

TAX CLEARANCE CERTIFICATE

The purpose of the Tax Clearance Scheme is to ensure that Government contracts, grants and state licences are only given to individuals and businesses that are tax compliant. It is a written confirmation from the Revenue that a person's tax affairs are in order at the date of issue of the certificate.

In some circumstances it may be issued to a customer who has tax arrears provided such arrears are covered by an instalment arrangement that has been agreed with Revenue.

A Tax clearance is a condition of all Public sector contracts issued, and grants subsidies and similar payments from Government departments in excess of €10,000 within a twelve month period. It is also a requirement by law for the operation of certain types of businesses e.g. Publican, Bookmaker, Road transport, (a full list is available on www.revenue.ie)

In the case of people paying income tax through their employer under the PAYE scheme, there may be a requirement to apply for a TCC to the local Revenue District; alternatively they may be required to register for self assessment income tax if they have a source of self employed income outside their PAYE income to receive the TCC.

Under capital gains tax a purchaser of certain assets is obliged to withhold 15% of the purchase price of that asset from the venter and remit it to the Revenue as capital gains tax unless the venter holds a valid TCC or a CG50A. This applies to assets over €500,000 and usually, though not exclusively, arises in context of land/property sales.

In the current economic climate the need for a Tax clearance certificate is becoming an important document to have as more private institutes are seeking more assurances that the applicant/customer is tax compliant before proceeding with any contracts/ credit arrangements. This trend is set to increase in the future as credit terms becomes more valuable and having a written confirmation of tax compliance will make for a smoother access to funds/contracts.

If you have any further queries on the above information or want to discuss your current financial situation we will be happy to schedule an appointment to discuss individual cases and advise on the best course of action.

Disclaimer:

The object of this article is to provide useful tips in relation to Irish Tax Regulations, accordingly it cannot be regarded as a definitive guide and no liability can be accepted in respect of decisions taken in reliance on the information herein contained.