

Taxation News

Revenue Publishes Headline Results for 2019

The Revenue has published preliminary headline results for 2019 including tax and duty collected, services provided to customers, timely compliance rates, and yield from a range of compliance and enforcement interventions. Data arising from the successful reform of the Pay As You Earn (PAYE) system and Revenue's support for preparations by trade and business for Brexit were also published.

The preliminary results tell us that Revenue collected €58.4 billion in taxes and duties, income tax was the highest followed by VAT and Corporation Tax. The Revenue collected €15.5 billion for other Departments and Agencies including €12.244 million on behalf of the Department of Employment and Social Protection and Local Property Tax of €473 million on behalf of Local Authorities.

During 2019 the Revenue completed over 567,000 compliance interventions with a yield of €547 million. High levels of compliance were maintained, with 98 percent timely compliance for large and medium taxpayers and 89 percent for others.

The full 2019 headline results including a results infographic can be viewed at www.revenue.ie.

Membership Fees paid to Professional Body by an Employer – Tax Treatment.

In January 2020, Revenue updated the Tax and Duty Manual (Part 05-02-18) <https://www.revenue.ie/en/tax-professionals/ebrief/2020/no-> in relation to deduction of expenses in respect of annual membership fees paid to a professional body by an employer in respect of an employee.

The updated manual includes the already established guidance – that for a deduction to apply the expense must be wholly, necessarily and exclusively incurred in the duties of his/her employment. Where membership fees meet these criteria, the payment may be made by the employer without deduction of income tax, PRSI or USC.

Prior to this update Revenue were guiding that the following circumstances would be regarded as meeting the required criteria:

1. Where there is a statutory requirement for an employee to be a member of a professional body.
2. Where statutory provisions restrict the ability of an individual to fulfil the full duties of an employment unless s/he is a member of a relevant professional body.

Revenue, in the latest update have added two new circumstances where such expenses may be regarded as meeting the wholly, necessarily and exclusively test, i.e.

1. Where annual professional membership fees are commercially necessary.

Examples provided by Revenue include:

- a. where failure for an employee to hold a professional membership (or a practicing certificate) would invalidate the employer's indemnity insurance policy; and
- b. where failure would prevent potential customers from doing business with the employer.

2. Where being a member of a professional body is an indispensable condition of the tenure of the employment.

To meet this test, all the following conditions must be met:

- a. The duties require the exercise of the occupation/profession to which the membership fee refers;
- b. The employee actually exercises or practices the relevant profession; and
- c. Membership of the professional body is an indispensable condition of the tenure of the employment.

In relation to the last condition, Revenue provide indicators which would suggest the condition is met – and more than one indicator should be met to qualify.

The indicators are:

- a. If the requirement is included in the relevant employment contract;
- b. If all staff in the same role are required to hold the particular membership (or certificate);
- c. If the staff member would be dismissed or transferred if s/he:
 - a. Did not acquire the membership (or certificate)
 - b. Did not hold such membership (or certificate)
 - c. Failed to maintain the membership (or certificate).
- d. If job advertisements for the same role require the membership (or certificate) to be held.

Members are reminded that generally Revenue will only allow one membership subscription per individual to be allowed as a deductible expense.

Changes to USC Threshold as a result of the increase in the National Minimum Wage

As a result of the decision in December 2019 to increase the National Minimum Wage, Minister Donohoe has announced a consequential change to the USC threshold which will see the current ceiling of the 2% rate raised from €19,874 to €20,484.

The change will be legislated for as part of the Finance Bill 2020 through amending Section 531AN Taxes Consolidation Act, 1997. In the interim, the Revenue Commissioners have agreed that this will be implemented on an administrative basis for the 2020 tax year.

Although the purpose of the change is to ensure that minimum wage workers receive the full value of the national

minimum wage increase, all individuals with income over €19,874 will benefit from the measure as they will have more income subject to the 2% rate rather than the 4.5% rate.

The maximum benefit per person is €15.25 per annum or 29c per week.

Source: gov.ie