Income Levy

Frequently Asked Questions

Revenue

14 January 2009

Contents

1. Income Levy General provisions

1.1 What is the income levy?

The income levy, which came into effect on 1 January 2009, is a levy payable on gross income before any relief for any capital allowances, losses or pension contributions.

1.2 Who is liable for the income levy?

All individuals are liable to pay the income levy if their gross income exceeds the threshold of €18,304 p.a., or if they exceed the income exemption limit of €20,000 p.a. for an individual aged 65 or over.

1.3 Are there exempt categories?

Yes.

- Where an individual's income for a year does not exceed €18,304 p.a.
- Full medical card holders - see section 2.4
- Social welfare payments are also excluded
- Individuals aged 65 or over whose annual income does not exceed €20,000
  At the end of the year, a refund of any income levy paid will be due from Revenue where a married couple:
  - is taxed under joint assessment, and
  - one or both of whom are aged 65 or over in the year, and
  - has combined gross income from all sources of less than twice the single threshold (2 x €20,000)
    See section 2.3 and 2.21

1.4 What income is exempt from the income levy?

- all social welfare payments including social welfare payments received from abroad
- payments that are made in lieu of social welfare payments such as Community Employment Schemes paid by the Department of Enterprise and Employment or Back to Education Allowance paid by the Department of Education. [Appendix A contains examples of these types of payments]
- income below €18,304 p.a.
- income subjected to DIRT,
- and the income sources listed in Appendix B

1.5 Will the income levy apply to non-domiciles?

If they have income from Ireland or income sourced from Ireland they will pay the income levy on it the same way as they currently pay income tax on it.

1.6 I am a non-resident director – will I be liable to pay income levy?

Directors fees paid by an Irish company to a non-resident director will be subject to the levy.

1.7 What are the rates and thresholds of the income levy

Income Thresholds			
Per Year	**Per Week**	**Per Month**	**Rate of Income Levy**
Up to €100,100	Up to €1,925	Up to €8,342	1%
Between €100,101 and €250,120	Between €1,925 and €4,810	Between €8,342 and €20,844	2%
In excess of €250,120	In excess of €4,810	In excess of €20,844	3%

1.8 Is the higher % being charged on all earnings or just on the earnings over the relevant threshold?

The 2% levy is charged on income earned between €100,101 p.a. and €250,120 p.a. and the 3% is being charged on income earned in excess of €250,120 p.a.

1.9 How is the income levy collected?

Employers are responsible for deducting the income levy from their employees' salaries. Self-employed individuals will make a payment of income levy along with their preliminary tax payment, and any balance will be collected when the final assessment issues

1.10 What income is liable for the income levy?

The levy is payable on gross income before relief for any capital allowances, losses or pension contributions.

Employers should note however that if any social welfare payments, for example, illness benefit, have been paid to an employee, or salary sacrifices have been made by the employee, the amount on which the income levy is calculated will differ. Therefore when recording gross pay, these amounts should be deducted and the total pay thereafter, including superannuation, should be used when calculating the income levy due.

1.11 Will redundancy payments be subject to the levy?

Statutory redundancy payments are exempt from the levy. Statutory redundancy payments amount to 2 weeks pay per year of service plus a bonus week subject to a maximum payment of €600 per week.

In addition, ex-gratia redundancy payments in excess of the statutory redundancy amount are exempt from income tax, and therefore also the income levy, up to certain limits. These limits are up to €10,160 plus €765 per complete year of service in excess of the statutory redundancy. The basic exemption as outlined above can be further increased by up to €10,000 if the person is not a member of an occupational pension scheme.

Any relevant emoluments paid which are in excess of these limits are subject to the income levy in accordance with section 531B (*as inserted by section 2 of Finance (No. 2) Act 2008*) of the Taxes Consolidation Act 1997. It should be noted that the income levy is charged after granting the statutory exemptions set out above, but before granting any additional relief or deduction for Standard Capital Superannuation Benefit (SCSB).

Following consultations regarding the above treatment, the Revenue Commissioners will now allow the same treatment for income levy purposes as applies for income tax purposes in relation to redundancy payments, as an administrative concession. That is, the income levy will be charged after granting any additional relief or deduction for Standard Capital Superannuation Benefit (SCSB). The Department of Finance will bring forward proposals for legislative change to support this concession in the next Finance Bill.

2. PAYE Taxpayers and the Income Levy

2.1 Are the first €18,304 p.a. earnings exempt (i.e. will the 1% levy be on income greater than 18,304 p.a. and less than €100,101 p.a.)?

No – once your income is greater than the minimum threshold above, you pay the levy on the full amount of your income.

2.2 I'm over 65 years and my income is €25,000 is the first €20,000 exempt?

Once your income exceeds the €20,000 p.a. threshold (385 per week / €1,667 per month), you are liable to pay the levy on the full amount of your income on a week1 / month 1 basis. Your income for income levy purposes is determined after excluding any social welfare or similar type income.

2.3 My spouse and I are both over 65 and taxed under joint assessment– are we exempt from the income levy?

Each spouse is treated individually by their employers/pension providers throughout the year. Where the individual is aged 65 or over the €20,000 exemption is applied by their employer/pension provider on a pay period by pay period basis.

At the end of the year, a refund of any income levy paid will be due from Revenue where a married couple:

- is taxed under joint assessment, and
- one or both of whom are aged 65 or over in the year, and
- has combined gross income from all sources of less than twice the single threshold (2 x €20,000). Gross income for this purpose does not include income from social welfare or similar type payments.

Example:
Spouse A, aged 67, has income of €23,000 in 2009. As this income exceeds the €20,000 threshold the full income is subject to the income levy. Their employer/pension provider will apply the levy at 1%.

Spouse B, aged 66, has income of €10,000 in 2009. As this income is below the €20,000 threshold no levy is applied.

At the end of 2009 the couple, who are taxed under joint assessment, have combined gross income of €33,000 which is less than twice the single threshold (2 x €20,000). They can apply to Revenue for a refund of any income levy deducted throughout 2009.

2.4 I have a medical card – do I pay income levy on my wages?

Persons entitled to a full medical card are specifically excluded from the income levy.

The exemption exists for people who hold a full medical card. It does not exist for people who hold a GP only medical card. The individual does not need to hold the full medical card for the full year to qualify for the exemption. For example, the card may be issued to the individual in December but the individual is still entitled to the exemption for the full year in question. The individual should supply sufficient evidence to their employer/pension provider that they hold a full medical card.

2.5 Given that my employer records my Social Welfare illness benefit after 6 weeks for tax purposes will I now have to pay the income levy on this benefit?

No. Social Welfare payments are not subject to the income levy.

2.6 How much per week can I earn before I become liable for the income levy?

There is a lower threshold of €18,304 p.a. or €352 per week where the income levy will not apply.

2.7 What happens when I exceed the weekly minimum threshold of €352?

Where the income exceeds the weekly minimum threshold of €352 the full income is subject to the income levy.

Where the income levy has been applied for particular pay period(s) throughout the year but the minimum threshold of €18,304 p.a. has not been exceeded at week 52 then no liability to the income levy arises. In this situation and provided you were in continuous employment with an employer throughout the year in question (for the full 52 weeks) your employer should make an adjustment at week 52 and refund all income levy deducted. Where you have not been in continuous employment with an employer throughout the year in question, Revenue, rather than your employer, will deal with any refund of income levy due.

2.8 I earn €50,000 per annum – what rate of income levy will I pay

An individual who is earning €50,000 p.a. will have a liability to the income levy at a rate of 1%.

2.9 I earn €80,000 and my spouse earns €120,000 - what rate will we pay?

You will pay the income levy at the 1% rate. Your spouse will pay 1% on income up to €100,100 p.a. and 2% on the balance.

2.10 If I get a bonus of €6,000 will the income levy apply at the 3% rate?

The income levy is calculated on a weekly threshold of 1% for income up to €1,925, 2% from €1,925 to €4,810, and 3% thereafter. An employee who gets a payment in an individual week in excess of the 1% or 2% thresholds will pay the income levy at the higher rate(s) on a week 1 basis.

Where the income levy has been applied for particular pay period(s) throughout the year but you are ultimately liable at either a lower rate or are exempt because you have not exceeded the thresholds at year end, you will have overpaid the income levy. In this situation, and provided you were in continuous employment with an employer throughout the year in question (for the full 52 weeks/12 months), your employer should make an adjustment at year end and refund any overpayment of income levy deducted. Where you have not been in continuous employment with an employer throughout the year in question, Revenue, rather than your employer, will deal with any refund of income levy due.

2.11 Are Occupational Pensions subject to the income levy?

Yes. Occupational Pensions are subject to the income levy. Social welfare pensions are not subject to the income levy.

2.12 Will the income levy effect tax credits?

The levy is a separate charge to income tax and there are no deductions or credits due against it. It is collected from gross income at the progressive rates. Excess or unused tax credits cannot be used to reduce an individual's liability to the levy

2.13 Am I allowed a deduction for pension contributions?

No deductions for pension contributions are allowed from gross income

2.14 My medical expenses are greater than my taxable income. Can I set the excess expenses against income levy or reduce my liability to reduce my liability to it?

Excess medical expenses which have not been set against income tax liability cannot be used to reduce liability to the income levy.

2.15 Are married couples who are jointly assessed allowed double the threshold limits?

No. The thresholds apply to each spouse individually and cannot be combined where one spouse is below the thresholds and the other above.

2.16 Short-term working arrangement Job Seekers benefit is not taxable. Will I now have to pay the 1% levy on it?

All payments from the Department of Social and Family Affairs, and payments made by other Departments which are similar to social welfare payments are exempt from the levy.

2.17 Should I pay the 1% income levy on travel expenses, etc?

Any expense payments which are only a recompense for expenses incurred in the performance of duties, are not subject to the levy. Allowances which are in the nature of pay and are part of an individual's gross income are subject to the levy.

2.18 If I change employment during the year and earn €50,000 with my first employer and €100,000 with my second employer will the 2% automatically kick in?

The 2% levy will apply where an individual's income for a year of assessment exceeds €100,100 p.a. Each employer is responsible for collecting the levy by reference to the gross income arising in their own employment only. Details of the levy are not carried forward from one employment to another. The income levy is collected on a week 1 basis. In circumstances where, in the aggregate of the income arising between the two employments, there is an underpayment of the levy, Revenue will identify this and make arrangements for the collection of the underpayment from the employee concerned.

2.19 Is it true that although I am exempt from income tax, I will have to pay the income levy?

An individual who has no liability to tax based on their entitlement to tax credits or by use of losses or capital allowances may still have a liability to income levy.

Similarly an individual whose income consists of exempt source income from occupation of certain woodlands, profits from stallion fees, stud greyhound services fees and farmland leasing, along with patent royalty income and earnings of certain writers, artists and composers, will be subject to levy on any or all of these income sources.

2.20 I am a single person and will be 65 years old in May 2009. Am I entitled to the €20,000 exemption for all of 2009?

Yes. If a person reaches 65 years at any stage during the year they are entitled to the €20,000 exemption for the whole year.

2.21 I am 65 years old and my spouse is 61. What exemptions are we entitled to?

Each spouse is treated individually by their employers/pension providers throughout the year with the appropriate income levy exemptions being applied based on their personal circumstances. Where the individual is aged 65 or over, the €20,000 p.a. (€385 per week/€1,667 per month) exemption is applied by their employer/pension provider on a pay period by pay period basis. Where the individual is under 65, the €18,304 p.a. (€352 per week/€1,526 per month) exemption is applied by the employer on a pay period by pay period basis - where the €18,304 exemption threshold is exceeded, the full income is subject to the income levy.

At the end of the year, a refund of any income levy paid will be due from Revenue where a married couple:

- is taxed under joint assessment, and
- one or both of whom are aged 65 or over in the year, and
- has combined gross income from all sources of less than twice the single threshold (2 x €20,000). Gross income for this purpose does not include income from social welfare or similar type payments.

Example 1:
Spouse A, aged 65, has income of €15,000 in 2009. As this income is below the €20,000 threshold no levy is applied.

Spouse B, aged 61, has income of €24,000 in 2009. As this income exceeds the €18,304 minimum exemption the full income is subject to the income levy. Their employer will apply the levy at 1%.

At the end of 2009 the couple, who are taxed under joint assessment, have combined gross income of €39,000 which is less than twice the single threshold (2 x €20,000). They can apply to Revenue for a refund of any income levy deducted throughout 2009.

Example 2:
Spouse A, aged 65, has income of €15,000 in 2009. As this income is below the €20,000 threshold no levy is applied.

Spouse B, aged 61, has income of €50,000 in 2009. As this income exceeds the €18,304 minimum exemption the full income is subject to the income levy. Their employer will apply the levy at 1%.

At the end of 2009 the couple, who are taxed under joint assessment, have combined gross income of €65,000 which is more than twice the single threshold (2 x €20,000). No refund of the income levy is due in this case.

2.22 I have just left my job and my employer has given me an Income Levy Certificate along with my form P45. What do I do with the Income Levy Certificate?

Your employer gave you the income levy certificate as your own personal record of the amount of income levy deducted while in that employment. You need not do anything with this certificate. Just keep it safely. It should not be sent to Revenue or given to your new employer when you commence another employment.

2.23 What if I have overpaid the income levy? How can I claim a refund?

The income levy is calculated on a pay period by pay period basis. Where the income levy has been applied for particular pay period(s) throughout the year but you are ultimately liable at either a lower rate or are exempt because you have not exceeded the thresholds at year end, you will have overpaid the income levy. In this situation you will be due a refund of some or all of any income levy paid. Where you have been in continuous employment with an employer throughout the year in question (for the full 52 weeks/12 months), your employer may refund any overpayment of income levy deducted at year end. Where you have not been in continuous employment with an employer throughout the year in question, Revenue, rather than the employer, will deal with any refund of income levy due at year end.

3. Self Assessed Taxpayers and the Income Levy

3.1 How will the income levy be collected?

Self-employed taxpayers have responsibility for operating the levy in respect of all income sources. They will make a payment of income levy along with their preliminary tax payment, and subject to the correct amount of preliminary tax being paid, the balance is payable when the return is filed.

3.2 I am self-employed – how do I calculate gross income for purposes of the income levy?

Gross income is determined after deduction of legitimate expenses directly associated with the performance of the trade. This is in accordance with the normal principles of commercial accounting.

3.3 Can expenses be deducted?

Legitimate expenses directly associated with the performance of the trade can be deducted before the levy is applied. This is in accordance with the normal principles of commercial accounting.

3.4 Am I allowed to deduct capital allowances?

No deductions for capital allowances are allowed from gross income

3.5 Am I allowed to deduct losses?

No deductions for losses are allowed from gross income

3.6 Are exempt sources of income liable for the income levy?

An individual whose income consists of exempt source income from occupation of certain woodlands, profits from stallion fees, stud greyhound services fees and farmland leasing, along with patent royalty income and earnings of certain writers, artists and composers, will be subject to income levy on the sources above – subject to the relevant thresholds.

4. Employers and the Income Levy

4.1 As an employer, what are my responsibilities in relation to the collection and remittance of the income levy?

- Identify "Gross Income" as defined
- Deduct the levy from this income at the appropriate rates
- Pay the total amount of the income levy deducted from your employees on form P30 to the Collector General – the income levy amount is to be included with figure for PAYE on form P30.
- At end of year give details of the income levy on form P35L – see section 4.12

4.2 Who is responsible for deducting and returning the income levy?
Employers have responsibility for operating levy in relation to payments they make to their employees. They will deduct and pay the income levy to the Collector General on behalf of employees.

4.3 I am an employer – when do I pay this levy?

Employers should pay the income levy to the Collector General at the same time and in the same manner as the deductions under the PAYE system.

4.4 If the employer is responsible, what will the penalty be if the income levy is not correctly administered?

Penalties similar to those that apply where the employer fails to operate PAYE correctly will apply for failure to operate the levy.

4.5 Will there be an interest charge for late payment of the income levy?

Yes. Interest will be payable on late payments of the income levy to the Collector General.

4.6 If all earnings are taken into account, how does an employer know what an employee may earn in another employment to determine which income levy % should be applied?

The employer is only responsible for deducting the income levy from income, including notional pay, which he or she is paying to an employee. They are not required to take account of income arising from other sources.

4.7 Are social welfare payments added to income to determine whether the income levy will be charged or not?

Social welfare payments are exempt from the levy.

4.8 Is calculation of the income levy different from calculation of PAYE & PRSI?

- The calculation is separate to PAYE and PRSI and is based on gross income as defined

- The income levy is collected on a stand-alone basis for each employment

- The income levy is collected on a week 1 basis within each employment.

4.9 For employers using Direct Debit, should their amounts be increased, to take account of the income levy?

Yes. Direct Debit amounts should be revised to take account of levy payments.

4.10 What records should employers keep regarding the income levy?

Employers should keep the following records in relation to the income levy for each employee for each year:

- Amount of emoluments liable to income levy
- Amount of income levy deducted from each payment made
- Total amount of income levy deducted.

4.11 Should pay-slips record the income levy details separately?

Yes. Details of the income levy should be recorded separately on payslips.

4.12 What revisions to forms will be made to cater for the income levy?

The following forms will be revised to allow for reporting of the income levy (and parking levy where appropriate).

P30
Include Income Levy in PAYE figure
Include Parking Levy in PRSI figure

P35 Declaration payslip – there is no change to the number of fields. Within those fields are the following changes:

Field	Current P35	P35 will be changed to:
A	Total Tax Liability	Total Tax plus Total Income Levy
B	Total PRSI Liability	Total PRSI plus Total Parking Levy
C	Total A + B	No change
D	Total Tax Paid	No change
E	Claimed Refund	No change
F	Amount Payable	No change

Guidelines on the P35 declaration will be changed to reflect inclusions in the relevant fields.

P35 L

Two additional fields per employee:
1. Gross Pay (including Superannuation)
2. Total Income Levy

P35 LT

Two additional fields per employee:
1. Gross Pay (including Superannuation)
2. Total Income Levy

P35 LF

Two new Parking Levy Fields:
1. Total number of employees that contributed to Parking Levy Fees
2. Total amount contributed to Parking Levy Fees

Three new Income Levy fields:
1. Total Income Levy at 1%
2. Total Income Levy at 2%
3. Total Income Levy at 3%

Form P60 will also be revised in 2009.

4.13 Income Levy Certificate on cessation of employment

When an employee ceases employment the employer should issue an Income Levy Certificate to the employee together with form P45. It is not necessary to send a copy of this certificate to Revenue. It is for the employee's own records. The information detailed on this certificate will be for 'this employment only'. Where an individual had more than one period of employment with the same employer in the year the certificate will state the income levy information in respect of the latest period of employment only. The individual will be given an income levy certificate each time they cease employment. This will mean, for example, that where an individual commenced and ceased employment three times with the same employer in 2009 they will receive three income levy certificates from this employer in 2009.

The income levy certificate should be issued even when employees have nil income levy deducted during their employment.

Some payroll software systems will print a version of the certificate automatically from the payroll record.

Alternatively employers can use the Revenue template found at www.revenue.ie/en/tax/it/forms/income-levy-certificate-2009.pdf. Simply fill in the details on screen and print it out. A paper version of this income levy certificate (see sample certificate in Appendix C) will be made available shortly from Revenue (details to follow).

The following information is required on the certificate:

- Employee name
- PPS Number
- Payroll / Works No. (if applicable)
- Date of commencement (if after 1 January)
- Date of cessation
- Year
- Gross Income for income levy
- Amount of income levy deducted
- Employer name and address
- Employer registered number
- Signature
- Phone number
- Email address
- Date

4.14 What are the weekly/monthly, etc. breakdown of the income levy thresholds?

The breakdown of the income levy threshold figures are as follows:

Annual Threshold	Weekly	Fortnightly	Monthly	4-Weekly	Bi-monthly	Quarterly
18,304	352	704	1,526	1,408	763	4,576
100,100	1,925	3,850	8,342	7,700	4,171	25,025
250,120	4,810	9,620	20,844	19,240	10,422	62,530
Over 65's						
20,000	385	770	1,667	1,539	834	5,000

4.15 Where a payment is made for a period of less than, or more than, a week/month/etc., have the weekly/monthly/etc. threshold amounts to be adjusted accordingly?

No. The same standard threshold amounts, listed at 4.14 above, apply in all instances. For example, a weekly paid employee should, if a payment of salary is made in the week in which employment commences or ceases, have the full income levy threshold applied for the week, even if the payment relates to part of the week only.

Example 1:
An employee works for 2 days in their last week of employment and receives a gross salary of €320. Their employer will apply the full weekly threshold of €352 to this payment. As the employee's income is below the threshold they will not pay the income levy on this income. The employee commences immediately in their new employment and works for the remainder of the week, earning €650 in this first week. Their new employer will apply the full weekly threshold of €1,925 to this income and apply the 1% income levy. Employers operate the income levy on a week 1 basis and apply the full thresholds for the week or part thereof. At the end of the year Revenue will collect any underpayment of the income levy.

Example 2:
A four-weekly paid employee leaves employment midway through the pay period and is paid for only 2 weeks. This employee is due the full four-weekly income levy threshold applied to their payment.

4.16 Circumstances in which employers/pension providers should make adjustments to the income levy liabilities

Where an employee is in continuous employment/pension (for a full 52 weeks) with an employer/pension provider throughout the year in question the employer/pension provider should make adjustments to income levy liabilities in the following circumstances:

(Note: Adjustment should be made in respect of overpayment of the income levy only. Where an employer/pension provider finds that the income levy has been under deducted at week 52 they are not to deduct more income levy. Revenue will deal with any underpayments arising.)

- Where the income levy has been applied for particular pay period(s) throughout the year but the minimum threshold of €18,304 p.a. has not been exceeded at week 52 then no liability to the income levy arises. In this situation the employer/pension provider should make an adjustment at week 52 and refund all income levy deducted. Where the employee has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of income levy due.

- Where a 2% (or 3%) rate of income levy has been applied for particular pay period(s) but the employee ultimately is liable for only 1% income levy because they are within the €100,100 p.a. threshold at week 52 they will have overpaid the income levy. In this situation the employer/pension provider should make an adjustment at week 52 and refund any overpayment of income levy deducted. Where the employee has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of income levy due.

- Where a 3% rate of income levy has been applied for particular pay period(s) but the employee ultimately is liable for only 2% income levy because they are within the €250,120 p.a. threshold at week 52 they will have overpaid the income levy. In this situation the employer/pension provider should make an adjustment at week 52 and refund any overpayment of income levy deducted. Where the employee has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of income levy due.

- Where an employee/pensioner is aged 65 or over an exemption threshold of €20,000 applies. Where, in the case of an individual who is aged 65 or over, the income levy has been applied for particular pay period(s) throughout the year, but the exemption threshold of €20,000 p.a. has not been exceeded at week 52, then no liability to the income levy arises. In this situation the employer/pension provider should make an adjustment at week 52 and refund all income levy deducted in the year. Where the employee/pensioner has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of income levy due.

- Where an employee holds a full medical card at any time during the year they are exempt from paying the income levy. Where the income levy has been applied for particular pay period(s) throughout the year but the individual holds a full medical card then they are due a refund of any income levy they have already paid in the year. In this situation the employer/pension provider should make an adjustment at week 52 and refund all income levy deducted in the year. Where the employee has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/ pension provider, will deal with any refund of income levy due.

4.17 How is the income levy applied to holiday pay paid in advance of the usual pay day?

If the effect of paying holiday pay in advance is that the employee receives the equivalent of two or three weeks' pay in the same week and no pay in the following week, or following two weeks, the income levy will work in the same way as the tax credits and standard rate cut-off point currently work for those weeks. The 'increased' pay the employee receives in the week immediately preceding the week/2 weeks holidays is not extra pay earned in that particular week but rather the pay for the following week/2 weeks brought forward and paid in that particular week. In this situation the employee is due the income levy thresholds applied to each of the following weeks' pay as normal. It should be noted that this does not apply where the employee is being paid holiday pay immediately before leaving the employment.

4.18 A four-weekly paid employee is receiving holiday pay paid in advance in respect of two weeks holidays. How is the income levy applied in this case?

In this case the employee will be due the income levy four-weekly threshold amount applied to their four-weekly salary as normal and have two weekly threshold amounts applied to their two weeks holiday pay. In their next four-weekly salary period they will receive payment for two weeks (as the other two have already been paid in advance) and have two weekly threshold amounts applied to this payment.

4.18 A weekly paid employee is receiving holiday pay paid in advance in respect of 4 weeks holidays. How is the income levy applied in this case?

In this case the employee will be due the income levy weekly threshold amount applied to their weekly salary as normal and have four separate weekly threshold amounts applied to their four separate weeks holiday pay. It is not correct to apply the four-weekly income levy threshold amount to the total of their four weeks holiday pay.

4.19 How is the income levy applied in cases where an exclusion order has been issued?

The income of employees for whom employers have been issued with Exclusion Orders is subject to the Income Levy in the same way as the income of all other employees.

Revenue will be requesting employers to remit the Income Levy collected from employees subject to Exclusion Orders, by including this figure

- in the PAYE field on the P30
- in the Total Tax/Income Levy Liability field in the P35 Declaration
- in the separate fields provided specifically for employees subject to exclusion orders in the P35LF

4.20 How are income levy details returned for companies cancelled in 2009 prior to the availability of the new P35 stationery?

A separate document will be made available for this purpose. In the meantime income levy details are not to be included on the individual employee return.

4.21 An employee is due to receive back pay in 2009. Even though the back pay relates to 2008 will the payment be subject to the income levy?

Yes. Any payments made on or after 1 January 2009 but which relate to 2008 (or earlier years) will be subject to the income levy. It depends on the date of the payment rather than on when the income was earned. For example, where an individual does overtime in December 2008 and receives the payment for this overtime in January 2009, this payment is subject to the income levy.

Queries on the income levy

- **Employers**

Please contact:

Employer Information and Customer Service Unit
Telephone: 1890 25 45 65
If calling from outside the Republic of Ireland please phone + 353 67 63400
E-mail: employerhelp@revenue.ie

- **Employees and self assessed taxpayers**

Please contact your local Revenue office.

Appendix A

List of Social-Welfare-Like Payments

Payments made by the Dept of Enterprise, Trade and Employment

- Community Employment Scheme
- FÁS (non apprentice payments)

Payments made by the Health Service Executive (HSE):-

- Infectious Diseases Maintenance Allowance
- Blind Welfare Supplementary Allowance
- Domiciliary Care Allowance
- Mobility Allowance

Payments made by the Dept of Education:

- VTOS Training Allowances
- Youthreach Training Allowances
- Senior Traveller Training Allowances
- Back to Education Initiative (BTEI) Training Allowances paid to Youthreach, STTC or VTOS eligible participants on a pro-rata basis.
- Vocational Education Committees' Scholarship Scheme
- Fund for Students with Disabilities
- Student Assistance Fund
- Millennium Partnership Fund for Disadvantage

Payments made by the Dept of Agriculture:

- Farm Retirement Pensions
- Farm Retirement Workers Pensions

Payments made by the Dept of Community Rural and Gaeltacht Affairs

- Rural Social Scheme
    - Farm/Fish Assist Jobseekers Allowance or Jobseekers Benefit
    - One-Parent Family Payment, Widow(er)'s Pension or Disability Allowance
    - Adult Dependent of a recipient of the non-contributory State Pension

Appendix B

Exempt Income Sources

Section	Title
42	Interest on savings certificates
118	Exemption from BIK – Travel Pass, new bicycle scheme
153	Distributions to certain non-residents
189	Payments in respect of personal injuries
189A	Special trust for permanently incapacitated
190	Haemophilia Trust
191	Hepatitis C
192	Thalidomide
192A	Exemption in respect of certain payment under employment law
192B	Foster Care Payment
193	Income from Scholarships
194	Child benefit
194A	Early Childcare Supplement
195A	Exemption in respect of certain expense payments
196	Expenses of members of Judiciary
196A	State Employees: Foreign Service Allowance
196B	Employee of certain agencies: foreign service allowances
197	Bonus or interest paid under instalment savings schemes
198	Certain interest not to be chargeable
199	Interest on certain securities
200	Certain foreign pensions
201	Basic and increased exemptions in respect of tax under section 123 (Redundancy) including SCSB
202	Relief for agreed pay restructuring
203	Payments in respect of Redundancy
204	Military & other pensions, gratuities and allowances
205	Veterans of war of independence
216A	Rent a Room relief
216B	Scéim na bhFoghlaimeoirí Gaeilge
216C	Childcare service relief
510	Shares appropriated under Approved Profit Sharing Schemes
519A	Shares under Savings Related Share Option Schemes (SAYE)
519D	Shares under Approved Share Option Schemes

Appendix C **Income Levy Certificate**

Income Levy Certificate 2009

Employee Details

Surname of Employee

Date of Commencement
(if after 1 January 2009)
D D M M Y Y

First Name

Date of Cessation
D D M M Y Y

PPS Number

Payroll/Works Number

Income Levy Details

Below are the details of the Income Levy deducted in this employment only in the year 2009

Gross Income for Income Levy € , , .00 (Insert Euro figures only)

Amount of Income Levy Deducted € , . (Including cent)

Where an employee had more than one period of employment with the same employer in the year 2009 please insert the Income Levy figures in respect of the latest period of employment.

Employer Details

I certify that the particulars entered above are correct.

Employer

Employer Registered Number

Address

Phone No.

E-mail

Signature

Date
D D M M Y Y

Employer
This certificate is to be given to the employee along with their form P45 when they cease employment.
Employee
This is a certificate of the Income Levy deducted in this employment to date of cessation. Please retain carefully.

PLEASE COMPLETE THIS CERTIFICATE IN BLOCK CAPITALS