

### A timely reminder

Following extensive lobbying on the last week of the previous government, the proposed bringing forward of the tax deadline by one month was reversed, therefore the deadline for return of your 2010 tax return under self assessment is the 31<sup>st</sup> October 2011. To be tax compliant you must file your return by this date and pay the balance of any tax outstanding for the previous year.

The earlier the return is submitted the more prepared you will be for any tax liability incurred, this in turn will allow more time to save the balance of the tax due for the year and pay forward the preliminary tax for this year which is a requirement of the income tax system.

To comply with the current legislation you should calculate your preliminary tax under one of the following methods.

- 100% of the final 2010 liability.
- 90% of the 2011 liability (if this can be accurately calculated)
- 105% of the preceding tax year's liability if you enter into a direct debit arrangement.

If you do not submit your return by the deadline the Revenue commissioners will add a surcharge to your final liability as follows.

- 5% of the tax to a maximum of €12,695 where the return is made **within 2 months** of the filing date.
- 10% of the tax to a maximum of €63,485 where the return is made **more than two months** after the filing date.

The Revenue Commissioners will also impose interest if the current tax/preliminary is not meet

<u>Rate</u>	<u>Period</u>
0.0273%	01/04/2005 to 30/06/2009
0.0219%	from the 01/07/2009

This is the **day rate of interest** on the outstanding sum. The possibility of a Revenue audit is also heightened by not complying with the above.

The Government has reduced the standard rate cut off point and lowered the tax credits in the recent budget, they have also introduced a new Universal Social Charge aimed at bringing more people into the tax net. These measures along with a more pro active approach to seeking out undeclared income and prosecution of tax defaulters, illustrate the importance of proper tax planning and compliance. By registering under self assessment declaring this income and paying the required tax, an audit could be avoided where the penalties/surcharges/ interest could surpass any capital/monetary gain made. Compliance would also avoid publication.

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.