

[42.4.55] National Co-op Farm Relief Service Operators

Reviewed March 2016

1 Introduction

The National Co-op Farm Relief Services provide a wide range of services, primarily to the farming community. The tax treatment of these services varies depending on the nature of the engagement.

The following sets out the tax treatment that applies in different scenarios.

2 Operators who provide labour only

These operators are regarded as employees and, as such, are within the PAYE system of tax deduction. Class S PRSI applies to the income of these operators.

3 Operators who provide equipment only

Operators who provide equipment only are entitled to payment for the hire of equipment gross (without deduction of PAYE/PRSI/USC). Payment is made gross to the operator by the Farm Relief Services Office on receipt of an invoice for the hire cost. The normal rules apply in relation to returning these payments on form 46G annually. Invoices relating to the hire costs must be retained by the appropriate Farm Relief Services Office and may be examined in the event of an audit. These records must be kept for six years.

4 Operators who provide equipment in addition to labour

4.1 VAT registered operators

These operators are in the main self-employed contractors. In such circumstances, payment of the entire sum due will be made by the appropriate Farm Relief Services Office without PAYE/PRSI/USC deductions on production of an invoice. The invoice must show the operator's VAT number and the VAT due in respect of the transaction. The normal rules apply in relation to returning these payments on form 46G annually.

The treatment outlined above is on the assumption that the individuals concerned are "self-employed".

4.2 Operators not registered for VAT

In the event that the operator is not registered for VAT, the entire payment is subject to PAYE/PRSI/USC deductions. Operators may contact their local Revenue office to claim expenses in relation to the equipment provided, if they so wish. Credit for same may be

incorporated in the certificate of tax credits and standard rate cut off point issued.

5 Expenses

Expense claims should be considered on a case-by-case basis and having regard to the employment status of the operator concerned. The terms and conditions under which the operator is engaged should be examined with a view to assisting in making this determination.

In the case of operators who provide labour only, it is Revenue's view that a contract of service exists i.e. that they are employees. In the case of travel expenses, they are only allowable where an operator is necessarily obliged to incur such expenses "in the performance" of his or her duties. In the circumstances, travel to and from work and associated costs (motor vehicle running expenses) are not allowable.