

PAYE Taxpayers with Occasional Income subject to Self Assessment

Procedures to be followed in PAYE Districts

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1. Introduction

This instruction clarifies the position regarding PAYE taxpayers who **occasionally** have incomes which are not subject to PAYE and which must be dealt with by direct assessment.

2. PAYE Taxpayers with Occasional Income Subject to Self Assessment

PAYE taxpayers may have income which, on occasion, is too large to code in under the PAYE system, thus making them “chargeable persons” by definition. Such cases should nevertheless continue to be dealt with in their normal PAYE Area - an example of such a case is an employee who exercised a share option granted by his/her employer and in doing so makes a gain which is chargeable to income tax under Schedule E by virtue of **Section 128 TCA 1997** (formerly Section 9, FA 1986).

When such cases are identified the position should be explained to them. In particular, matters such as payment of preliminary tax and the return filing obligation should be highlighted.

When Districts become aware of an event which gives rise to the need for an assessment, the following matters should be borne in mind:

- Under Self Assessment, a Revenue Assessment in the absence of a return¹ cannot be made for any year before the return filing deadline for that year has passed.
- Revenue Assessments in the absence of a return, under section 959AC, should only be made as a last resort.
- Where a Revenue Assessment is made in the absence of a return, the notice of assessment issued to the taxpayer will only show the amount of tax due. The taxpayer should be written to, explaining the basis for the assessment, so as to avoid unnecessary correspondence later.

¹ Refer to section 959AC for details of when these assessments can be raised.