

## Rate of tax at which repayments are to be made

### Part 15-01-13

This document should be read in conjunction with section 460 of the Taxes Consolidation Act 1997

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## Overview

Section 460 TCA 1997 provides that a repayment of income tax to which a person is entitled, after the granting of any personal tax credit/relief, for any year of assessment, is to be made at the standard rate of tax or the higher rate, as appropriate.

Where a person proves that he or she had no taxable income for a year of assessment, because of his or her entitlement to any tax credit, deduction, or relief for that year, any tax paid by him or her in respect of his or her income for that year is refundable in full. However, any such repayment cannot exceed the difference between the correct tax liability and the amount of tax actually paid.

### Example 1

John is a single individual. In 2023, he is an employee and receives a salary of €15,700. PAYE of €2,300 is deducted throughout the year. John's tax liability for 2023 is as follows:

	€	€
John's Taxable Income		15,700
<b>Tax</b>		
€15,700 @ 20%	3,140	
<b>Less tax credits</b>		
Single Person Credit	1,775	
Employee Credit	1,775	
Liability	Nil	
PAYE paid	2,300	
<b>Tax Refundable</b>	<b>2,300</b>	

**Example 2**

Jane is a single individual. She has royalties of €42,000 a year from which tax is deducted at 20% i.e. the royalties are paid net of this amount. Jane's liability for 2023 is as follows:

	€	€
Jane's Taxable Income		42,000
<b>Tax</b>		
40,000 @ 20%	8,000	
2,000 @ 40%	800	
	<hr/> 8,800	
<b>Less tax credits</b>		
Single Person Credit	1,775	
	<hr/> 7,025	
Liability	7,025	
Tax paid/withheld	8,400	
	<hr/> 1,375	
<b>Tax Refundable</b>	<hr/> <b>1,375</b>	