

# Taxation News

## e-Working and Tax

As a result of the ongoing impact of the Covid-19 pandemic, including the level 5 restrictions in place at the time of writing this piece, many of us continue to work from home in accordance with Government advice.

Tax and Duty Manual Part 05-02-13 – e-Working and Tax provides guidance to remote workers (e-workers) on claiming Income Tax relief for expenses incurred (e.g. light & heat, broadband etc.) during periods of remote working. The Revenue Commissioners have recently issued updates to the manual which include clarification on the apportionment of claims where an expense is shared, the treatment of expenses incurred on capital items (e.g. laptops and office equipment) and that the normal place of work during Covid-19 is the office.

Revenue have also confirmed that they are willing to accept claims for Income Tax relief by remote workers for thirty percent of the cost of broadband, apportioned on the basis of the number of days worked from home during the year. This concession commences in the tax year 2020 and will run for the duration of the pandemic.

Source: [www.revenue.ie](http://www.revenue.ie)

## Deferral of LPT revaluation date

The Government has recently announced that the valuation date for Local Property Tax (LPT) has been deferred from 1st November 2020 to 1st November 2021 as a result taxpayers will not be faced with increased LPT bills for 2021.

The deferral of the valuation date will be given effect by a ministerial order under the Finance (Local Property Tax) Act 2012, as amended. The Minister will advance legislative proposals early in 2021 to implement the commitments in the Programme for Government in relation to LPT.

Source: [www.gov.ie](http://www.gov.ie)

## Tax Debt Warehousing

As part of the Government's response to the impact that the Covid-19 pandemic was having, and continues to have, on the trading environment and cashflow of businesses a tax debt warehousing scheme was introduced. The scheme allowed for the 'warehousing' of unpaid VAT and PAYE (Employer) debts arising from the Covid-19 pandemic.

As part of Budget 2021 the scheme has been extended to incorporate the balance due on 2019 income tax liabilities and 2020 preliminary tax. The draft provisions to extend the scheme to Income Tax are contained in Section 63 of the Finance Bill 2020.

The warehousing of income tax applies to any self-assessed taxpayer who expects their income for 2020 will be at least 25% lower than their income for 2019. In order to access the scheme a taxpayer must make a declaration, at the time of filing their income tax return for 2019, that:

- They estimate that their total income for 2020 will be less than 75% of their total income for 2019; and
- The decrease in total income is as a consequence of the effects of restrictions provided for in the regulations made under sections 5 and 31A of the Health Act 1947.

Where a taxpayer did not meet 2019 Preliminary tax requirements, the option to warehouse the 2019 Income Tax balance is not available. However, this debt qualifies for the 3% phased payment arrangement, where the taxpayer applies before the 10th December 2020.

Similar to VAT and PAYE (Employer) debts, the Income Tax Warehousing Scheme contains three distinct periods:

- **Period 1:**  
a set date 31st October 2020 for customers filing a paper return or 10th December 2020 for customers filing through ROS;
- **Period 2:**  
a period of one year commencing immediately at the end of period 1;
- **Period 3:**  
a period of indefinite duration commencing at the end of period 2.

No interest is charged in periods 1 or 2 with a reduced rate of 3% applying to warehoused debt from the commencement of period 3 until the date the debt is discharged.

The legislative provisions also allow for the warehousing of income tax for 2021 (balance due for 2020 and preliminary tax for 2021) where a taxpayer experiences a 25% reduction in their income for 2021 when compared to their income in 2019.

Taxpayers availing of the warehousing scheme will be required to comply with requirements in relation to the filing of returns and paying other liabilities in full and on time. Participating in the scheme will not impact on a taxpayer's ability to obtain tax clearance.

Where the filing of the 2020 Income Tax return shows the taxpayer did not meet the requirement for a 25% reduction in income, the debt will be removed from warehousing, and the due date will revert to 31st October 2020 for both the 2019 and 2020 Income Tax returns and full statutory interest will apply.

The above information is based upon the proposed legislation contained in the Finance Bill 2020, which at the time of writing had completed First Stage in Dáil Éireann.

Source: [www.revenue.ie](http://www.revenue.ie)