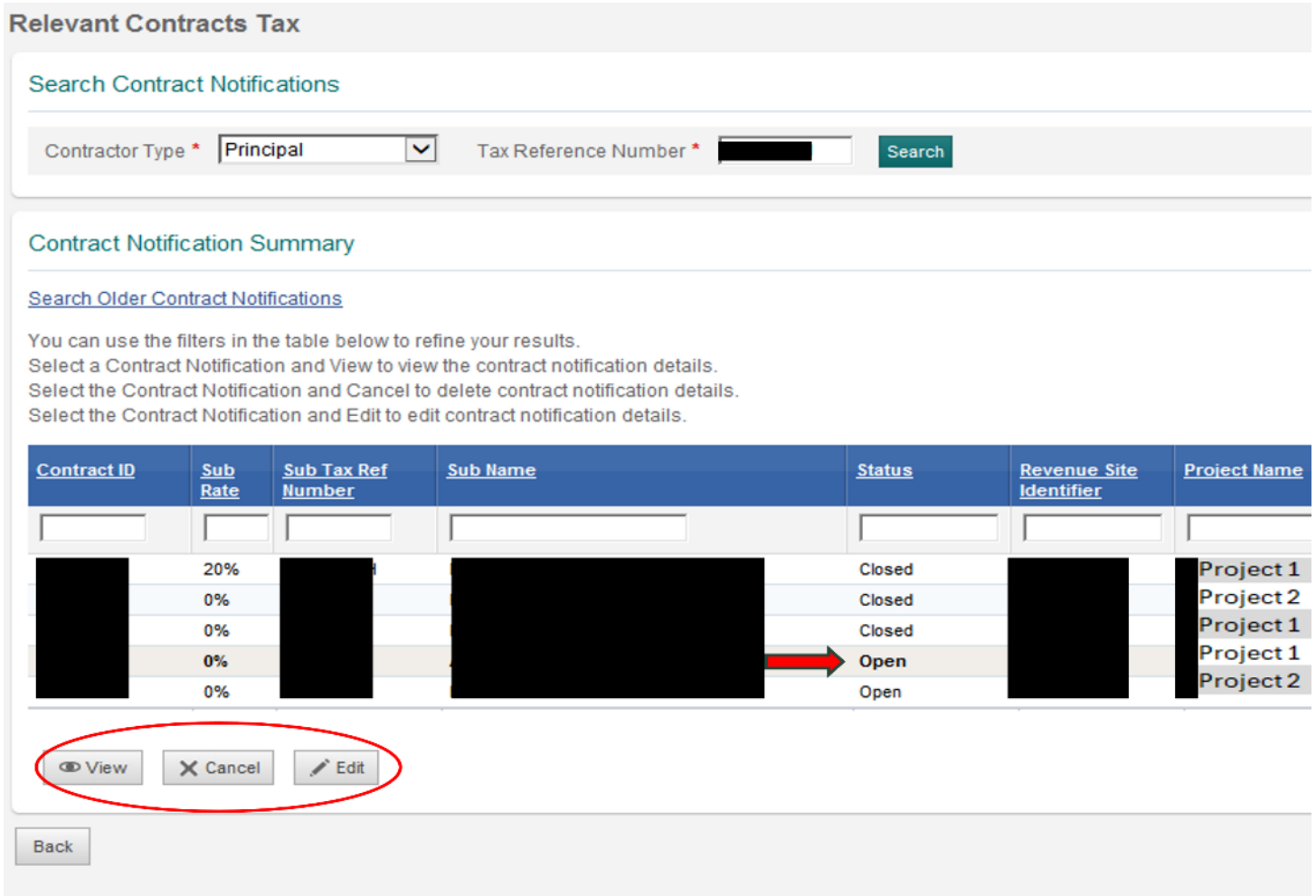
Multiple Contracts

If there are multiple contracts with a Subcontractor: Principal Contractor must notify each contract unless they are all part of one ongoing relevant contract with Subcontractor.

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Search Contract Notifications

- ▶ Search Existing Contract Notifications
- ▶ Shows all active and closed contracts (< 9 months)
- ▶ Closed contracts over 9 months: click Search Older Contract Notifications button
- ▶Highlight & View/Cancel/Edit



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Cancel/Edit Contract Notifications

Cancel

- Search Existing Contract Notifications.
- Locate contract where no payments have been notified.
- Highlight contract & **Cancel.**
- Continue to end.

Edit

- Search Existing Contract Notifications.
- Locate contract to amend.
- Highlight contract & **Edit** to amend: End Date/Contract Value.
- Continue to end.

Payment Notifications

Notify Payment on ROS

Principal Contractor must notify Revenue of all relevant payments via ROS.

Principal contractors must submit a payment notification **immediately before** the payment is made to the Subcontractor.

Penalties will apply for making a payment to a Subcontractor without prior notification to Revenue.

Deduction Authorisation

Revenue will respond to the payment notification with a deduction authorisation setting out how much tax, if any, must be withheld from the payment.

The rates of tax are currently set at 0%, 20% or 35%.

Principal Contractor Action

The principal contractor must provide a copy of, or details of the deduction authorisation, to the subcontractor if tax has been deducted.

RCT Principal Contractors can look up payments made to subcontractors for any selected 12-month period on ROS.

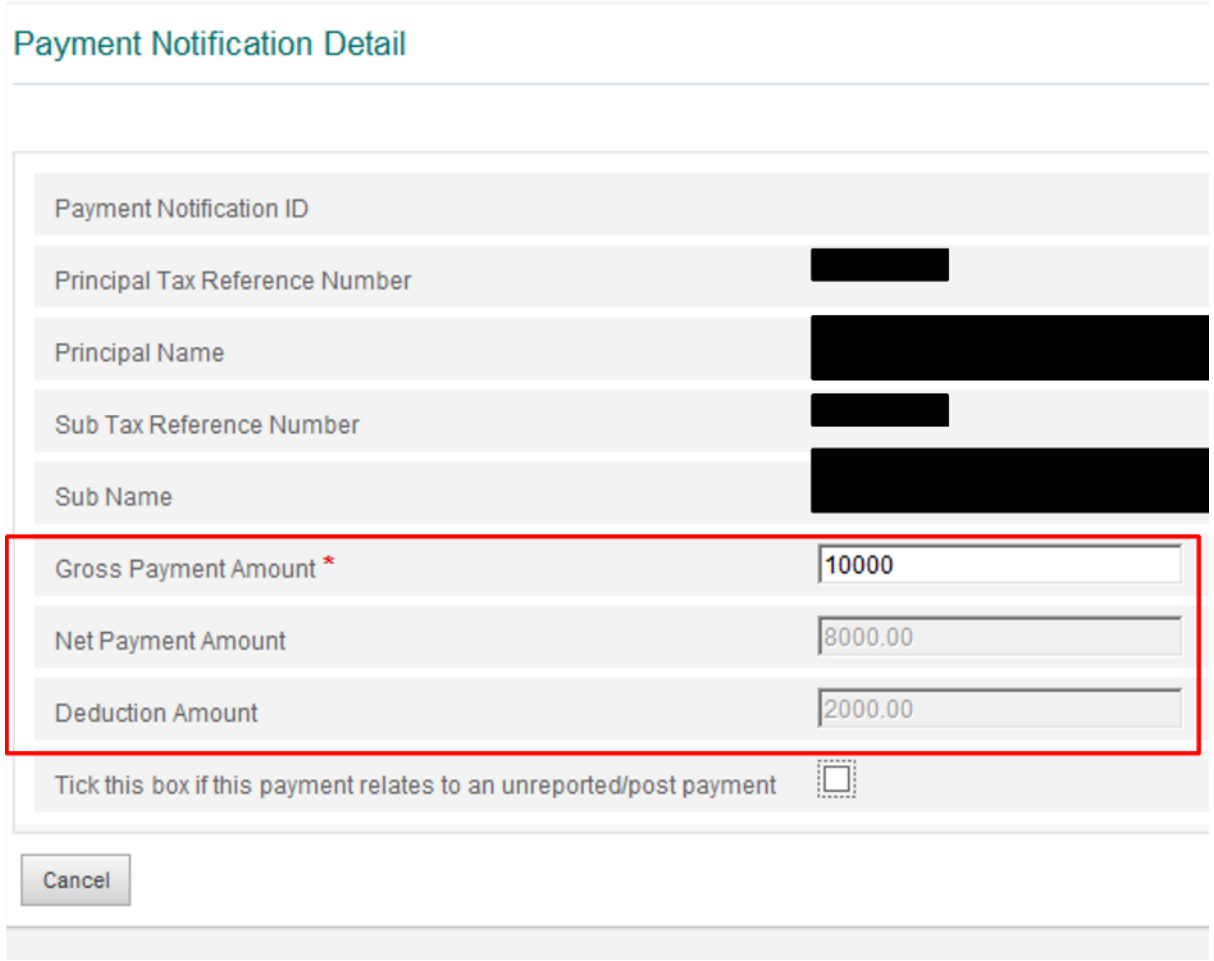
ROS > Input Payment Notification

Select contract from list

Input gross payment amount

System will calculate net payment and deduction amount

Sign & Submit



**RCT rate @ 20% for* illustrative purposes for this example

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Cancelling/Amending Payment Notifications

Before RCT Return is Filed

- Payment notifications can be cancelled on ROS if the RCT return for that period has not been filed.
- Can also cancel the PN at the return filing stage when viewing the deduction summary.
- Can only amend a PN figure at the return filing/deduction summary stage.

Cannot amend/edit/cancel a payment notified as an '**unreported payment**' at any stage - must be dealt with by Revenue.

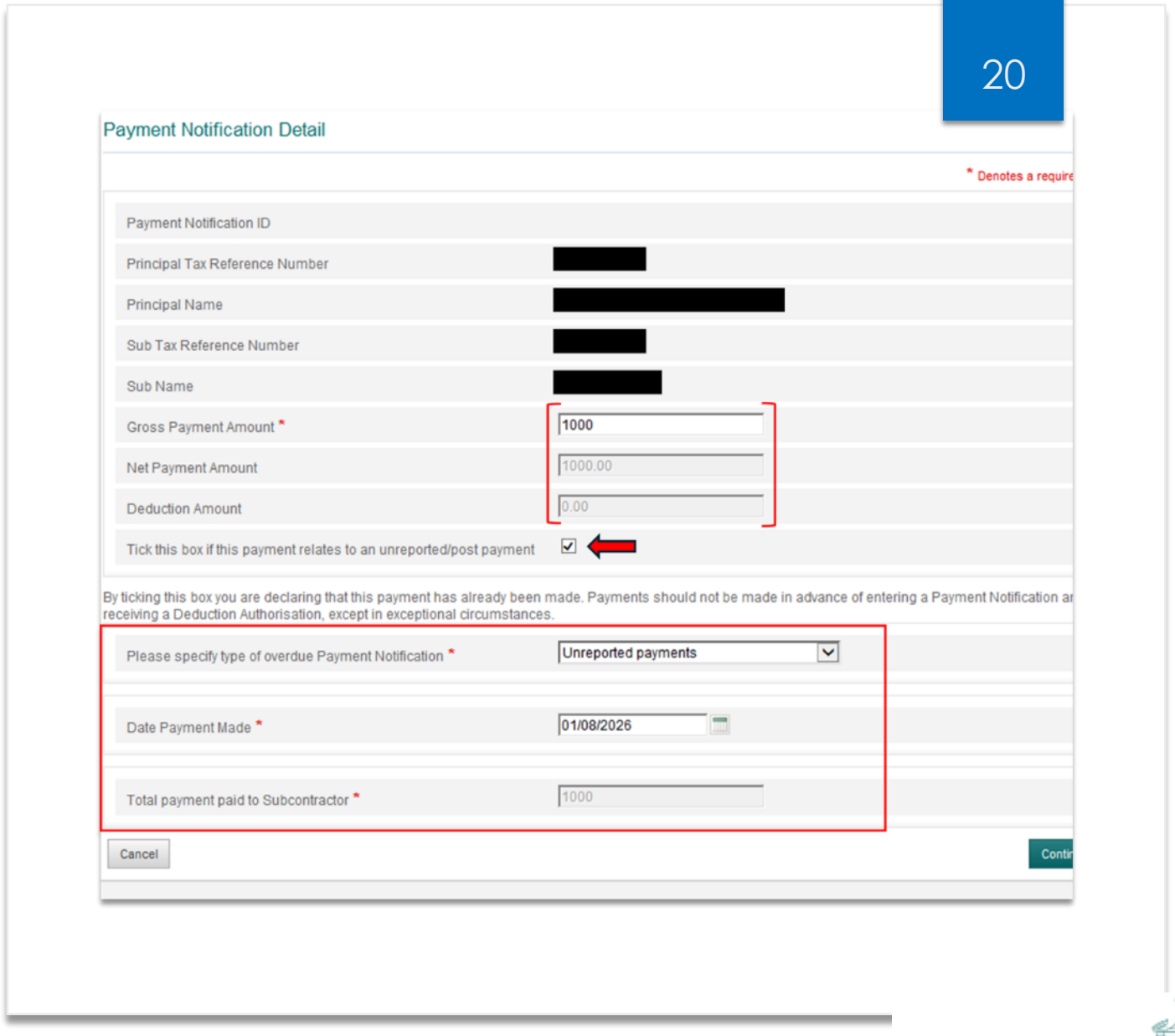
After RCT Return is Filed

- If the return has been filed, the payment notifications can only be cancelled (or amended) by Revenue.
- Written enquiry must be sent including:
  - Cancellation reason
  - Subcontractor name
  - Subcontractor tax number
  - Payment ID number
  - Gross PN amount
  - Input date

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Payment Notifications: Unreported Payments

- No deduction amount on Unreported Payments.
- Gross amount of payment notification will be Net amount paid to subcontractor.
- Input date payment was made to subcontractor.
- If RCT was deducted on the unauthorised payment, an additional (standard) payment must also be notified.
- A payment notification input on a contract closed 9-18 months is automatically notified unreported.
- Cannot cancel/amend an unreported payment notification.
- Penalties apply where an unreported payment notification is submitted.



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Unreported Payments

Payment Notifications

Example 1: Gross paid, without a Deduction Authorisation (DA)

- Subcontractor Invoice = €1,000.
- Subcontractor RCT rate was 20%.
- Principal Contractor paid subcontractor €1,000.
- Unreported payment input for €1,000.
- No further payments to notify as subcontractor has received full payment per invoice.

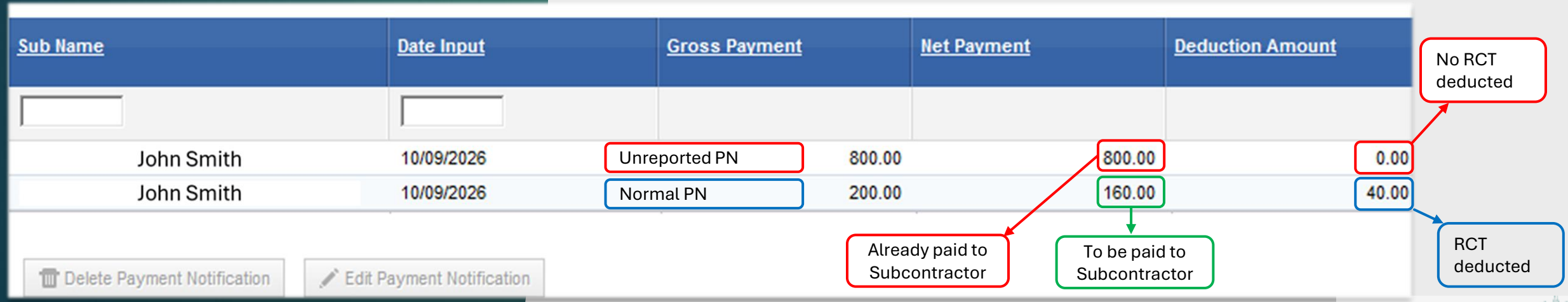
Example 2: Money withheld, without a Deduction Authorisation (DA)

- Subcontractor Invoice = €1,000.
- Subcontractor RCT rate was 20%.
- Principal Contractor paid subcontractor €800.
- Unreported payment input for €800.
- Subcontractor is owed €200.
- (Standard) Payment Notification must be input for €200 and deduction authorisation followed.

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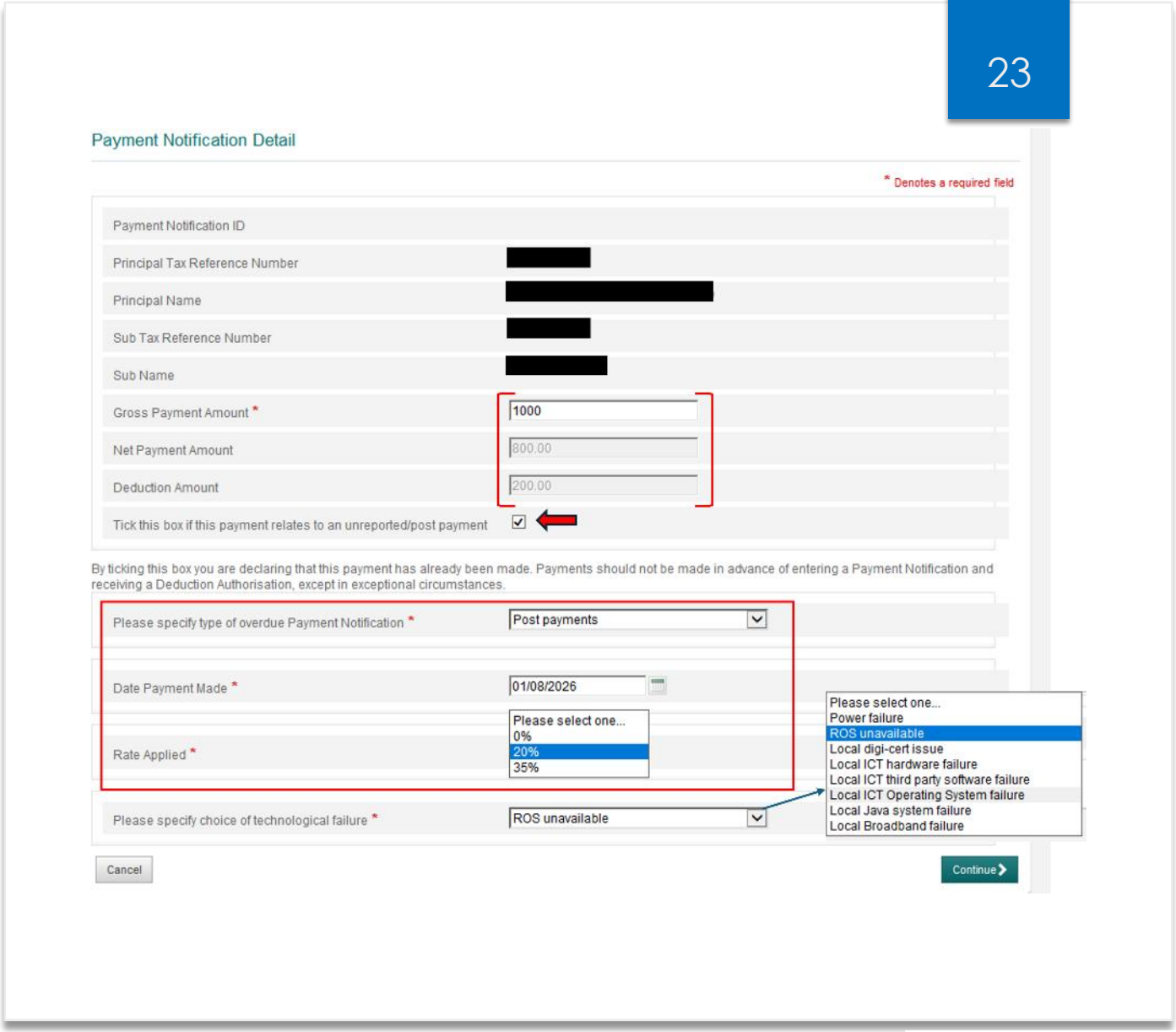
Unreported Payment Example:

Subcontractor Invoice = €1,000.
Subcontractor RCT rate was 20% based on last rate notified.
Principal Contractor paid subcontractor €800.
Unreported payment notification input for €800 after payment was made.
Subcontractor is owed €200.
(Standard) Payment notification must be input for balance of €200.
(Standard) Payment notification: Gross €200 Net €160 RCT €40.
Subcontractor has received gross €1,000 per their invoice



Payment Notifications: Post-Payments

- If technical issues encountered.
- Payment must be notified within the return period.
- Same steps as standard payment notification.
- Additional information required re specific technological issues.
- Penalties do not apply to genuine Post Payments.



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Payment Notifications

Unreported vs Post Payment Notification

Unreported

- Failure to operate eRCT.
- **Net** Amount Paid to Subcontractor where Principal Contractor deducted RCT without authorisation from Revenue.
- No RCT deducted on this unauthorised payment.
- Additional (standard) PN to be input if money withheld on the unauthorised payment.
- Penalties apply.

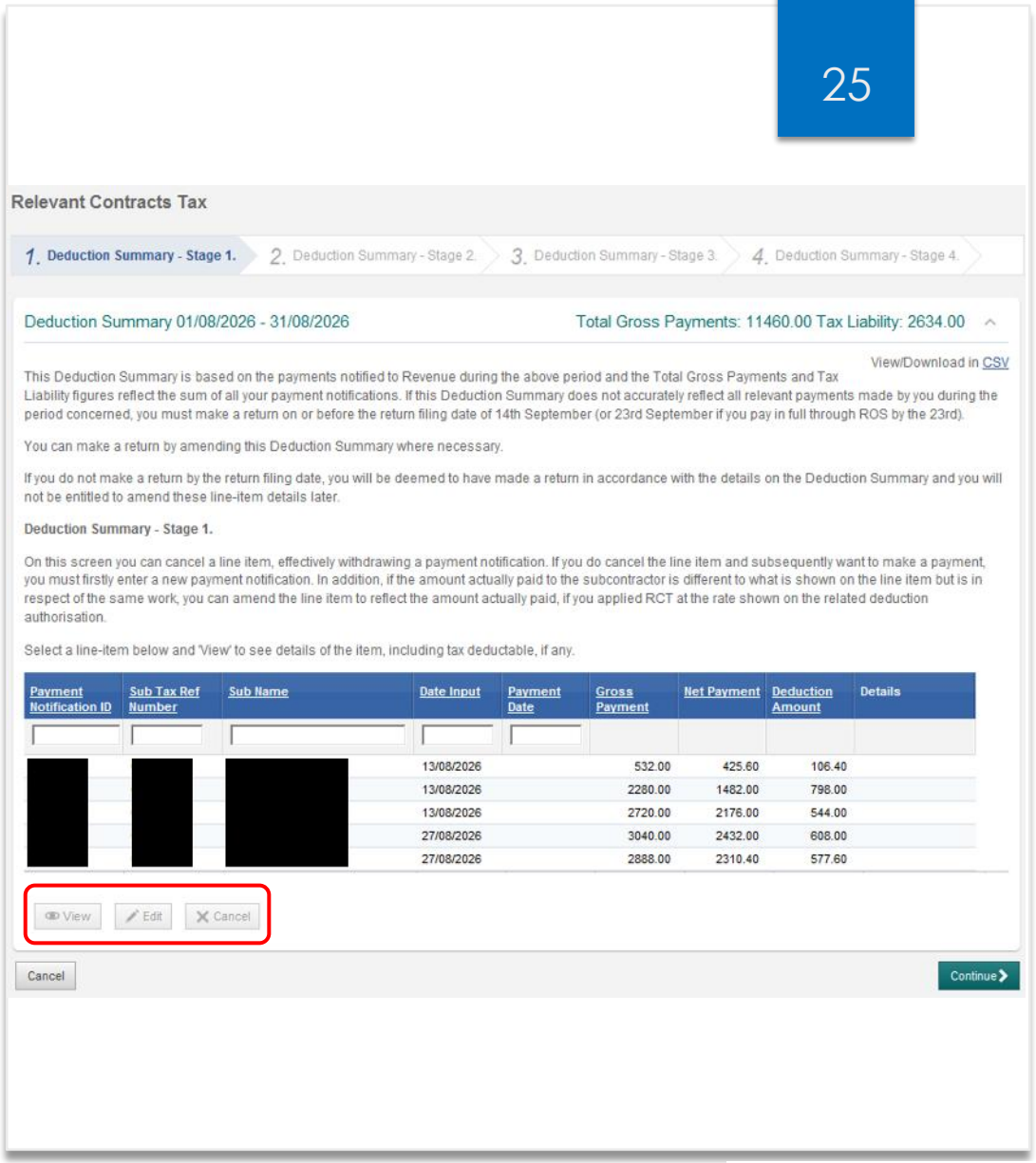
Post-Payment

- Technical Issues.
- **Gross** Amount Paid to Subcontractor where the last rate notified to the principal in the same tax year was zero.
- RCT deducted on this notification based on the last rate notified or 35%.
- Supplementary evidence may be requested re technological failure.

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RCT Return: Deduction Summary

- Deduction Summary issues to a Principal Contractor after each RCT period (monthly/quarterly), whether PNs exist for the period or not.
- Lists all payments notified by the principal contractor (one-line item for each PN) and will identify the total tax due for the period.
- Available to be manually filed from 7th to 22nd of the month following the end of the return period. If not manually filed, the system will automatically file on the 23rd .
- Possible to Edit/Cancel payment notifications at this stage before submitting the return.
- RCT liability due on 23rd of the month following the end of the return period.
- After the return for the RCT period has been filed, a €100 Surcharge will automatically be applied if an amended return is filed.



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VAT Reverse Charge

Applies

- Relevant Construction services supplied to Principal Contractors in the State.
- Relevant Construction services supplied between two connected persons in the State.

Normal VAT rules apply in all other circumstances.

Does Not Apply

- Relevant Forestry Operations.
- Relevant Meat-processing Operations.
- Haulage for hire of materials, plant or machinery in Construction, Forestry and Meat-processing Operations.

VAT Reverse Charge for Construction Services: Invoice

VAT-registered Subcontractor

- Issues a VAT Reverse Charge invoice to the Principal Contractor.
- Excludes VAT amount and VAT rate.
- Includes their VAT number.
- Includes the following statement:

  "VAT on this supply to be accounted for by the Principal Contractor".

Boards of Management

- Boards of Management who are principal contractors for RCT & who receive construction services must also be registered for VAT.
- Account for the VAT on construction services received (T1) on the VAT3 return.
- As they do not carry on taxable activities they are not entitled to claim a simultaneous deduction (T2) for any VAT incurred.

VAT Reverse Charge for Construction Services Example:



A school contracts a construction company for the construction of an extension.



The School is a Principal Contractor for RCT purposes, the Construction Company is a Subcontractor.



The VAT registered Subcontractor charges €100,000 for its construction services in June.



The Subcontractor issues a Reverse Charge invoice for this supply which includes the statement ***"VAT on this supply to be accounted for by the principal contractor".***



Principal Contractor calculates VAT due on gross payment.



The Principal Contractor pays the Subcontractor for the services net of any RCT due e.g. RCT due on €100,000 @ 20%*= €20,000.

***RCT rate @ 20% for* illustrative purposes for this example**

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VAT Reverse Charge Example: RCT & VAT Breakdown

Example	Amount
Contract value, ex-VAT	**€100,000**
RCT withheld @ 20%* (paid to Revenue)	**€20,000**
Paid to Subcontractor	**€80,000**
VAT paid to Revenue via VAT 3 (13.5% in example)	**€13,500**
Total cost to the school	**€113,500**

**RCT rate @ 20% for* illustrative purposes for this example

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VAT Reverse Charge Example: May/June VAT Return

VAT 3 Return Heading	Example	Amount
T1: Reverse charge VAT accounted for on the contractor's behalf	Subcontractor invoices the School for €100,000. Subcontractor does not charge VAT on this invoice. The School calculates the VAT @ 13.5%, €13,500. This shows as VAT on sales (T1) on May/June VAT return.	**€13,500**
T2: VAT on Purchases	The School is not entitled to any VAT deduction, so VAT on purchases is "Nil".	**€0**
T3: Net Payable	The School returns the VAT amount of €13,500 to Revenue.	**€13,500**
T4: Net Repayable	No repayment due (as T2 does not exceed T1).	**€0**

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RCT Compliance for Principal Contractors



Documentary evidence of subcontractors identity



Information and declaration on contract notifications



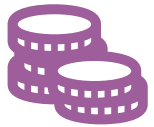
Relevant payments including RCT deducted



Details required for registration with Revenue as a principal contractor



Details required to be included each RCT return



Tax due and payable

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Non-Compliance

- Failure to operate eRCT in line with legislation/revenue guidelines, can result in penalties and possible compliance interventions

Subcontractor status	Penalty
0% deduction rate	3% of the relevant payment
20% deduction rate	10% of the relevant payment
35% deduction rate	20% of the relevant payment
Unknown	35% of the relevant payment

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Relevant Operations
Additional examples

Security Systems:

Installation/Alteration/ Maintenance & Repair

Installation is subject to RCT:

- **Installation** of a **system** of burglar protection.

Upgrading an Existing Security System is subject to RCT:

- Adding hard-wired components (e.g., additional cameras) is an **alteration** to an existing system.

Operations Outside Scope of RCT:

- **Add-ons:** Stand-alone items that supplement, but do not alter the core system. e.g.: *Wireless key fobs, smart lights, stand-alone Wi-Fi cameras.*

Repair operations are subject to RCT.

- **Maintenance-only** contracts are not subject to RCT.
- For mixed contracts, consideration should be apportioned between the RCT and non-RCT elements.

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Lifts:

Installation/ Maintenance & Repair

Installation is subject to RCT:

- **Alteration** to the fabric of the building.

Maintenance Contract with **Repair** Element

- **Maintenance-only** contracts are not subject to RCT.
- For mixed contracts, consideration should be apportioned between the RCT and non-RCT elements.

Sensory Rooms:

Installation/ Fit-out

Installation is subject to RCT if**:**

- **Construction** or **Alteration** of the building itself.
- Part of **rendering complete** of a construction operation

Operations Outside Scope of RCT:

- Supply and installation of specialist equipment.
- Supply of furniture and other loose fittings.

Pre-Fabs:

Installation/Supply

Supply and Installation of Prefab is subject to RCT

- Structure which is installed on Permanent/Semi-Permanent basis and would require a concrete base.
- The work to connect the structure to utilities (water/electricity etc.) would also be an RCT activity.

Operations Outside Scope of RCT:

- The supply *only* or delivery of a prefab would not be an RCT activity.

Q & A



Appendix

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NOVEMBER 2026

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Useful Links

Revenue Guidance

Relevant Contracts Tax (RCT)

RCT SIN Guidance

ROS Contract Notifications (Youtube)

ROS Search Contract Notifications (Youtube)

RCT Payment Notifications (Youtube)

Revenue Tax & Duty Manuals

Relevant Operations

Who is a Principal Contractor

RCT for Principal Contractors

eRCT System

VAT Treatment of Construction Services

VAT Treatment of the Procurement of Certain Goods and Services by a Public Body

FSSU Links

Primary: Relevant Contracts Tax (RCT)

Post Primary: Relevant Contracts Tax (RCT)

Revenue Online Service (ROS)

ROS Registration

You must be registered for ROS unless your agent will undertake all RCT functions on your behalf

If you engage an agent/tax advisor/bookkeeper to perform any RCT functions on your behalf, they must be ROS registered

Using ROS

Log onto ROS and go to the RCT Homepage

Select the action you wish to perform

FAQs on the ROS system available on ROS

Service available 24/7

How To Register

Step 1: Apply for your ROS Access Number (RAN)

Step 2: Apply for your Digital Certificate

Step 3: Download & save your Digital Certificate

If you require assistance please visit ROS technical help

Relevant Construction Operations: Mixed Contracts

Tax & Duty Manual 18-02-01, RCT: Relevant Operations, 3.1 – Construction Operations was updated in June 2025 to include additional guidance on the application of RCT to mixed contracts.

Example of mixed contracts

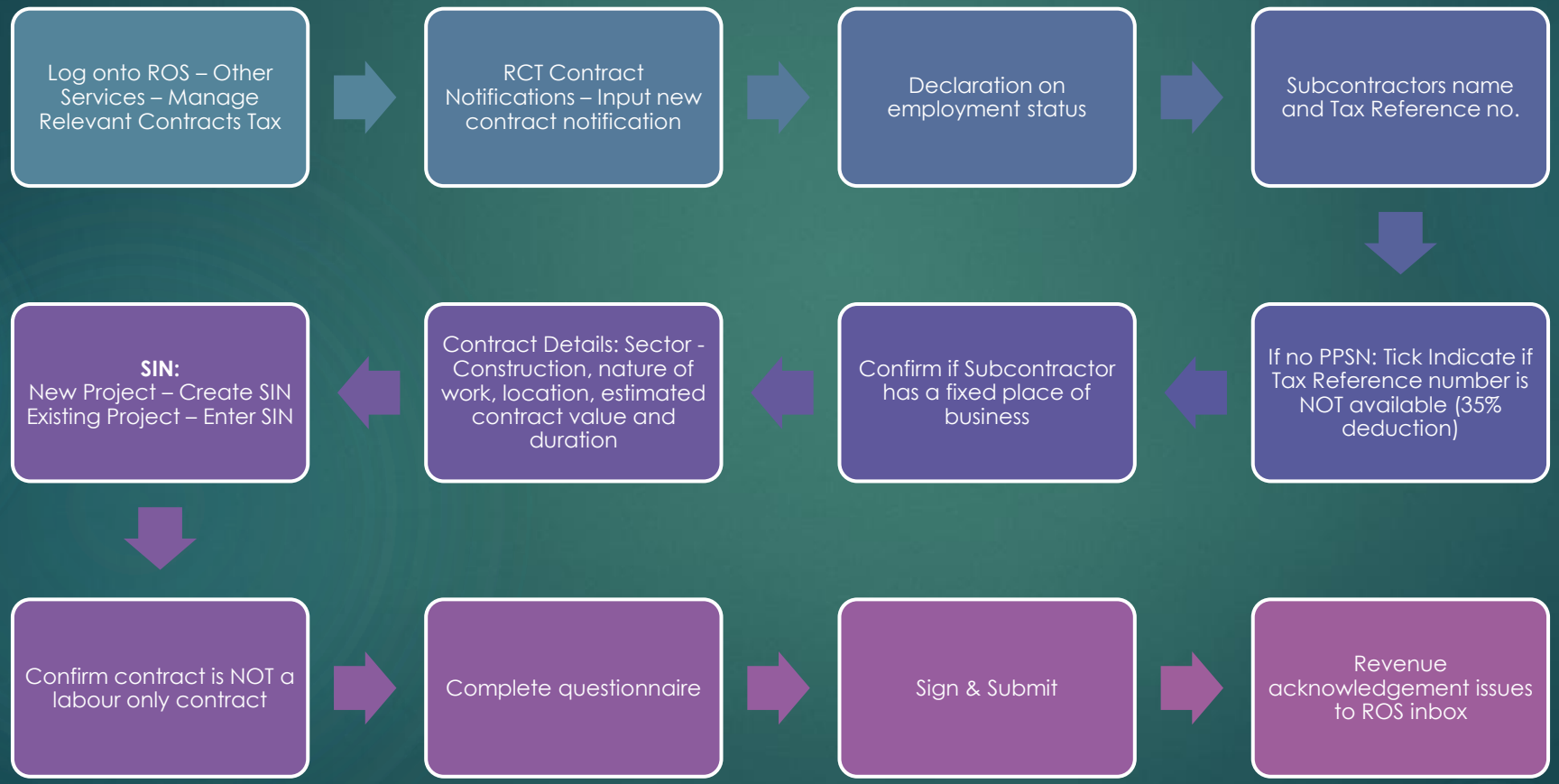
- a contract to supply design and build services to a principal,
- a contract for the supply and installation of systems in a building or structure

"In both of the above examples the contract contains elements which are within the scope of RCT and elements which are not. In the first example, design work is not within the definition of construction operations in section 530 (design work depending on the facts and circumstances and who the service is supplied to may come within PSWT), however the build services are within the definition in section 530. In the second example the supply of materials is not within the definition of construction operations in section 530, however the installation work is.

Where the contract provides for a single consideration to cover both the RCT and non-RCT elements, the consideration needs to be apportioned by the principal with RCT applying to the part of the consideration relating to construction operations."

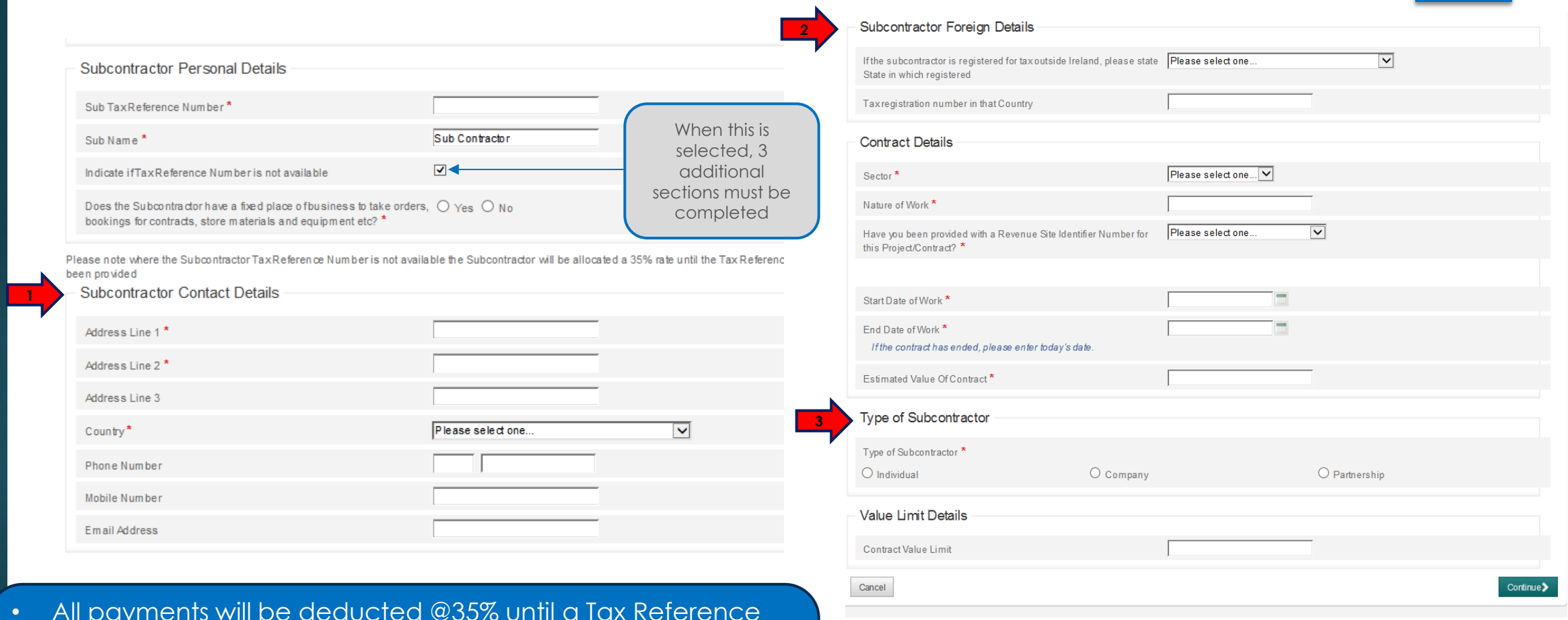
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Contract Notification Steps



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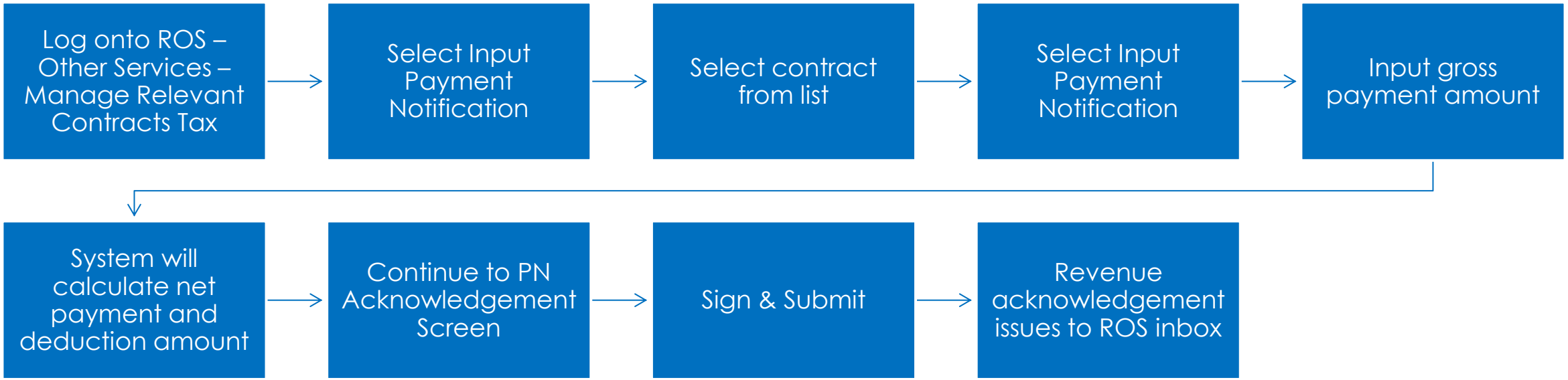
Contract Notification: "Unknown Subcontractor"



- All payments will be deducted @35% until a Tax Reference Number (TRN) is linked to contract.
- Subcontractor's full address to be entered, as contract notification issues to the address input, outlining that 35% will be applied due to no TRN included on the contract notification.

Payment Notification Steps

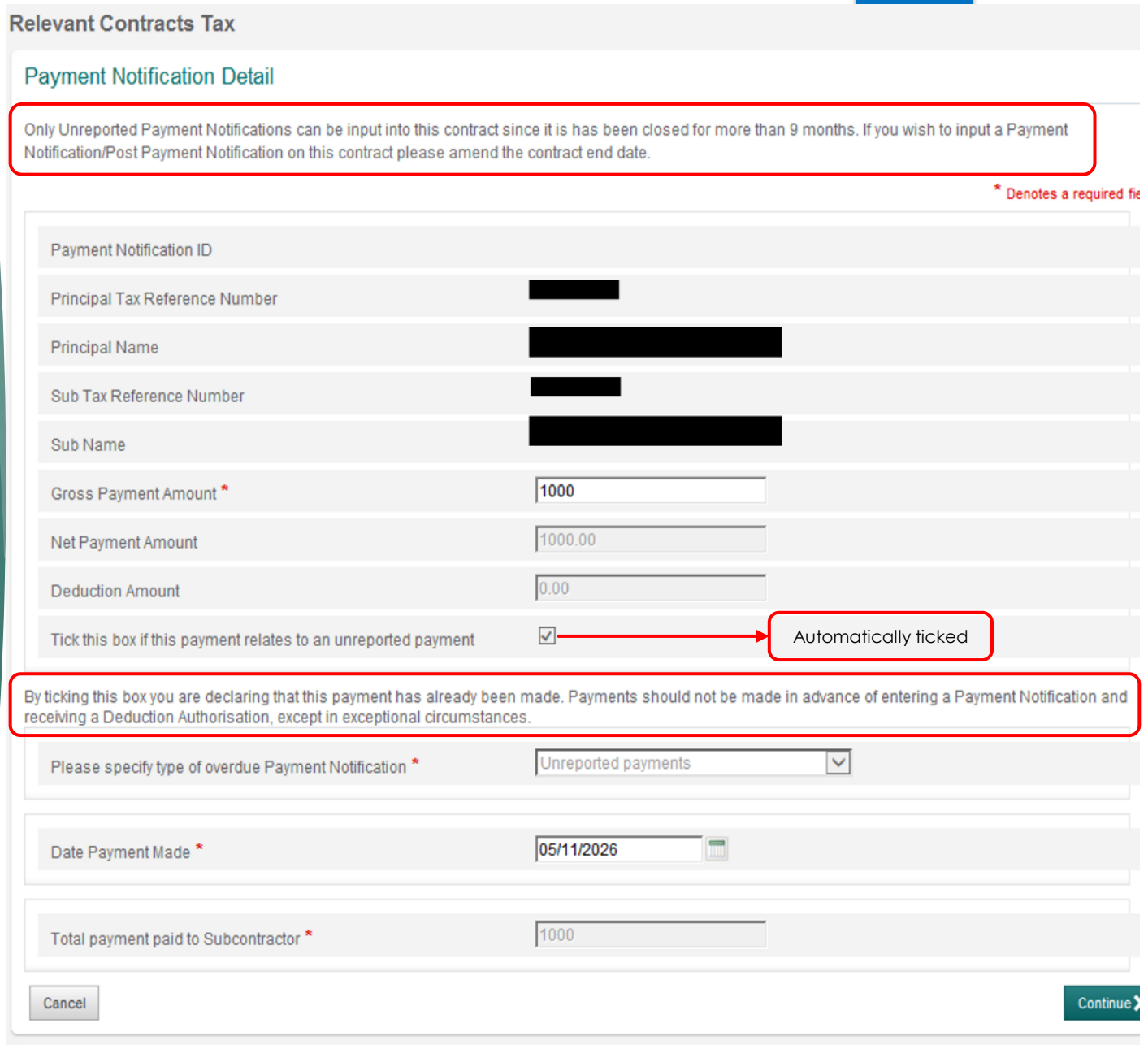
How to notify an eRCT Payment



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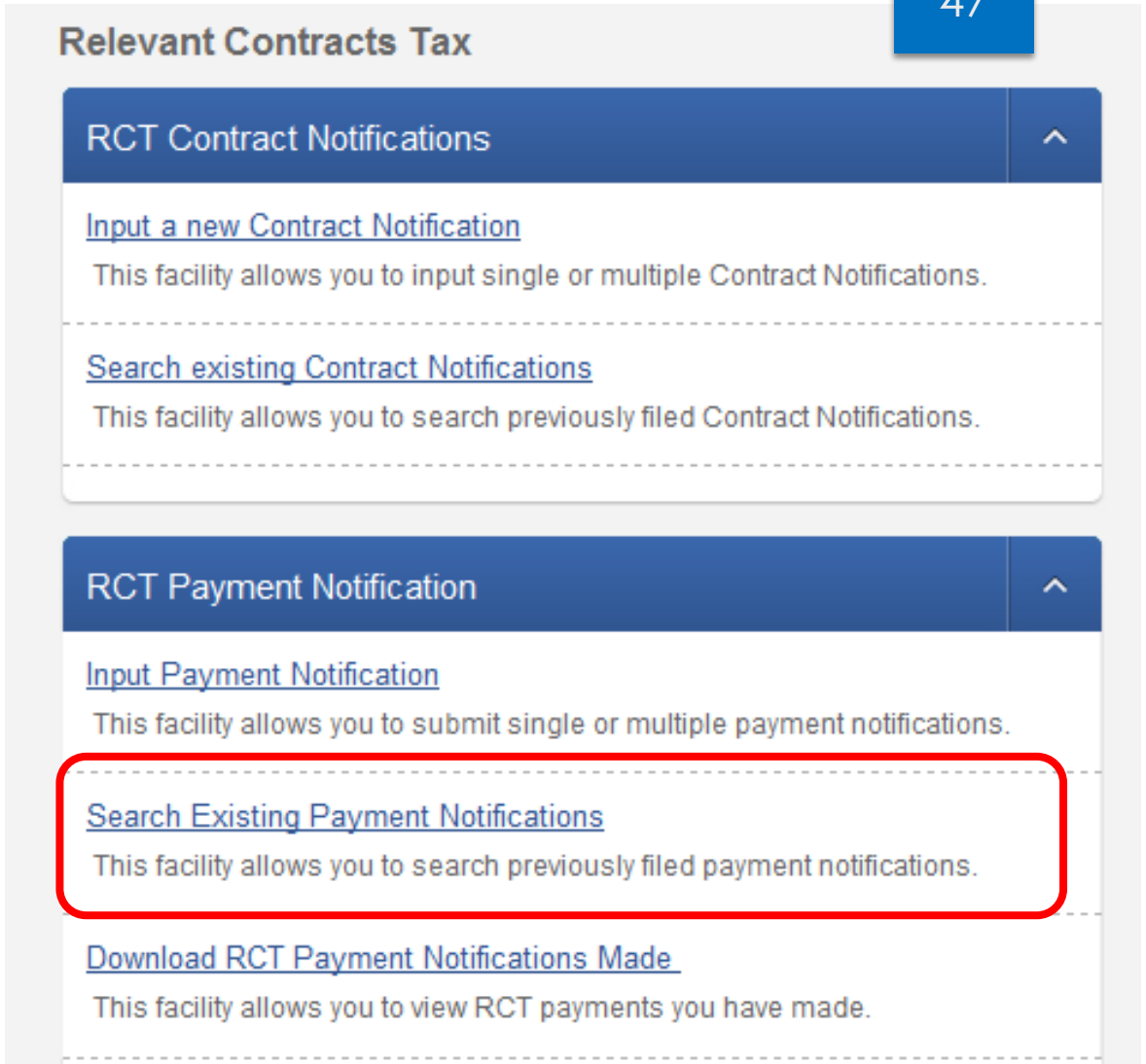
Payment Notification on Closed Contract

- If a payment is notified on a contract closed between 9-18 months, it will default as unreported.
- Contract must be re-opened first in order to input a Standard/Post-Payment.



Look Up Payment Notifications

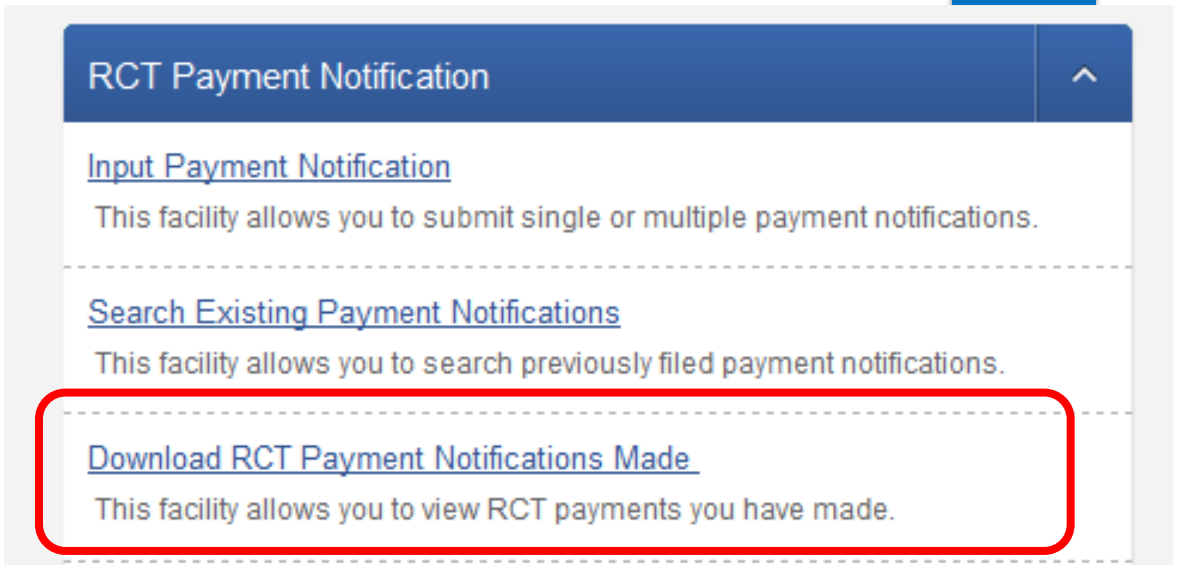
- Shows all active and closed contracts (< 9 months).
- Closed contracts over 9 months: click Search Older Contract Notifications button.
- Highlight & View to show active and cancelled payment notifications on a contract.

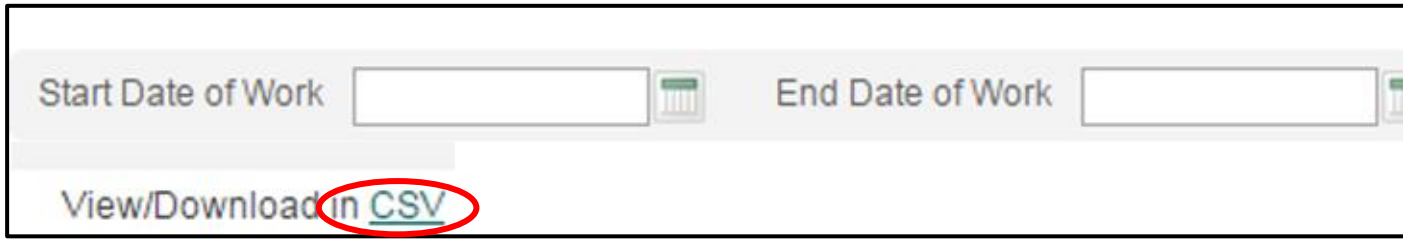


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Download Payment Notifications

- Input date range up to 12 months to view payment notifications input. (Cancelled payments will not be retrieved.)
- Click to download .CSV file of all payments input to subcontractors within selected date range.





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VAT Reverse Charge: Treatment of Non-resident Subcontractors

- Non-resident Subcontractors with no Permanent Establishment in the State and who provide construction services solely to principal contractors, are not required to register for Irish VAT.
- The invoice you receive from a non-resident subcontractor should only show the net value of the construction service.
- The Principal Contractor will operate the VAT Reverse Charge on this payment.



VAT Reverse Charge: Treatment of Non-resident Subcontractors

Example: Invoice received from non-resident subcontractor providing construction services.

Check Invoice

Ensure the invoice shows **no charge for VAT**. (This applies to both Irish VAT and non-Irish VAT.)

The invoice should only state the net cost of the construction service.

Correct *(if necessary)*

If non-Irish VAT is incorrectly charged:

Do not pay the non-Irish VAT amount.

Contact the subcontractor and request a corrected invoice.

Account for VAT

You must calculate and account for the Irish VAT on the service under the **VAT Reverse Charge** mechanism.

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