

PART 18 Payments in Respect of Professional Services by Certain Persons and Payments to Subcontractors in Certain Industries

CHAPTER 1 Payments in respect of professional services by certain persons

Interpretation ). FA87 s13; FA88 s8(a)(i) and (ii); FA92 s10 520.—(1) In this Chapter—

“accountable person” has the meaning assigned to it by section 521;

“appropriate tax”, in relation to a relevant payment, means—

(a) where such payment does not include value-added tax, a sum representing income tax on the amount of that payment at the standard rate in force at the time of payment, and

(b) where such payment includes value-added tax, a sum representing income tax at the standard rate in force at the time of payment on the amount of that payment exclusive of the value-added tax;

“authorised insurer” has the same meaning as in section 470;

“basis period for a year of assessment”, in relation to a specified person, means—

(a) where a relevant payment is to be included in a computation of profits or gains of that person for the purposes of Case I or II of Schedule D, the period on the profits or gains of which income tax for that year is to be finally computed for the purposes of Case I or II of Schedule D, and—

(i) where 2 basis periods overlap, the period common to both shall be deemed for the purposes of this Chapter to fall in the second basis period only,

(ii) where there is an interval between the end of the basis period for one year of assessment and the basis period for the next year of assessment, the interval shall be deemed to be part of the second basis period, and

(iii) the reference in subparagraph (i) to the overlapping of 2 periods shall be construed as including a reference to the coincidence of 2 periods or to the inclusion of one period in another, and the reference to the period common to both shall be construed accordingly,

and

(b) in any other case, the year of assessment;

“contract of insurance” means a contract between an authorised insurer and a subscriber in respect of such insurance as is referred to in the definition of “relevant contract” in section 470 (1);

“income tax month” means a month beginning on the 6th day of any of the months of April to March in any year;

“member”, in relation to a contract of insurance, means a person who is named in the relevant policy of insurance and who has been accepted for insurance by an authorised insurer;

“practitioner” has the same meaning as in section 469;

“professional services” includes—

(a) services of a medical, dental, pharmaceutical, optical, aural or veterinary nature,

(b) services of an architectural, engineering, quantity surveying or surveying nature, and related services,

(c) services of accountancy, auditing or finance and services of financial, economic, marketing, advertising or other consultancies,

(d) services of a solicitor or barrister and other legal services,

(e) geological services, and

(f) training services provided on behalf of An Foras Áiseanna Saothair;

“relevant medical expenses” means expenses incurred in respect of professional services provided by a practitioner, being expenses that are or may become the subject of a claim for their reimbursement or discharge in whole or in part under a contract of insurance but not including any such expenses that—

(a) under the terms of the contract of insurance may (except in the case of certain expenses that in the opinion of the authorised insurer concerned are unusually large) be the subject of a claim for their discharge or reimbursement only—

(i) after the expiry of a stated period of 12 months in which the expenses are incurred, and

(ii) to the extent that the aggregate of the expenses and any other expenses incurred in that period exceeds a stated amount,

or

(b) are incurred in respect of professional services provided by a practitioner outside the State;

“relevant payment” means a payment made by—

(a) an accountable person in respect of professional services whether or not such services are provided to the accountable person making the payment, or

(b) an authorised insurer to a practitioner in accordance with section 522, or otherwise, in the discharge of a claim in respect of relevant medical expenses under a contract of insurance,

but excludes—

(i) emoluments within the scope of Chapter 4 of Part 42 to which that Chapter applies, and

(ii) payments under a relevant contract ) from which tax has been deducted in accordance with subsection (1) of section 531, or would have been so deducted but for subsection (12) of that section;

“specified person”, in relation to a relevant payment, means the person to whom that payment is made;

“subscriber”, in relation to a contract of insurance, means a person (other than an authorised insurer) who is a party to the contract and in whose name the relevant policy of insurance is registered.

(2) For the purposes of this Chapter—

(a) any reference in this Chapter to the amount of a relevant payment shall be construed as a reference to the amount which would be the amount of that payment if no appropriate tax were to be deducted from that payment, and

(b) in relation to a specified person, appropriate tax referable to—

(i) an accounting period, or

(ii) a basis period for a year of assessment,

means the appropriate tax deducted from a relevant payment which is taken into account in computing the specified person's profits or gains for that period and where there is more than one such relevant payment in that period the aggregate of the appropriate tax deducted from such payments.