

Relevant Contract Tax (RCT)

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| <p>In broad terms</p> | <p>RCT applies where an individual or company (a Principal Contractor) makes a payment to another individual or company (a Sub-Contractor) for services (known as “relevant operations”) in the industries of:</p> <ul style="list-style-type: none"> • construction; • forestry; and • meat processing. <p>RCT does not apply to employer/employee relationships.</p> |
| <p>Who is a “Principal”?</p> | <p>The obvious example in the context of construction is where one contractor is contracted to deliver an entire project to a client, and they sub-contract out various “relevant operations” or aspects of the work to other independent contractors (individuals or companies). In that case the individual or company that has the overall contract with the client is the Principal Contractor.</p> <p>If a Sub-Contractor themselves sub-contract out some of their work then that Sub-Contractor becomes a Principal Contractor in respect of the work they have sub contracted. So it is possible, and indeed common, that an individual or company could be simultaneously a Principal and Sub-Contractor.</p> |
| <p>Other less obvious examples of “Principals”</p> | <ul style="list-style-type: none"> • those whose business includes the erection of buildings or the development of land (i.e. even if they never carry out any physical works themselves), and persons connected with them (see below for instances where, though connected, RCT may not apply to construction operations). • those in the business of manufacturing, extracting, treating materials for use in construction operations. • a local authority, public utility society or other body mentioned in the Housing Act 1966. • a Minister of the Government. • any board established by or under statute or royal charter and funded wholly or mainly by the Oireachtas (could include Universities etc). • those involved in the provision of utilities (gas, water, electricity), hydraulic power, dock, canal or railway undertakings. |
| <p>What are the “relevant operations” to which RCT applies?</p> | <p>These are construction, forestry and meat processing operations as defined in the legislation.</p> <p>As regards construction operations, the wide definition includes or has been held to include carpeting (as part of the completion of a building), erection of gravestones, removal of material, external cleaning of buildings, and internal cleaning of buildings in the context of construction works.</p> <p>Haulage for construction, forestry or meat processing is one of the less obvious categories of relevant operations.</p> |

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