A guide to self-assessment

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Overview

This section explains the basic principles of the self-assessment system as it applies to Income Tax (IT).

There is information about:

- Capital Gains Tax (CGT) in the CGT section.
- Corporation Tax (CT) in the Companies and charities section.

Under self-assessment there is a common date for the payment of tax and filing of tax returns. You must file your tax return on or before 31 October in the year after the year to which the return relates.

This system, which is known as:-

- Pay and File requires you to:
- file your return for the previous year
- make a self-assessment for that year
- pay the balance of tax for that year
- pay preliminary tax for the current year.

You must self-assess when filing your annual tax return. An exception is made where you file a paper return on or before 31 August in the year after the year to which the return relates.

For more information on filling out the Form 11, please see Filing your tax return

Most individuals must file their Form 11 online, through the Revenue Online Service (ROS). There is more information on Mandatory electronic payment of taxes and filing of tax returns in the Starting a Business section.

Who should register for Income Tax self-assessment?

You should register for Income Tax self-assessment if:

- you are self-employed
- your only or main source of income is:
    - rental income
    - investment income
    - foreign income including
    - foreign pensions
    - maintenance payments
    - fees that are exempt from PAYE

- you have profited from share options or share incentives.

You do not need to register for self-assessment if:

- you only have PAYE income
  or
- your taxable non-PAYE income does not exceed €5,000 and your gross non PAYE income does not exceed €30,000. That income must be coded for PAYE purposes. 'Coded' means the income is taken into account in calculating your tax credits and standard rate cut-off point for PAYE purposes. In this case, you must submit a Form 12 online through PAYE Services in my Account

You can register for self-assessment by using the eRegistration service or completing part A and part B of Form TR1

What is preliminary tax?

Preliminary tax is your estimate of the Income Tax, Pay Related Social Insurance (PRSI) and Universal Social Charge (USC)
that you expect to pay for a tax year. You must pay this by31 October of the tax year in question.

You must make sure that you do not under pay your preliminary tax, or you may be charged interest. The amount of preliminary tax for a year must be equal to, or more than, the lowest amount of the following:

- 90% of the tax due for that tax year
- 100% of the tax due for the immediately previous tax year
- 105% of the tax due for the tax year preceding the immediately previous tax year (often called the 'pre-preceding year'). This option only applies where you pay by direct debit.It does not apply if the tax due for the pre-preceding year was nil.

For late payments, you will be charged interest for each day (or part of a day) past the deadline.

How to pay preliminary tax

You can pay your preliminary tax through:

- Revenue Online Service (ROS - by a ROS Debit Instruction (RDI) using a bank account, or by debit or credit card
- myAccount by a once off debit, a 'Single Debit Instruction', using a bank account or by debit or credit card
- direct debit - application should be made online through ROS using the direct debit link on the My Services screen.

Note
Only VISA and MasterCard debit and credit cards are acceptable.

Pay and file system - how does it work?

By 31 October in a tax year, you must:

- pay your preliminary tax for that year
- file your tax return and self-assessment for the previous tax year
- pay any balance of tax due for the previous year.

For example, by 31 October 2020 you must:

- pay your preliminary tax for 2020
- file your 2019 self-assessment tax return
- pay any Income Tax (IT) balance for 2019.

When you pay and file through the Revenue Online Service (ROS), the 31 October deadline is extended to mid November. The due dates for Capital Gains Tax (CGT) are different to those for IT. To avoid interest charges, please ensure you file by the correct due date.

You can amend any errors on your tax return through ROS. If you have filed a paper copy, please contact your Revenue Office to make any necessary amendments to your return.

You will have to pay a surcharge if you send your tax return after the deadline, as follows:

- within two months of the filing date: 5% of your tax due, up to €12,695
- over two months: 10% of your tax, up to €63,485.

Note that even if you pay and file on time for IT, a 10% surcharge may apply if your Local Property Tax (LPT) obligations are not met.

What forms do you need to complete?

Income Tax (IT)

To make an IT return, use the Revenue Online Service (ROS) to complete a Form 11.

As part of that form, you must also make a self-assessment. You do this by completing the self-assessment panel in the Form 11. In this panel, you will enter:

- a breakdown of your income, profits and costs for the year
- the amount of IT, Pay Related Social Insurance (PRSI) and Universal Social Charge (USC) you need to pay.

Capital Gains Tax (CGT)

To make a CGT return, complete the CGT panel in the Form 11. If you do not need to make an IT return you can complete Form CG1.

How do you know what to pay?

Income Tax (IT)

When you complete your IT return using Revenue Online Service , the tax you must pay will be calculated and shown to you. This calculation will form the basis of your self-assessment.

You may submit your IT return on a paper Form 11. If you do, Revenue will send you a notice of assessment. The notice of assessment will show the amount of tax you must pay.

Capital Gains Tax (CGT)

You must work out the amount of CGT you owe, seeHow to calculate CGT
to help you do this.

Do you need to pay 'Pay Related Social Insurance' (PRSI)?

You must pay PRSI if you are self-employed and you meet the following two requirements:

- you have a minimum annual income of €5,000
- you are aged between 16 and 66.

Your PRSI is calculated on your gross income once any capital allowances have been deducted. If you are self-employed, you usually pay PRSI at Class S. This rate is 4% of your gross income, with a minimum payment of €500.

For more details on PRSI for the self-employed and your welfare entitlements, see the Department of Employment Affairs and Social Protection (DEASP) website.

High Income Earner Restriction (HIER)

This restriction limits the use of tax reliefs and exemptions by high income individuals.

The restriction may apply to you if:

- your income is greater than or equal to €125,000 - less if there is ring-fenced income (income that is normally liable to tax at a specific rate), such as Deposit Interest Retention Tax (DIRT)
- your total reliefs are greater than €80,000
- the aggregate of your specified reliefs used are greater than 20% of your adjusted income.

For more information on this restriction refer to Part 15 of the Income Tax manual. Here you will find a complete list of all restricted reliefs and exemptions. You will also learn how to calculate the amount of extra Income Tax you must pay.

If you are subject to HIER you must:

- include the details on your Form 11, which you file through the Revenue Online Service (ROS)
- submit a calculation of the restriction on a Form RR1, which you access through the ROS Form 11 Restriction of Reliefs panel.