



Taxing Times: Deadline for filing Income Tax Returns

It will shortly be that time of the year when the Revenue remind us that the deadline for filing income tax returns is fast approaching. But who should file a return and what must you do?

Who should file?

Most people think that only self employed individuals need to file a tax return; however this is not the case as it applies to every “chargeable person”. So who is a chargeable person?

A chargeable person includes, inter alia:

1. Self employed individuals.
2. Company proprietary directors (i.e. those who own more than 15% of the ordinary share capital of a company) even if all of their income is taxed under the PAYE system. This also applies to those on joint assessment where the spouse is a proprietary director.
3. PAYE workers in receipt of non-PAYE income, subject to a few exceptions, the most common being when the tax due on the non-PAYE income is collected through the PAYE system by coding it against the individual’s tax credits.
4. An Irish resident who, either directly or indirectly, opens a foreign bank account or acquires an interest in an offshore product, e.g. a foreign life policy, is a chargeable person for that year.
5. A person chargeable to income tax on a gain arising from a right (e.g. exercise of a share option) is a chargeable person for that year.
6. Non-residents with income arising in Ireland, e.g. rental income.

Individuals who are not chargeable persons are not obliged to file a return. However if you are entitled to additional tax relief or allowances, you may need to file a return.

What must you do?

A chargeable person must file their 2014 Income Tax Return and pay any balance of tax due for the 2014 tax year by 31st October 2015. However if you ROS file (i.e. on-line) you can avail of the extended deadline of 12th November 2015 but you must also pay your liability on-line, to avoid incurring interest and surcharges.

Failure to file on time will result in a surcharge of 5% of the amount of tax due, if filed within two months of the deadline. Thereafter the surcharge increases to 10% of your tax liability. Interest will also arise for every day that the liability is outstanding.

It is particularly important for proprietary directors to file on time. Even though their tax may be deducted through the PAYE system with no further income tax liability, a surcharge for late filing is calculated on the tax due before credit is given for the PAYE paid.

In addition to filing the 2014 Income Tax return and payment of any liability by the deadline date, a chargeable person is also required to make a Preliminary Tax payment by this date, for the 2015 income tax year. There are minimum requirements for preliminary tax, and it is important to meet these requirements as underpayments will result in interest charges.

To complete an income tax return a chargeable person must include all sources of income, benefits and other information in relation to foreign banks accounts opened, assets acquired or disposed of, etc.

The return also includes all claims for tax credits, relief's and allowances which can include:

- Personal credits
- Other credits including age credit, home carer, etc.
- Medical Expenses Relief – which now allow relief for expenditure incurred on behalf of another individual including non-family
- Permanent Health Insurance
- Third Level Tuition Fees Credit
- Donations to approved sports bodies
- Pension Contributions

Capital Gains Tax (CGT)

Whilst a chargeable person is required to include details of any capital disposals in their income tax return, all individuals are required to file a CGT return in any year that they make a capital disposal. Whilst the filing deadline for CGT is similar to those for income tax the payment dates are different.

Important Dates for Capital Gains Tax:

Asset Disposals Date between:

1st January 2015 to 30th November 2015

1st December 2015 to 31st December 2015

Tax Must be Paid by:

15th December 2015

31st January 2016

This article is intended for information purposes only. Professional advice should be sought before acting on any issue covered in the article.

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