

OHT Guide - Revenue's National Contractors Project



Revenue have launched a project known as the "National Contractors Project" this year which is examining the travel and subsistence expenses which were claimed. The project's main focus was the provision of services of an individual to an end-user through an intermediary.

Revenue issued a Tax Briefing dealing with the reimbursement of travel and subsistence expenses by intermediaries. This tax briefing is available [here](#).

The classic scenario outlined was where an intermediary enters into contract with an end user under which it agrees to provide the services of an individual.

Revenue have raised the issue of whether the individual is actually an employee of the end-user and not under a contract of services with the intermediary. However, this is not currently being dealt with as part of the project and it seems that Revenue are reserving this issue for review at a later date.

A deduction is not allowable for travel expenses incurred in travelling from home to your normal place of work or conversely, from your normal place of work to your home. This travel is deemed to be necessary due to the personal circumstances of the individual and not in the performance of the duties of the office/employment.

A deduction is allowable for travel expenses incurred in travelling from your normal place of work to a client's premises or from a client's premises to your normal place of work.

Where travel expenses are incurred in travelling from home to a temporary work location (which is not your normal place of work), then the allowable cost is restricted to, the lesser of:

- The costs incurred in travelling between your home and the temporary work location, or

- The costs incurred in travelling between your normal place of work and the temporary work location.

Revenue have also discussed situations where your normal place of work may change from day to day. Revenue have indicated that where you work at your client A Ltd's office every Monday and Tuesday and you work at your client B Ltd's office every Wednesday, Thursday and Friday, then your normal place of work would be A Ltd's office on Monday and Tuesday and B Ltd's office on Wednesday, Thursday and Friday.

However, if you were to work mornings in one location and evenings in another location every day, then the cost of the trips to and from home would not be allowed but the cost of the trip during the day from one work location to another work location is allowable.

This project originated in the South West region and was subsequently rolled out to the rest of the country. From the outset, Revenue took a view any underpayment arising due to claiming travel and subsistence expenses which should not have been claimed constitutes a default under the deliberate behaviour category.

A letter issued by Revenue to the Irish Taxation Institute stated that a penalty of 10% would be applied where an unprompted disclosure is made, a penalty of 50% would be applied where a prompted disclosure was made and a penalty of 75% to 100% would be applied where no disclosure has been made.

It remains to be seen what the extent of the Project will be in terms of disclosures made by the targeted companies and how Revenue will approach any audits it carries out arising from the project.

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Caveat: These notes are intended as a general guide to Revenue's National Contractors Project. OHT has endeavoured to provide an accurate commentary but the notes cannot cover all circumstances. OHT strongly recommends that formal tax advice be obtained before any steps are taken that may have a tax effect.