

# Information Sheet



## RCT – Principal Contractors

- Principal must engage a Sub-Contractor to perform Relevant Operations under a Relevant Contract
- Principal must;
  - Register on ROS for RCT
  - Create a Site Identifier Number
  - Contract Notification - Advise Revenue of each Contract
    - The contract must be registered with Revenue. The PPS & Name of the sub-contractor is required. The contract value and declaration from the sub-contractor that he is self-employed. Revenue will issue a contract id number & give an indicative deduction rate that will apply to payments to the subcontractor (0%, 20%, 35%)
  - Payment Notification – advise Revenue of each payment to be made to sub-contractor
  - Revenue issue a Deduction Authorisation
  - Provide copy of Payment Notification to the sub-contractor
  - Examine the monthly Deduction Summary issued by ROS and ensure it is filed by 23<sup>rd</sup> of the following month

Revenue may write typically requesting;

Note – nonresident principals conducting a contract in Ireland must register for RCT if the relevant operations are performed in Ireland

Since 2015 the penalties for not operating the rules correctly have increased greatly

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## VAT & RCT

- Invoice raised by subcontractor should not include vat, it should include the principals vat number with the statement 'VAT on this supply to be accounted for by the principle contractor'
- When the Principal pays the subcontractor the deducted tax is from the net of vat amount
- Principal includes the vat on his vat return by T1 and T2 – i.e. included on Vat on sales and Vat on purchases

Revenue are closely watching this area – recent publications from Revenue, Aug 2015 & Mar 2016 reveal that Revenue are closely watching;

- Principal self-accounts for VAT
- 2/3 rule application – where the VAT excl. cost of goods to a supplier exceeds 2/3 of the VAT excl. price charged to the customer, the supply is a supply of goods. Note – this rule does not apply where the construction operations come under the RCT rules

