
PAYE Taxpayers with Occasional Income Subject to Self-assessment: Procedures to be Followed in Service to Support Compliance Branches

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PAYE taxpayers may have other income which, on occasion, is too large to code in under the PAYE system, thus making them “chargeable persons”. Such cases should nevertheless continue to be dealt with in their normal PAYE area. An example of such a case is an employee who exercised a share option granted by her/his employer and in doing so makes a gain which is chargeable to income tax under Schedule E by virtue of Section 128 Taxes Consolidation Act 1997 (TCA).

When such cases are identified the position should be explained to the taxpayer, highlighting in particular the obligations to pay preliminary tax and file a tax return.

When a branch becomes aware of an event which gives rise to the need for an assessment, the following matters should be borne in mind:

- Under self-assessment, a Revenue assessment in the absence of a return¹ cannot be made for any year before the return filing deadline for that year has passed.
- Revenue assessments in the absence of a return, under section 959AC TCA, should only be made as a last resort.
- Where a Revenue assessment is made in the absence of a return, the notice of assessment issued to the taxpayer will only show the amount of tax due. The branch should write to the taxpayer to explain the basis for the assessment.

¹ Section 959AC TCA provides that Revenue assessments can be raised: where a person fails to deliver a return; where a Revenue officer is not satisfied with the sufficiency of a return delivered; or the Revenue officer has reasonable grounds for believing a return delivered does not contain a full and true disclosure of all material facts necessary for the making of an assessment for a chargeable period.