

## [47.6.2] Surcharge - Commencement Cases

*Reviewed: April 2016*

### 1. Introduction

This instruction applies to income tax and sets out the return filing requirements for commencement cases. **Tax Instruction 47.6.8** sets out the surcharge position for late submission of returns.

### 2. Commencing Businesses: 1990/91 et seq.

- 2.1** The Statement of Practice issued by the Revenue Commissioners in September 1988 sets out the position that applied in relation to the filing of Returns in cases where taxpayers either commenced to be chargeable persons or, being chargeable persons already, commenced a new source of income.

The general principle outlined in that Statement in relation to commencements still applies to Case I/Case II commencements but needs to be modified to take account of the change to the Current Year Basis of Assessment - see paragraphs 2.2 and 2.3 below. It no longer applies to commencements of other sources e.g. Case III, Case V etc.

### **2.2 The treatment of Case I/Case II commencements under the Current Year Basis can be summarised as follows:**

#### **1995/96 et seq.:**

- Section 30 Finance Act 1995 (now **Section 1084(2) and (4) TCA 1997**) introduced a new measure for individuals who commence to carry on a trade or profession. It provides that no surcharge is to be applied where the return) for the year of commencement is delivered by the return filing date for the following tax year.
- This measure is effective as respects 1995/96 and subsequent years and applies also to partners who are assessable to income tax for a tax year on a commencement basis.

#### **New Business**

For a new business, which commenced on 01/07/06 during tax year 2006, the return filing date for Tax Returns 2006 and 2007 will be on or before 31/10/2008.

**2.3 The treatment of commencements of other sources under the Current Year Basis is as follows:**

As the latest due date for making returns is now 10 months after the end of the tax year, actual figures for all such sources of income must be given on the return for the year in which the source commences.