

# Tax treatment for locums

## **PAYE risks and self correction**

In 2010 the Revenue Commissioners carried out an extensive review of the tax treatment of locum doctors engaged by General Practitioners (GPs).

Revenue have published their view on this matter and stated that:

- in general an engagement of a 'locum' by a GP is an employment i.e. a contract of service, which is subject to PAYE;
- PAYE should be deducted on payments to locums from 1 January 2009 and they remind GPs that 15 February 2011 is the deadline for 'self-correcting' payments to locums in 2009;
- in exceptional circumstances a locum may be considered a self-employed individual so that PAYE does not apply; and
- whilst Revenue will take a pragmatic approach it is up to the GP to verify the specific facts and resulting tax treatments in each case.

## **Issues to be determined by GP's include whether:**

- each locum is in fact an employee or self employed individual;
- the amounts paid to locums should be treated as gross or net pay (i.e. should the payment be re-grossed for PAYE/PRSI);
- a charge to employers PRSI arises on the amounts paid; and
- GP's can secure an income tax deduction for any additional PAYE arising.

We propose a review of the precise facts of each locum with regard to the Code of Practice and all relevant case law before deciding whether a contract **of** service (i.e. an employment) or contract **for** service (i.e. self-employed) arises.

## **Voluntary disclosure**

Failure to self-correct by 15 February 2011 could result in significant tax geared penalties and interest should Revenue initiate an enquiry thereafter.

However, GP's may make a qualifying disclosure to Revenue to mitigate penalties and avoid publication on Revenues tax defaulters list, where self correction is no longer available.

Grant Thornton has significant experience in dealing with Revenue on these matters.

## **Contact**

**Liam Kenny**  
Manager, Tax  
D +353 (0)1 6805 840  
E [liam.kenny@ie.gt.com](mailto:liam.kenny@ie.gt.com)

**Vincent Hand**  
Assistant Manager, Tax  
D +353 (0)1 6805 897  
E [vincent.hand@ie.gt.com](mailto:vincent.hand@ie.gt.com)

24-26 City Quay Dublin 2

Offices also in Limerick, Kildare and Galway

This briefing is provided for general information purposes only and is not a comprehensive or complete statement of the issues to which it relates. It should not be used as a substitute for advice on individual cases. Before acting or refraining from acting in particular circumstances, specialist advice should be obtained. No liability can be accepted by Grant Thornton for any loss occasioned to any person acting or refraining from acting as a result of any material in this briefing. Grant Thornton, Irish member of Grant Thornton International, is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business.  
[www.grantthornton.ie](http://www.grantthornton.ie)