

Your guide to the Annual Self-assessed Tax Return

Tax Time!

In a special report, **Catherine O'Neill**, tax director and **Colin Forbes**, tax partner with Deloitte Ireland LLP, provide a handy guide to completing your 2020 self-assessed tax return

As the days get shorter, this can only mean one thing, the annual self-assessed tax return filing deadline is just around the corner. Preparing and filing your annual self-assessed tax return can be a daunting task for any taxpayer, but fear not, our detailed guide to completing the Form 11 will make the task easier and may even help you to save some tax along the way.

We have concentrated on the main areas of focus while highlighting the various tax reliefs that you may be entitled to claim. If you have made complex investments such as foreign life insurance policies or wish to claim property-based incentives, you should engage with a professional tax adviser.

Top Tip
If you are running out of time to get your tax affairs in order before the October 31, 2021 deadline you could 'Pay and File' through ROS (Revenue Online Service) which extends the deadline until November 17, 2021. This extended deadline is only available where you are paying and filing online.

Paper or online?
Apply for your ROS Access Number.
Pay your preliminary income taxes for 2021.
You should allow eight working days approximately to complete the ROS registration process so that you are able to pay and file by the deadline.

How do I register for ROS services?
You can click on the Register for ROS link on www.revenue.ie and follow these steps:

1. Apply for your ROS Access Number
 2. Apply for your Digital Certificate
 3. Retrieve your Digital Certificate and view your account
- If this is your first time filing a Form 11, you will need to make sure you are registered for Income Taxes by following the e-Registration process on the ROS website or by completing the Form TR1 which can be found on www.revenue.ie.

How can I pay my tax liability using ROS?
The Revenue Commissioners accept the following methods of payment:
• ROS Debit instruction (RDI)
• Visa and MasterCard Credit & Debit cards



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What is preliminary tax for 2021?
It's a payment-on-account of your 2021 tax liability. If you are a self-assessed taxpayer, the amount of preliminary tax you must pay for 2021 must be equal to or exceed the lower of:

- 90 per cent of your final liability for 2021, or
- 100 per cent of your final liability for 2020, or
- 105 per cent of your final liability for 2019 (only available where preliminary tax is paid by direct debit and does not apply where the tax payable for the 2019 year was nil).

What interest and penalties apply if I miss these deadlines?
If the 2020 return is filed by December 31, 2021, the surcharge penalty is 5 per cent of your income tax liability for the year, subject to a maximum amount of €12,695. If the return is filed after December 31, 2021, the surcharge penalty is 10 per cent, subject to a maximum amount of

€63,485. The surcharge liability is calculated without a credit for preliminary tax paid. In calculating the surcharge, a credit is allowed for PAYE paid unless the chargeable person or their spouse/civil partner is a company director. The interest rate on overdue tax in respect of income taxes and capital gains tax is currently 0.0219 per cent per day and this may be backdated to October 31 in the previous year.

Does non-payment of my Local Property Tax (LPT) have an impact on my tax return?
If you file your Form 11 on time, but at the date of filing, your LPT record is not up to date, a LPT surcharge of 10 per cent will be added to your final tax liability for 2020. Where the LPT is subsequently brought up to date, the amount of the surcharge will be capped at the amount of the LPT liability involved.

I'm a PAYE worker and have received for the first time some small amounts of non-PAYE income and I want to claim some tax reliefs - do I really need to complete Form 11?
If your net assessable non-PAYE income was less than €5,000 in 2020, and this income was coded against your PAYE tax credits or fully taxed at source, you are not regarded as a self-assessed



Colin Forbes, tax partner at Deloitte Ireland LLP

taxpayer for 2020 (provided your gross non-PAYE income before expenses does not exceed €30,000). This means that you would not need to complete Form 11. You should instead file the shorter Form 12 (or eForm 12) which allows you to report your income and claim tax credits, allowances and reliefs for 2020.

If you are a company director, owning more than 15 per cent of the shareholding in a company you are required to file a Form 11 each year even if all your income is PAYE income.

We will now take a closer look at Form 11 and deal with some frequently asked questions.

Personal details
If you are filing a joint tax return with your spouse/civil partner, you need to include their personal details such as PPSN, first name, date of birth, etc.

Married Couples & Civil Partnerships
I got married/entered a civil partnership in 2020; do we get any extra tax relief?
Individuals who were married or became civil partners during 2020 may be entitled to a year of marriage relief. This basis of taxation does not apply to foreign employment income to the extent it is attributable to your work duties performed in Ireland. Such income is taxable in full under the PAYE system whether remitted or not.

Income from Trades, Professions or Vocations
If you are self-employed, you must report your self-employed income in Panel B. Generally, you are assessable on your tax adjusted net profit for a 12-month accounting period ending in 2020.
If you are a partner, you do not need to complete the Extracts from Accounts section in your Form 11 as the partnership files this information in the Partnership Tax Return, the Form 1 (Firms). You should enter the relevant partnership tax reference number at line 126. The main part of Panel B is

Residence status
In general, individuals who are resident in Ireland, have lived all their lives in Ireland and are from Ireland are taxable on their world-wide income. On the submission of a Form 11, individuals are required to confirm that they are either:
• Resident or non-resident
• Ordinarily resident or non-ordinarily resident
• Domiciled in Ireland or not domiciled in Ireland
An individual's residence and domicile status determine

the extent of his/her liability to Irish tax and therefore you should be very careful when completing this section. You will be regarded as resident in Ireland in the year 2020 if you spent:
• 183 days* or more in Ireland, for any purpose, in 2020, or
• 80 days or more in Ireland combining the number of days spent in Ireland in 2020 and 2019. However, this test will not apply to make you resident if you spent 30 days or less in Ireland in 2020.

Top Tip

A day is one on which you are present in Ireland at any time during the day.

In response to the pandemic, Revenue updated its guidance in December 2020 on "force majeure" circumstances setting out that where a departure from the state was prevented specifically due to Covid-19, it would be considered a force majeure circumstance for the purpose of establishing an individual's tax residence position. There are complex rules set out on revenue.ie which clarify when the force majeure concession can apply. If you are availing of the force majeure concession, this needs to be indicated on page 14 of the Form 11. It is recommended that advice is sought from a professional tax adviser prior to making this claim.

The Remittance Basis of Taxation

I came to live in Ireland from abroad a few years ago, do I have any special tax status in Ireland if I have non-Irish income?
Domicile is a complex legal concept. It may, broadly, be interpreted as meaning permanent home in a particular country with the intention of residing

Top Tip

If you are not Irish domiciled but you are resident here, you should ensure that you tick the appropriate boxes at line 14, as you are entitled to a potentially favourable tax regime called the remittance basis of taxation.

permanently in that country. An individual acquires a domicile of origin at their birth.

This means that certain types of foreign-sourced income are liable to income taxes here only if they are remitted to Ireland. This basis of taxation does not apply to foreign employment income to the extent it is attributable to your work duties performed in Ireland. Such income is taxable in full under the PAYE system whether remitted or not.

Irish Rental Income

I have let out a rental property during 2020; how do I calculate my net rental income?
You must calculate how much tax you owe on the gross rent receivable after deductions for expenses and allowances. A profit/loss is calculated for each rental source (residential or commercial).
The rental income on which you pay tax is the total profits less the total losses.

Top Tip

To receive a mortgage interest relief deduction, you must have registered with the Residential Tenancies Board for each tenancy during 2020. If there is no change in tenancy, the registration needs to be re-registered every four years.
You can deduct the full cost of repairs and maintenance in 2020, but you must claim back the cost of expenses of a capital nature eg kitchen appliances, as capital allowances over eight years.
Remember that you can offset losses brought forward from prior years against your 2020 net rental income in most circumstances.



the Extracts from Accounts section. You are not required to attach your financial statements or income and expenditure accounts to the Form 11. However, you should prepare them and retain them for six years as they may be later requested by the Revenue Commissioners.

Losses & Capital Allowances

You can use unused trading losses from a prior year against profits of the same trade in the current (2020) accounting period. You can also elect to use any trading loss incurred in the current (2020) accounting period against other income in 2020 and you can enter this at line 116.

There are different types of capital expenditure on certain types of business assets and premises. The rate at which the capital allowances can be claimed depends on when the expenditure was incurred or when the building was constructed. Self-employed individuals whose business activities have been adversely impacted by Covid-19 restrictions, can claim for losses arising in subsequent years by completing the terminal loss relief question as section 118.

Pension contributions

employment income and/or pension details in this section. If you were in receipt of temporary wage subsidy payments as a result of Covid-19 this information needs to be disclosed in boxes 221/222.

Special Assignee Relief Programme (SARP)
If you have been approved by the Revenue Commissioners for SARP via the Form SARP 1A application process, you must file a Form 11 and you should enter the details of the relief at box 230. If you qualify for the relief, 30 per cent of your employment income in excess of €75,000 up to a limit of €1,000,000 is exempted from the charge to income tax for the 2020 tax year. USC and PRSI is payable on your full employment income.

Remote working expenses
If you wish to claim remote working expenses, the allowable amount being claimed should be included at box 240. Detailed guidance about the conditions to qualify, the calculation of the relief, etc is available at revenue.ie.

Pension contribution relief
Tax relief for superannuation contributions (AVCs which were assessed as trading income) can be claimed at line 241.

Social welfare payments, benefits or pensions received
For those in receipt of the Pandemic Unemployment Payment in 2020, they will need to include the details in box 245.

Share option exercises
A share option is a right that your employer grants you to acquire shares in your employer. You must complete a Form 11 for every year that you exercise share options.

Allowable expenses include:
• insurance premiums
• maintenance and repairs
• certain pre-letting expenses
• 100 per cent of the mortgage interest paid on the property
• expenses in between renting out the property in certain circumstances
• capital allowances

Are there additional considerations if I am a non-resident landlord?
Where rent is paid directly to a non-resident landlord, tax at the standard rate must be deducted by the tenant and remitted to Revenue. However, rents paid to agents in Ireland are not paid under deduction of tax. The agent will

Top Tip

When treated as other income, there is a Revenue practice of allowing a deduction for incidental costs directly associated with the provision of that service. Examples of such costs would include cleaning fees, the cost of breakfast provided to guests and a reasonable apportionment of utilities bills attributed to the guests.

be assessed in the name of the landlord in the same manner as assessed if his usual place of abode was Ireland.

What if I have some income from Airbnb lettings, do I have to declare this income?
Income arising from Airbnb lettings are taxable. The income from providing accommodation to occasional visitors for short periods is not considered to be rental income, as the visitors use the accommodation as guests, rather than as tenants.

The Revenue Commissioners' view is that this income should be reported as trading income (Panel B) where the taxpayer is trading as an ongoing business (eg a guesthouse) or other income (Panel F line 412) where the income is occasional in nature. This would mean that rental losses on other properties could not shelter income from this source.

Employment/pension income

You should include your em-

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Share option exercises
A share option is a right that your employer grants you to acquire shares in your employer. You must complete a Form 11 for every year that you exercise share options.

The Revenue Commissioners are likely to match the employer's annual Form RSS1 to your filings in order to ensure that you paid over all taxes due and reported all exercises of share options which took place during the year.

Capital Gains

Gains and losses made on the sale of your chargeable assets during 2020 should be reported as part of your tax assessment. Firstly, the proceeds from the sale you have received should be reported in the boxes describing the type of asset you have sold. Various reliefs such as retirement relief may be available.

Can I claim tax relief for contributions I paid to a Retirement Annuity Contract (RAC) or a Personal Retirement Savings Account (PRSA)?
If you are a self-employed individual, a proprietary director or an employee who is not in an occupational pension scheme, you can claim tax relief for RAC and PRSA contributions.

Tax relief for these contributions is subject to two main controls:
• An age-related percentage limit of an individual's net relevant earnings (see table).
• An overall upper earnings limit of €115,000 for 2020.

Net relevant earnings consist essentially of relevant earnings less deductions which would be made in computing total income for tax purposes. These deductions include losses and capital allowances.

Lists of approved courses in approved colleges are available on revenue.ie. The relief is not available in respect of exam fees, administration fees, registration fees, etc.

Employer-paid medical insurance
If your employer paid medical insurance (including dental insurance) premiums on your behalf (or on behalf of your dependants) you will have been subject to payroll taxes on this benefit in kind. You are entitled to claim a relief for 20 per cent of the gross premium on your tax return.

There is a limit of €1,000 on the premium that can be claimed for child dependants.

Claim for tax credits, allowances, reliefs, and health expenses

The Home Carer tax credit may be due to you if you are jointly assessed and you or your spouse/civil partner, as a Home Carer, provided care for:

- A child for whom you are entitled to Social Welfare child benefit,
 - A person who is permanently incapacitated by reason of mental or physical infirmity and such person normally resides with you for the year, or
 - A person aged 65 or over.
- It is important to note that a spouse or civil partner cannot be one of the persons cared for

under this relief. The Home Carer tax credit is €1,600 subject to the Home Carer's income. If any, remaining below an income threshold of €7,200. Where the income exceeds this threshold, the tax credit is reduced by one half of the amount of Home Carer's income that exceeds €7,200. Accordingly, no credit is due if income exceeds €10,400.

Tuition fees

You may be entitled to tax relief at 20 per cent in relation to tuition fees paid to approved colleges for the 2020 academic year commencing on or after August 1, 2020 in respect of approved third-level courses of at least two years duration. The maximum limit relief in respect of qualifying fees for the academic year 2020 is €7,000 in respect of each course.

The first €3,000 of each claim is disregarded for relief for a full-time student and the first €1,500 for a part-time student.

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Self-assessment

The income tax, USC and PRSI liability is calculated in this panel and you can deduct the preliminary tax you paid for 2020. The Capital Gains Tax liability is also included here included here.

Health expenses
If you have incurred unreimbursed medical expenses during the year, you may be able to claim a tax credit of 20 per cent of the expenses. You do not need to submit a Form Med 1 with the return, just retain for the Revenue Commissioners.

Also, you do not need to send in the receipts to the Revenue Commissioners with your claim. Routine dental expenses such as fillings and standard extractions expenses do not qualify for relief.

If you maintain an individual on a full-time basis in a nursing home, you can also claim relief for the health expenses for that individual.

Top Tip

You should report your losses from the sale of chargeable assets in 2020, even if you do not have any chargeable gains for 2020. Losses brought forward from prior years can be used to offset gains in 2020.

For 2020, the due date for paying Capital Gains Tax (CGT), has already passed:
– Disposals between January 1, 2020 and November 30, 2020 inclusive – CGT was due by December 15, 2020

Disposals between December 1, 2020 and December 31, 2020 inclusive – CGT was due by January 31, 2021.

If you are only paying your CGT due when you file the Form 11, you are likely to be charged interest by the Revenue Commissioners.

Top Tip

You must make a self-assessment for 2020 by completing the self-assessment section of the Form 11. If you do not make this self-assessment you may be liable to a penalty of €250.