

2012/2013 Financial Guideline 11

Local Property Tax - Obligations on Employers

Under Government legislation, Local Property Tax (LPT) is being introduced from 1 July 2013. One of the options allows property owners elect to have the tax deducted from their wages or occupational pension and therefore schools as employers will be required to deduct the LPT from an employee's pay if requested.

Revenue will communicate to each employer how much should be deducted from employees in the employer tax credit certificate P2C file (details of tax credits and cut off points). As with all other statutory deductions, the school as employer will be obliged to deduct LPT in accordance with the P2C instruction from Revenue. If an employee has an issue, he/she must contact Revenue directly. **The school, as employer, has no discretion in the matter! Revenue can pursue an employer for any amounts not deducted, charge interest on late payment and impose fines for non-compliance.**

Schools will need to ensure that their payroll software is updated on or before 1 July 2013 to enable the Local Property Tax to be collected by deduction where an employee selects this payment option with the Revenue.

Local Property Tax – General Points

- LPT deductions commence for pay dates from 1 July 2013 and, in accordance with Revenue guidelines. The Payroll should deduct the LPT amount evenly over the remainder of the 2013 year.
- Where, in any pay period, there is insufficient pay to enable deduction of LPT, the balance remaining will be spread evenly over the remaining pay periods.
- In the event of an employee being out sick or being laid off during holidays, then the balance remaining on LPT should be deducted evenly immediately upon return to work.
- The school should check with their Payroll software provider to ensure that their payroll software addresses this absence issue in compliance with Revenue guidelines
- The LPT deduction, the amount deducted to date and the balance of LPT still to be deducted will be shown on payslips.
- The amount paid to the Collector General by way of a P30 (monthly or quarterly) will include the LPT amount that you have collected. P45s and P60s will also include a new LPT field.

Holiday Pay

The LPT will be deducted from each week of holiday pay processed. For example an employee getting two weeks holiday pay will also pay two weeks LPT. Please note that no LPT can be deducted before the 1 July 2013 even though the holiday period may cover July.

Employees working Term Time (not employed during July/August in school)

As the employee will not be receiving any income during this period there will be no LPT deduction. The LPT will be deducted evenly over the remaining weeks of employment to 31 December 2013 to ensure that the LPT is paid in full to the end of the tax year.

Employees on sick leave, maternity leave or other absences

If the above employees are paid during these absences LPT should be deducted as normal. Where an employee is not paid for the above absences, no LPT should be deducted. When the employee returns to work the amount of the weekly LPT to be deducted is adjusted to ensure the full amount of LPT is collected by year end.

If the employee did not return to work before 31 Dec 2013 then the full amount of LPT will not be paid. Where an employee is due a refund of PAYE/USC the LPT is to be deducted from the refund and the balance of the refund to be paid to the employee. Any remaining shortfall in LPT will be a matter between the employee and the Revenue.

Taxation of Maternity Benefit, Adoptive Benefit, and Health & Safety Benefit from 1 July 2013

With effect from 1 July 2013, Maternity Benefit, Adoptive Benefit and Health & Safety Benefit, including any child dependent additions, will be taxable in full. USC and PRSI will not apply.

Tax will not be deducted 'at source' by the Dept of Social Protection (DSP) on these payments. Instead, as part of the ongoing exchange of information arrangements between DSP and Revenue, Revenue will receive the payment details which will be updated onto Revenue's records.

Individuals who pay their tax through the PAYE system will, where possible, have their annual tax credits and cut-off point reduced by the amount of these payments.

Employers/pension providers will be advised of the adjusted tax credits and cut-off points on employer tax credit certificates (P2Cs).

As Maternity Benefit, Adoptive Benefit and Health & Safety Benefit are being taxed by reducing employees' tax credits and cut-off points on P2Cs, employers/pension providers are not to include figures for these payments on forms P45, P60 or P35L.

It is the responsibility of each school to contact their payroll provider for the updated version of their software to ensure that the school is fully compliant with the new Revenue rules

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