
PROFESSIONAL SERVICES WITHHOLDING TAX

Payments made by the University to Professional Service Providers

Why has Professional Services Withholding Tax been deducted from your payment?

Under the Taxes Consolidation Act 1997 Professional Services Withholding Tax (PSWT) must be deducted by the University from payments made to Professional Service Providers. PSWT must be deducted from the entire payment, including any element which is for the reimbursement of expenses incurred. This applies even where expenses are invoiced separately.

Examples of expenses include travel, subsistence, stationery, printing etc.

The current rate of PSWT is 20%.

What professional services are subject to PSWT?

Basically, all professional services are subject to PSWT, including:

- Services of a medical, dental, pharmaceutical, optical, aural or veterinary nature
- Services of an architectural, engineering, quantity surveying or surveying nature and related services
- Services of accountancy, auditing or finance and services of financial, economic, marketing, advertising or other consultancies
- Services of a solicitor or barrister or other legal services
- Artwork and design services
- Geological services
- Training services on behalf of FÁS.

This list is not exhaustive and payments for professional services not specifically mentioned are nevertheless subject to the PSWT.

What is an F45 Document?

Where the University deducts PSWT from a payment it must issue a Form F45 to the professional service provider. The Form F45 will show the amount of the relevant payment and the amount of PSWT deducted. This document should be retained by the professional service provider as it forms the basis for their claim for tax paid.

How can the deducted tax be reclaimed?

PSWT deducted is available for offset against the provider's income tax/corporation tax liability.

Where a non-resident provider has no liability to tax in the State for the period in which the PSWT is deducted, repayment can be claimed from:

The Revenue Commissioners,
International Claims Section,
Government Offices,
Nenagh,
Co. Tipperary
Tel: 00353 6763400
Email: intclaims@revenue.ie

Non-residents claiming repayment of PSWT should complete a claim form (available from International Claims Section) and send it with forms F45 to the above address. In the case of first claims by non-residents, International Claims Section requires certification from the foreign Revenue Authority that the claimant is resident in that country. Repeat certification is not required until requested by International Claims Section. Normally, this will be required five years after the date of the first claim.

Where a non-resident is chargeable to tax in the State for the period in which the PSWT is deducted, claims for credit, refund, or interim refunds of PSWT are made to the Inspector of Taxes to whom they make their tax returns. A non-resident is chargeable to tax in the State for the period in which the PSWT is deducted, if during that period they carry on business through a permanent establishment situated in the State.

Exemption Finance Act 2005

Section 15 FA 2005 amends the definition of "relevant payment" in Section 520(1) TCA 1997 to provide for a statutory **exemption** in relation to the operation of Professional Services Withholding Tax on relevant payments both between accountable persons (specifically governments departments and non-commercial state sponsored bodies which have already been granted exemption from tax) and between accountable persons and **exempt charities** (granted an exemption from tax for the purposes of Section 207 TCA 1997).

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Professional Services Withholding Tax (PSWT)



The requirement to deduct PSWT is completely separate to the requirement to produce a current Tax Clearance Certificate.

For any queries regarding PSWT please contact tcc@ucc.ie or tel 021-4903349