

Guidelines on PAYE Assessments

Part 42-04-72

This document should be read in conjunction with section 990 of the Taxes Consolidation Act (TCA) 1997

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Introduction

This manual relates to the making of assessments under section 990 of the Taxes Consolidation Act (TCA) 1997 where the tax paid, if any, by an employer is, incorrect. This guidance applies in respect of **emoluments paid on or after 1 January 2019**.

Prior to 1 January 2019, sections 989 and 990 TCA 1997 provided for the making of monthly and annual estimates (rather than assessments). Further information on such estimates can be found in Tax and Duty Manual [Part 42-05-06](#).

1. Operation of the Pay As You Earn (PAYE) system

The operation of the PAYE system, as it relates to income tax, is governed by Chapter 4 of Part 42 TCA 1997 and the Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018).

The PAYE system comprises the collection of income tax, the Universal Social Charge (USC), Pay Related Social Insurance (PRSI) and Local Property Tax (LPT).

In brief, employers are obliged to operate the PAYE system and, in particular, to:

- notify Revenue on or before the making of a payment of emoluments to an employee or an office holder;
- deduct tax at source under the PAYE system from emoluments;
- remit such deductions to Revenue; and
- submit relevant documentation in relation to such deductions (for example, section 985G TCA 1997 places the obligation on an employer to send a monthly PAYE income tax return to Revenue).

2. Meaning of employer for the purposes of operating the PAYE system

Section 983 TCA 1997 is the interpretation section for Chapter 4 of Part 42 TCA 1997. An 'employer' for the purposes of the PAYE system means any person paying emoluments. 'Emoluments' means anything assessable to income tax under Schedule E. References to payments of emoluments includes references to payments on account of emoluments.

3. Assessment of amounts due

Where Revenue has a reason to believe that:

- an employer has not submitted a PAYE income tax return under section 985G TCA 1997 for a month, or
 - a return was made but does not include the total amount of income tax due,
- they may make an assessment under section 990 TCA 1997 of the amounts due.

Where such an assessment is made, Revenue must serve notice on the employer specifying the amount of the income tax so assessed. The notice will also show the amount paid, if any, by the employer in respect of the income tax month and the balance of income tax outstanding.

The purpose of a PAYE assessment is to quantify the amount of income tax due and to generate demands seeking those amounts.

In practice, PAYE assessments are generated by –

- (a) the Office of the Collector-General where employers fail to fulfil their obligations as regards the submission of employer returns or remittances, and
- (b) Revenue auditors where, following an intervention, there is no agreement as to the quantum of income tax due.

4. PRSI, USC, and LPT contained in an assessment

Where a PAYE assessment is to be raised, it should, as appropriate, include amounts in respect of:

- **PRSI** (employer and employee contributions) – the statutory basis for including these in the assessment is provided by Article 11 of the 1996 Social Welfare (Consolidated Contributions and Insurability) Regulations, 1996, as amended by the Social Welfare (Consolidated Contributions and Insurability) (Amendment) (No. 2) Regulations 2018, and Section 17 of the Social Welfare Consolidation Act 2005;
- **USC** – Section 531AAA TCA 1997 applies the provisions of Chapter 4 of Part 42 (the PAYE system) to USC in relation to the collection and recovery of unpaid amounts; and
- **LPT** – Part 10, Chapter 1 of the Finance (Local Property Tax) Act 2012 (as amended) deals with Deduction at Source for Employers.

5. Making a PAYE Assessment

5.1. Issuing of a notice of assessment

Section 990(1) TCA 1997 provides for both -

- the making of an assessment, and
- the serving of a notice of that assessment on the relevant employer,

by Revenue as regards the income tax that the employer is liable to remit.

Section 990(2) TCA 1997 allows Revenue to amend an assessment. Where Revenue forms the view that the amount assessed is incorrect, Revenue may increase or decrease the assessment and notify the employer accordingly.

Section 990(3) allows an employer to appeal a notice of assessment to the Appeal Commissioners within 30 days of the date of the notice.

Section 990(4) TCA 1997 allows Revenue to extend an assessment or amended assessment to two or more income tax months (i.e. calendar months).

5.2. Who can make a PAYE assessment?

Section 990(1) TCA 1997 enables an inspector, or other officer as the Revenue Commissioners may nominate for the purposes of section 990, to make a PAYE assessment.

5.3. Appeal against a PAYE assessment

An employer may appeal a notice of assessment within 30 days of the date of the notice. After those 30 days, if no notice of appeal is received, or if there is an appeal, on determination of the appeal, any amounts due shall be recovered as if they had been a Schedule E assessment on the employer.