Who must file a tax return and self assessment under full self-assessment?

Part 41A-01-01

Document last reviewed September 2017

Table of Contents

A more recent version of this manual is available.

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Introduction

A chargeable person must comply with the full self assessment regime provided for in Part 41A of the Taxes Consolidation Act (TCA) 1997.

1. Who is a chargeable person?

Under section 959A of the TCA 1997, a chargeable person for self-assessment purposes is a person who is chargeable to tax on that person's own account or on another person's account in respect of a chargeable period.

However, section 959B, which contains a number of exceptions to the general rule in section 959A, provides, inter alia, that an individual is not a chargeable person for a tax year where, for that year, he or she is in receipt of:

- PAYE income only, or
- PAYE income and income from non-PAYE sources (e.g. trading income, rents, dividends, and deposit interest), where the total non-PAYE income assessable to tax–
  - does not exceed €5,000 (€3,174 for 2015 and prior years), and
  - is taken into account in determining the individual's tax credits and standard rate cut-off point or is taxed at source under section 261 TCA 1997 (deposit interest subject to DIRT).

For the purposes of section 959B(1)(a), Revenue may, in considering whether non-PAYE income should be taxed under the PAYE system, take account of an individual's gross income from non-PAYE sources. In this regard, an individual whose gross non-PAYE income from all sources exceeds €30,000 (€50,000 for 2015 and prior years) is regarded as a chargeable person notwithstanding that his or her assessable income from non-PAYE sources does not exceed €5,000 (€3,174 for 2015 and prior years).

This exception to the general rule does not apply to directors of trading companies or to their jointly assessed spouses or civil partners.

Note: An individual whose non-PAYE income is nil due, for example, to an allowance which reduces his or her taxable profits to zero is a chargeable person, as nil profits cannot be taxed through the PAYE system.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[…]

A more recent version of this manual is available.

1.1. What is taken into account in applying the income threshold of €5,000?

As noted above, section 959B(1)(a) provides that an individual who has PAYE and non-PAYE income is not a chargeable person for a tax year if the non-PAYE income does not exceed €5,000[1].

Section 3 TCA 1997 defines ‘total income’ as “total of income from all sources……”. Various amounts, such as payments under deeds of covenants[2], are deductions in computing total income.

When considering whether or not the €5,000 threshold is met, the income from each source of non-PAYE income which, based on the definition of total income is the amount assessable to tax in respect of each such source, is calculated. For the purposes of applying the threshold, no account is taken of any of the deductions that are made in computing total income. Therefore, for each source of non-PAYE income it is necessary to determine:

i. the profits or gains for a year of assessment, then

ii. the profits or gains which are to be charged to tax (capital allowances are usually taken into account at this point) and then

iii. the profits which are assessed to tax (losses forward are usually claimed at this point).

An individual whose aggregate assessable profits from each source of non-PAYE income does not exceed €5,000, where those profits are taxed either under the PAYE system or at source under section 261, is not a chargeable person for the tax year in question.

1.2. What is taken into account in examining the gross income threshold of €30,000?

The gross income from non-PAYE sources is taken to mean the total profits or gains for a year of assessment (as calculated at point i. in paragraph 1.1 above) for all such sources.

1.3. Excluded income

Payments from the Department of Social Protection and legally enforceable maintenance payments received are not taken into account for the purposes of either income threshold.

2. Having regard to previous years

Section 959B(1) provides that in deciding whether or not non-PAYE income is to be taken into account in determining tax credits and the standard rate cut-off point for a tax year for PAYE purposes, Revenue may have regard to the amount of such income for the year in question or previous years. If an individual is a chargeable person in one year in relation to a source or sources of income, then regardless of the amount of that income in subsequent

[1] The threshold is €3,174 for 2015 and prior years.
[2] See section 792

A more recent version of this manual is available.

years, that individual will continue to be a chargeable person so long as those sources of income continue to exist.

3. Jointly assessed cases

In the case of married couples or civil partners who are jointly assessed, the income thresholds are applied to the joint non-PAYE income of both spouses or civil partners. In the case of married couples or civil partners who opt for separate assessment or single treatment, the thresholds are applied separately to each spouse or civil partner.

Also relevant:

ST-IT/1/93 re proprietary directors

A more recent version of this manual is available.