

ITI Welcomes the Possibility to Offset Redundancy Refunds against Business' Tax Bills

Issued 29 June 2009. The Irish Taxation Institute has welcomed the recent agreement between the Revenue Commissioners and the Department of Enterprise Trade and Employment (DETE) to allow business offset overdue rebates for redundancy payments against their tax bills. This arises where the business experiences particular difficulty in paying their tax liabilities because of a delay in receiving the repayment.

Where an employee has been made redundant and their employer pays them the correct statutory redundancy lump sum payment, the employer can make an application to DETE for a refund of 60% of the amount paid.

Due to the increase in volume of redundancies over the last number of months a backlog has arisen in DETE in processing these rebate applications. At the same time as money is owed to them by a Government department (i.e. DETE), businesses may be liable for tax and possibly interest that they cannot pay in the absence of the rebate. Companies who are late paying their tax liabilities run the risk of enforcement action from Revenue on their outstanding tax bills.

Speaking about this issue, Jim Ryan, President of the Irish Taxation Institute said "Irish Taxation Institute made representations to Revenue on this issue in the interests of fairness to employers. The Institute welcomes this pragmatic decision, which should be of assistance to businesses in difficulty."

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