

Taxation News

e-Working and Tax

Thousands of workers across Ireland are currently working from home as a result of the restrictive measures announced by Government to combat the spread of Covid-19. Tax and Duty Manual Part 05-02-03 – eWorking and Tax has been updated and clarifies that the current Government recommendations for employees to work from home meet the conditions in order to claim relief.

Employers can pay eligible employees up to €3.20 per day without deduction of PAYE, PRSI or USC. Any amount paid by an employer in excess of €3.20 should be subjected to tax in the normal manner.

Where the e-worker is not paid by the employer the employee can claim a deduction under Section 114 Taxes Consolidation Act 1997 in respect of vouched expenses incurred wholly, exclusively and necessarily in the performance of the duties of their employment. Finally, where your employer pays the €3.20 tax-free amount to you, but your costs exceed this amount, you can still claim tax relief on the balance.

source: www.revenue.ie

Taxation of the Pandemic Unemployment Payment

The Pandemic Unemployment Payment was introduced by Government for employees and the self-employed who have lost their job, on or after 13th March 2020, due to the Covid-19 (coronavirus) pandemic.

The payment is paid at a flat rate of €350 per week for the duration

of the crisis, having originally been set at a rate of €203 per week and subsequently increased by Government on 24th March 2020.

In general, payments from the Department of Employment Affairs and Social Protection are taxable sources of income unless they are specifically exempt from tax. The Revenue Commissioners have indicated that the Pandemic Unemployment Payment will be treated as a taxable source of income.

Late Submission of Corporation Tax Returns – Restriction of Reliefs

Under Section 1085 Taxes Consolidation Act 1997 claims to a number of reliefs, including loss relief and group relief, are restricted where a Corporation Tax return is not submitted on time. The amount of the restriction is generally computed by reference to the length of the delay in filing the return.

The restriction is computed as a percentage of the relief that would otherwise be available, subject to a

maximum restriction depending on the length of the delay in filing.

The Revenue Commissioners have updated Tax and Duty Manual Part 47-06-04 to confirm that where a Corporation Tax return, in respect of an accounting period ending 30 June 2019 onwards and due by 23 March 2020 onwards, is filed late due to Covid-19 circumstances certain restrictions, including loss relief and group relief, will not be restricted as required by Section 1085 Taxes Consolidation Act 1997.

source: www.revenue.ie

Revenue confirms 'warehousing' of Covid-19 related tax debt for businesses

The Minister for Finance, Paschal Donohoe TD, announced a further range of economic measures to support businesses in response to the Covid-19 pandemic. The measures include legislating to permit the Revenue Commissioners to warehouse VAT and Payroll tax debt that arose as a result of the Covid-19 related restrictions.

The Revenue Commissioners have assured businesses severely impacted by Covid-19 that they will continue to work with them to agree payment arrangements that support the capacity of the business to resume trading, post Covid-19. While at the time of writing (Early May 2020) some of the finer details of these warehousing measures are still to be worked out, the Revenue

Commissioners have confirmed that

- Covid-19 related Vat and Payroll tax debts, due from 1 March 2020 to the date when sectoral restrictions are lifted, will be parked for a period of twelve months;
- No interest will accrue on the tax debts during the twelve-month period;
- Thereafter, the Covid-19 related tax debts will carry a reduced rate of interest of 3% (down from 10%), until the debt is paid; and
- The timeframe allowed to pay the 'warehoused' debt will be flexible and determined by the ability of the business to pay both Covid-19 related debts as well as meeting its ongoing tax liabilities as they arise

It should be noted that in order for the warehousing arrangement to apply, all returns must be filed in accordance with Revenue guidance that has applied since the start of the Covid-19 pandemic.

source: www.revenue.ie