
Monthly direct debit

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Overview

You can apply to pay your current tax by monthly direct debit for:

- [Value-Added Tax \(VAT\)](#)
- [employers' Pay As You Earn \(PAYE\)](#)
- [preliminary Income Tax \(IT\)](#)
- [Local Property Tax \(LPT\)](#)

The [Direct Debit Unit](#) for Revenue is located in the Collector General's Division. They decide whether to accept or reject a direct debit application. If you are accepted, you may be removed from the scheme at any time if you do not continue to meet the necessary requirements.

A direct debit instruction can only be set up on a current account in a:

- bank (including foreign bank)
- Credit Union.

The bank or Credit Union account must be Single Euro Payments Area (SEPA) compliant.

Revenue do not charge an administration fee for paying by direct debit. Your bank may apply additional charges.

Employers' Pay As You Earn (PAYE) direct debit

Revenue collects direct debit payments for employers' PAYE (also referred to as PAYE-EMP) on the third last working day of the month. You cannot select a different deduction date. It is collected in arrears, this means that the payment for December is taken from your account in January the following year. When you are calculating the balancing payment on your P35 return you should include the payment that you will make in January.

Employers' PAYE-EMP returns

If you are a direct debit customer, you only have to submit one return per year. This return is the P35 and it is due on 15 February each year. Your current pay and file pattern determines which month your direct debit will start.

Example

The accounting period for your employers' PAYE, Pay Related Social Insurance (PRSI), Universal Social Charge (USC) and Local Property Tax (LPT) is 1 January to 31 December.

This means your first payment must be in February to cover the employers PAYE you owe for January.

Your final payment for the period will be in January of the following year to cover what you owe for December.

You should calculate the balancing payment for your P35 as follows:

P35 total for the year less

Total of the direct debit payments made February to January (12 months).

Setting up an employers' PAYE-EMP direct debit

To be eligible to set up a direct debit for employers' PAYE you must:

- file and pay any outstanding returns and taxes
 - have monthly P30 liabilities of less than €25,000
 - apply through Revenue Online Service (ROS)
 - ensure that your monthly payments are large enough to cover your annual employers' PAYE amount.
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Amending an employers' PAYE-EMP direct debit

You can increase the amount you pay monthly at any stage during the year on ROS. You can also decrease the monthly amount, but only up to a maximum of three times in the year. Following a change, the system will update the value of your direct debits for the remaining months of your annual period plus one month.

Example

You decide to reduce the direct debit payments you make for the 2017 P35 on 1 July. The direct debit amounts will change for the remaining months July to January only. The months before July will not change.

If you wish to amend the amount for the following year, you need to repeat the process in early February. The change will then apply for the following 12 months.

You can also choose to suspend three direct debit payments during the year. You must ensure that after amending or suspending the direct debit you will still meet your expected annual employers' PAYE amount. Revenue can charge you interest if there is an underpayment. You can also change your bank details for your direct debit on ROS.

Cancel an employers' PAYE-EMP direct debit

You can cancel your direct debit at any stage through ROS. Once the direct debit is cancelled, the system will resume issuing returns based on your normal pay and file pattern.

Missed or unpaid employers' PAYE-EMP direct debit payments

If your bank returns your payment as unpaid, we will not try to collect the payment a second time. A letter will be sent to inform you that the payment was unsuccessful. It is your responsibility to pay the missed payment. You can pay the missed payment through [ROS](#) or by debit or credit card.

If your bank regularly returns your payment as unpaid, we will remove you from the direct debit scheme.

Local Property Tax (LPT)

Revenue collects direct debit payments for [LPT](#) on the fifteenth day of the month, or the nearest working day. You can not select a different deduction date. Your annual LPT amount is a set figure. The amount of your direct debit will be the amount you owe for the year, divided by the remaining months of the year.

Example

Your annual LPT amount is €90.

You decide to set up a direct debit for your LPT on 5 March. As there are ten deduction periods remaining in the year, the value of your monthly direct debit will be €9 (€90/10).

Setting up an LPT direct debit

You can set up an LPT direct debit for your property by accessing [LPT](#). To do this, you will need a [Property ID and PIN](#) for your property.

You can also manage your LPT direct debits through [myAccount](#). You will not need the Property ID and PIN to do this.

Our dedicated team on the [Direct Debit helpline](#) are also available to assist with set up.

Amending an LPT direct debit

You cannot amend or suspend an LPT direct debit. However, you can change your bank account details through [LPT online](#) or [MyAccount](#).

Cancelling an LPT direct debit

You can cancel your direct debit for LPT through [LPT online](#) or [MyAccount](#).

If you decide to cancel your direct debit for LPT, you must select another payment option instead.

LPT returns

If you are a direct debit customer, your return and your direct debit instruction will carry forward each year.

If you are a direct debit customer, your direct debit instruction will automatically carry forward each year.

We will send a confirmation letter to you before the first direct debit is collected, confirming the monthly amount. We will also send you a confirmation letter if your Local Authority changes the rate they charge for LPT. This letter will issue before the first payment in the new year, and will show the new figure.

Missed or unpaid LPT direct debit payments

If your bank returns your payment as unpaid, we will not try to collect the payment a second time. A letter will be sent to inform you that the payment was unsuccessful. It is your responsibility to pay the missed payment. You can pay the missed payment by:

- debit or credit card
- paying through an [approved payment service provider](#)
- sending a cheque or postal order.

You can also cancel your current direct debit instruction and set up a new one to include the cancelled payment.

Example

Your LPT amount is €90 for the year. Your current direct debit instruction is for €7.50 per month (€90/12). Your January payment fails, so the €7.50 is not collected.

In February, you then still owe €90 as the payment was not successful. You can cancel the original instruction for €7.50 per month and set up a new instruction for €8.18 (€90/11) per month instead.

If your bank regularly returns your payment as unpaid, Revenue will remove you from the direct debit scheme.

LPT direct debit payments for multiple property owners

You can set up a direct debit to pay for several properties in one monthly deduction. You can manage the direct debits for those properties through [LPT online](#) or [myAccount](#).

If you sell one of your properties you need to cancel your current direct debit instruction and set up a new one for the remaining properties.

LPT arrears

You can pay LPT arrears by direct debit, however, each year must have its own payment instruction.

Example

You wish to pay your 2016 and 2017 LPT by direct debit. To do this, you must set up two separate payments to come out of your current account. You cannot add the LPT for both years together and have one single direct debit.

Preliminary Income Tax

Revenue collects direct debit payment for preliminary Income Tax on the ninth day of the month, or nearest working day. You cannot select a different deduction date.

Setting up a preliminary Income Tax direct debit

To be eligible to set up a direct debit for Income Tax you must:

- apply through Revenue Online Service (ROS)
 - ensure that your monthly payments are large enough to cover your preliminary Income Tax amount
 - make a minimum of three equal monthly payments in the first year you join the direct debit scheme
 - make a minimum of eight equal monthly payments in the following years.
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Amending a preliminary Income Tax direct debit

You can increase or decrease the amount you pay monthly at any stage during the year on ROS. You can also change your bank details for your direct debit on ROS. You must ensure that after amending the direct debit you will still meet your expected preliminary Income Tax amount.

Revenue can charge you interest and penalties if there is an underpayment.

Suspending a preliminary Income Tax direct debit

You can choose to suspend your direct debit payments for preliminary Income Tax during the year. If you suspend your payments, you must still ensure that:

- you make three equal payments in your first year
- you make eight equal payments in the following years.

If you make the relevant number of payments, you can avail of the option to pay your preliminary Income tax under the 105% rule.

Cancelling a preliminary Income Tax direct debit

You can cancel your direct debit at any stage through [ROS](#).

Missed or unpaid preliminary Income Tax payments

If your bank returns your payment as unpaid, we will not try to collect the payment a second time. A letter will be sent to inform you the payment was unsuccessful. It is your responsibility to pay the missed payment. You can pay the missed payment through ROS or by debit or credit card.

If your bank regularly returns your payment as unpaid, we will remove you from the direct debit scheme.

Direct debit procedures for seasonal businesses

A seasonal business is a business that does not trade for certain months of the year. If you have a seasonal business, you can choose to reduce your total monthly tax payment, or exclude the months that you are not trading. The reduction or exclusion will remain in place until you choose to make any changes. This is only available to Value-Added Tax (VAT) and employers' PAYE direct debit customers.

Example

A hotel closes for the months January and February every year. They choose not to pay their VAT and employers' PAYE in these months. Instead, they spread the total cost of the tax they owe over the remaining ten months.

Value-Added Tax (VAT)

Revenue collects the direct debit payment for [VAT](#) on the third last working day of the month. You cannot select a different deduction date. It is collected in arrears so, for example, the payment collected in January 2017 covers the VAT you owe for December 2016.

Setting up a VAT direct debit

To be eligible to set up a direct debit for VAT you must:

- file and pay any outstanding returns and taxes
 - have bi-monthly liabilities of less than €50,000
 - apply through [Revenue Online Service \(ROS\)](#)
 - ensure that your monthly payments are large enough to cover your annual VAT amount.
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Amending a VAT direct debit

You can increase the amount you pay monthly at any stage during the year on ROS. You can also decrease the monthly amount, but only up to a maximum of three times during the VAT accounting period. Following a change, the system will update the value of your direct debits for the remaining months of your annual period plus one month.

Example

Your VAT accounting period ends on 31 October and you decide to reduce your monthly payments on 1 July. The direct debit amounts will change for the remaining months of July to November only. The months before July will not change.

If you wish to amend the amount for the months after the end of your VAT accounting period, you will need to repeat this process in November. The change will then apply for the full year going forward.

You can also choose to suspend three direct debit payments during the year. You must ensure that after amending or suspending the direct debit you will still meet your expected annual VAT amount. Revenue can charge you interest if there is an underpayment. You can also change your bank details for your direct debit on ROS.

Cancelling a VAT direct debit

You can cancel your direct debit at any stage through ROS. Once the direct debit is cancelled, you will receive a short annual return to complete. This allows you to bring your VAT returns up to date before you go back to your normal pay and file pattern.

VAT returns

If you are a direct debit customer, you only have to submit one VAT return per year. The return is due on the 19th day of the month after your VAT accounting period ends. The date of your VAT accounting period also determines which month your direct debit will start.

Example

Your VAT accounting period ends 31 December 2016, so you must file your return by 19 January 2017. As your VAT accounting period ends on 31 December 2016:

you must make 12 monthly direct debit payments to cover from 1 January 2016 to 31 December 2016

your first payment must be in February 2016 for the VAT you owe for January 2016

your final payment must be in January 2017 for the VAT you owe for December 2016.

Missed or unpaid VAT direct debit payments

If your bank returns your payment as unpaid, we will not try to collect the payment a second time. A letter will be sent to inform you that the payment was unsuccessful. It is your responsibility to pay the missed payment. You can pay the missed payment through ROS or by debit or credit card.

If your bank regularly returns your payment as unpaid, we will remove you from the direct debit scheme.