

Guidelines for charging interest on late payment through Revenue Debt Management Services (DMS)

Document updated May 2025

Table of Contents

1.	Purpose	3
2.	Introduction.....	3
3.	Scope	4
4.	Interest Rates	4
5.	Interest Warning Letters	5
6.	Interest on Late Payment automatically charged	5
7.	Charging Interest on Late Payment	6
8.	Collection of Interest on Late Payment	7
9.	Interest on Balance outstanding (IBOS).....	7
10.	Interest Discharge	8
11.	Directors Fees.....	8
12.	Employer Income Tax/PRSI/USC/LPT Settlement Agreements	9
	Appendix 1: Warning Letter for Interest on Late Payment	10
	Appendix 2: Interest on Late Payment Demand letter	11
	Appendix 3: Manual Interest Charge Letter	13
	Appendix 4: Due Dates Self-Assessed Taxes (IT, CT and CGT)	14
	Appendix 5: Interest Calculation on End of Year VAT Returns	17
	Appendix 6: Interest Calculations on End of Year Employer Income Tax/PRSI/USC/LPT Returns for periods pre 2019	18

1. Purpose

1.1 The purpose of this guideline is to explain:

- Why interest is charged
- How interest charges are raised and charged through 'Debt Management Services' (**DMS**)

2. Introduction

Revenue supports voluntary compliance by undertaking targeted and risk focused interventions which deliver a proportionate and effective response to non-compliance and which secure voluntary compliance for the future. The charging of interest is one such response where there is late payment of taxes due and owing.

2.1 Interest is charged under the following legislation:

- Income Tax, Corporation Tax and Capital Gains Tax: Section 1080 Taxes Consolidation Act, (TCA) 1997
- Employer Income Tax /PRSI/USC/LPT: Section 991 TCA, 1997
- RCT: Section 530Q TCA, 1997
- VAT: Section 114 Value-Added Tax Consolidation Act (VATCA) 2010
- CAT: Section 51 Capital Acquisitions Tax Consolidation Act 2003
- EWSS Overpayments: Section 28 (13) Emergency Measures in the Public Interest (COVID-19) Act 2020
- TWSS Overpayments: Section 28B (15) Emergency Measures in the Public Interest (COVID-19) Act 2020

Late payment of tax causes a considerable drain on the Exchequer. Revenue charges Interest on Late Payment (ILP) to:

- Penalise those who pay late
- Ensure that those who pay late do not gain a commercial advantage over those who pay on time
- Encourage taxpayers to pay on time in future.

This guideline supersedes the 'Guideline for charging interest on late payment through the process automation of interest on late payment, Integrated Case Management and Direct Debit Systems'.

2.2 Core compliance in DMS performs checks on customer returns and payment activity and automatically raises and issues a warning or charge to interest as appropriate for Employer Income Tax/PRSI/ USC/ LPT, VAT and RCT. CG Caseworkers can also select

cases for ILP charges for those tax-heads and IT/CT/CGT, CAT, EWSS and TWSS as part of their case-working routine.

- 2.3 ILP charges are raised in cases where payment for any tax liability is received outside of the due month. This will result in an Interest warning or Interest charge issuing to the customer.
- 2.4 IT/CT/CGT cases with insufficient/late payments may also be pursued for ILP manually, without the requirement for a warning letter.
- 2.5 The charging of ILP by core compliance is based on DMS identifying periods within cases which breach a set of pre-defined payment rules. The system automatically generates 'Warning Notices' and/or, 'Interest Demand' letters for periods where payments have been received after the due date. The 'Interest Demand' letter issues to a customer's ROS inbox where possible, however, where the customer does not have an active ROS Digital Cert, a paper 'Interest Demand' issues centrally by post. Warning Notices issue by post only.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

3. Scope

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

4. Interest Rates

- 4.1 Interest is charged on a daily rate, so it accurately reflects the lateness of a payment. It is therefore in the interest of the customer to pay tax liabilities as soon as possible in order to avoid higher interest charges.
- 4.2 The following daily interest charges apply:

Tax-head	Daily Rates between 1/4/2005-30/06/2009	Daily Rates from 1/7/2009
Employers IT/ PRSI/USC/LPT	0.0322%	0.0274%
VAT	0.0322%	0.0274%
RCT	0.0322%	0.0274%
IT	0.0273%	0.0219%
CT	0.0273%	0.0219%

CGT	0.0273%	0.0219%
CAT	0.0273%	0.0219%
EWSS	-	0.0219%
TWSS	-	0.0219%

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

5. Interest Warning Letters

The Interest Warning letter can be viewed at [Appendix 1](#)

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

6. Interest on Late Payment automatically charged

- 6.1 Interest on late payment (ILP) will be automatically charged on fully paid periods for Employer Income Tax/PRSI/USC/LPT, VAT and RCT returns where payments were made after the end of the due month.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

- 6.5 ILP is charged in PPA cases on late part-payments or credits for periods included in a PPA. The ILP charge is combined with the interest on the balance outstanding and presented to the customer as 'Accrued Interest'.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

7. Charging Interest on Late Payment

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

The due dates for VAT, Employer Income Tax IT/PRSI/USC/LPT, RCT, CAT and TWSS/EWSS are:

Tax-Head	Due Date	Ros File and Pay extension date
VAT	19th of month following end of the VAT period	23rd of month following end of the VAT period
Employer Income Tax/PRSI/USC/LPT	14th of month following end of the tax period	23rd of month following end of the tax period
RCT	14th of month following end of the tax period	23rd of month following end of the tax period
CAT	01 January to 31 August in any year is paid by 31 October in that year. 01 September to 31 December in any year is paid by 31 October in the following year.	
TWSS and EWSS	14th of month following end of the assessment period	N/A

- 7.4 Although customers have a pay and file extension date for payment up to the 23rd of the month, where payment is not made by that date, the due date reverts to original due date plus 1 day for the purposes of charging interest. For example, a Pay and File customer files their VAT return with period ending June 30th on 18th July and makes payment on-line for the period on August 10th. Although the customer has paid and filed on-line, they did not do both by the due date and therefore do not get the benefit of the extended date for payment. Interest is charged for the period between July 20th and August 10th.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

8. Collection of Interest on Late Payment

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

- 8.4 Customers can avail of a Phased Payment Arrangement (PPA) to repay an Interest only charge. The total interest balance outstanding must be in excess of €500. The same criteria that apply to tax and interest PPAs apply to interest only PPAs, with the exception that no further interest charges are applied
- 8.5 Where a customer applies for a PPA for tax liabilities, the system automatically includes any ILP charges outstanding for the customer within the PPA. The customer cannot exclude these charges from the arrangement.
- 8.6 When the customer logs into ROS or MyAccount to make a payment for interest, they are directed to the Revenue on-line payment system. The customer selects the tax-head, and relevant period. The customer manually enters the amount of interest they wish to pay.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

9. Interest on Balance outstanding (IBOS)

- 9.1 Interest on the balance outstanding (IBOS) is calculated in circumstances where an interest charge is required but there are still taxes outstanding on the period. IBOS is calculated by DMS and automatically applied to cases in two different circumstances:

- Enforcement

When a period is sent to enforcement, IBOS is the only interest charged where the customer pays the full tax liability through the enforcement agency. This means that interest is only calculated and charged up to the date the enforcement issued.

- Phased Payment Arrangement (PPA)

When a CG Caseworker approves a Phased Payment Application, IBOS is the interest charge generated on the outstanding balances included in the arrangement. The

overall interest calculation may change, generating new payment schedules, if changes to the parameters are made over the course of the arrangement.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

10. Interest Discharge

- 10.1 The amount of interest charged is dependent on three factors, the amount of tax and duty liability, the due date and the payment date. Where there is no dispute about any of these factors, it follows that the amount of interest is correctly charged. For this reason, there is no formal appeal process in relation to the charging of interest.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

11. Directors Fees

- 11.1 Section 996, Taxes Consolidation Act, 1997 governs the treatment for tax purposes of certain **unpaid** remuneration i.e. fees/bonus.

The CG Caseworker needs to know the following details:

- The company's accounting year-end
 - The year to which the unpaid remuneration relates
 - The date the unpaid remuneration was paid
 - The amount of Employer Income Tax/PRSI/USC/LPT applicable to the unpaid remuneration
- 11.2 If the unpaid remuneration is paid **within six months** of the company's accounting year end (provided the accounting period does not exceed 12 months), then interest is not charged if the tax due is paid by the 14th day of the month following the monthly period in which the unpaid remuneration is paid.

Example:

- If the company has an accounting year end of 30/06/2023

- The unpaid remuneration is subsequently paid on 31/08/2023, the “due date” for payment of Employer Income Tax/PRSI/USC/LPT is 14/09/2023
- If the tax due is paid on 30/10/2023, then interest is chargeable, under Section 991 of TCA, 1997, from 14/09/2023 (due date) to 30/10/2023 (date of payment)

11.3 If the unpaid remuneration is paid **later than six months after** the company’s accounting year end, then the due date for payment of Employer Income Tax/PRSI/USC/LPT is the 14th day of the month following the period in which the last day of the accounting year falls.

Example:

- The company has an accounting year-end 31/12/2023
 - The unpaid remuneration is subsequently paid on 31/08/2024 then due date for Employer Income Tax/PRSI/USC/LPT is 14/01/2024
 - Interest is chargeable under Section 991 of TCA 1997 from 14/01/2024 (due date) to 30/8/2024 (date of payment).

11.4 Where the company accounting period exceeds 12 months, paragraph 7 of [Tax and Duty Manual Part 42 04 23](#) determines the dates on which unpaid remuneration is deemed to have been paid.

11.5 There is a statutory obligation on an employer under Section 985 of TCA, 1997 to deduct and remit tax “on the making of any payment of any emoluments” to an employee. If for some reason an employer “misclassifies” or does not treat the payments as emoluments then the provisions of Section 991 of TCA, 1997 apply.

12. Employer Income Tax/PRSI/USC/LPT Settlement Agreements

12.1 Section 985B, TCA, 1997 governs the treatment for tax of Employer Income Tax/PRSI/USC/LPT settlement agreements.

12.2 Where emoluments are minor and irregular, the employer can apply to pay the tax on these amounts on behalf of the employee under the following conditions:

- The application must be made by 31 December in the year in which they occur
- They must be paid within 23 days of 31 December, e.g.:
 - Application for 2023
 - Payment due before 23rd January 2024

Appendix 1: Warning Letter for Interest on Late Payment

In all correspondence please quote:

Customer Number:

Notice No:



Office of the Revenue Commissioners
Collector-Generals Division
Sarsfield House
Francis Street
Limerick
V94 R972

Enquiries: 01 7383663

Date

Interest Warning

Dear Sir/Madam,

I wish to bring to your attention the fact that a recent tax payment from you was submitted late. It is important that the right tax is paid and is paid on time, every time.

Timely payment is important so that the Exchequer has the funds it needs and there is no disadvantage to a taxpayer or business who makes their payment on time compared with a taxpayer or business that pays late.

Late payment by you means that you are liable to an interest charge. Interest is charged on a daily basis, and the rate of interest is the equivalent 8% per annum or 10% per annum depending on the tax involved. Interest charges are a significant cost to you/your business. They can be avoided by making sure that every tax payment is made on time.

In any further instances of late payment of tax by you, you will be charged interest and Revenue will collect that charge. Please therefore take note of this warning and take the necessary steps to make sure that all future tax payments are made on time.

Further information on when taxes are due and the interest rates applicable to late payment of tax is available on www.revenue.ie.

Thank you.

Yours sincerely,

Joseph Howley
Collector-General

Appendix 2: Interest on Late Payment Demand letter

In all correspondence please quote:

Customer Number:

Notice No:



Office of the Revenue Commissioners
Collector-Generals Division
Sarsfield House
Francis Street
Limerick
V94 R972

Enquiries: 01 7383663

Date

Page x of x

Interest Demand

Dear Sir/Madam,

You were advised previously that late payment of tax would incur interest charges. Despite this, you have again been late in making a tax payment(s). You are now being charged interest in the sum of ~~€xx.xx~~ as detailed on the next page.

If you do not pay this debt within 10 days from the date of this letter, Revenue will, without further notice, use enforcement measures to collect the debt. In addition, you will be liable to payment of any enforcement costs that arise.

All future tax liabilities should be paid as they fall due so that you avoid the unnecessary expense of additional interest charges.

Further information on when taxes are due and the interest rates applicable to late payment of tax is available on www.revenue.ie.

If you require further details on the interest charge or if you encounter any difficulties in meeting your payment obligations, you can make contact by telephone at 01-7383663 or through MyEnquiries.

Yours sincerely,

Joseph Howley
Collector-General

Interest Charge

Reg No	Description	Period	Number of Late Payments	Total Late Payment(s) €	Interest Amount €	Interest Paid €	Interest Balance Due €
TOTAL:							

- Any outstanding interest balance currently subject to enforcement is not included in the above.
- If required full period breakdown is available on request.

Appendix 3: Manual Interest Charge Letter

In all correspondence please quote:

Customer Number:



Office of the Revenue Commissioners
Collector-General's Division
Sarsfield House
Francis Street
Limerick
V94 R972

Date

Page 1 of 2

CUSTOMER NAME
CUSTOMER ADDRESS 1
CUSTOMER ADDRESS 2
CUSTOMER ADDRESS 3
CUSTOMER ADDRESS 4

Interest Charge

Dear Sir/Madam,

You were advised previously that late payment of tax would incur interest charges. You are now being charged interest in the sum of **€xx.xx** as shown on the next page.

If you do not pay this debt within 10 days from the date of this letter, Revenue will, without further notice, use enforcement measures to collect the debt. In addition, you will be liable to payment of any enforcement costs.

All future tax liabilities should be paid as they fall due so that you avoid the expense of further interest charges. For details of applicable interest rates and for further information go to www.revenue.ie

Yours sincerely,

Joseph Howley
Collector-General

061 – 488xxx

Go to My Services page on ROS to make all outstanding payments and/or file returns.

Appendix 4: Due Dates Self-Assessed Taxes (IT, CT and CGT)

Interest is charged when

- An insufficient amount of Preliminary Tax is paid or
- The Preliminary Tax is paid late
- When the balancing payment is paid late

Income Tax:

Date	Event
31 October 2010 onwards	IT Return filing deadline for previous year Due date for balance of IT tax for previous year Due date for IT Preliminary Tax for current year
November 2010 (and subsequent years)	Taxpayers who pay and file their return electronically through the Revenue On-Line System (ROS) have until midnight on a specified date in November.

To avoid an Interest Charge, the minimum Preliminary Tax payment is:

- 90% of the final tax liability for the current year
- 100% of final tax liability for the previous year, or
- **For Direct Debit cases only:** 105% of the final tax liability of the pre-preceding year (this option does not apply where the Income Tax liability for the pre-preceding tax year is NIL).

If insufficient Preliminary Tax is paid or if it is paid late then the due date for the full amount of the tax reverts to the date the Preliminary Tax should have been paid.

Capital Gains Tax:

15 December 2009 and every year thereafter	CGT payment date in respect of chargeable gains (disposals) from 1 Jan. 2009 to 30 Nov. 2009 inclusive.
31 January 2010 and every year thereafter	CGT payment date in respect of chargeable gains (disposals) from 1 Dec. 2009 to 31 Dec. 2009 inclusive.

As there are two periods for CGT each year, the due date for the full payment of the tax depends on when the disposal was made.

Corporation Tax:

When deciding on whether the company has satisfied the Preliminary Tax rules it is important to be aware if the company is a large or small company.

A **small company** is one where the Corporation tax liability for the preceding chargeable period does not exceed €200,000. (S.959 AM (4) of TCA 1997).

A **large Company** is one where the Corporation Tax liability for the preceding chargeable period is greater than €200,000.

Corporation Tax: (Small Company)

Accounting Period end 31/12	1st Instalment	Small Companies	2nd Instalment
2006 onwards	90% of tax liability for accounting period to be paid by 21/11	100% of liability for previous year, if lower.	Balance payable on date return is due. In this case 21/9.

The **Preliminary Tax** is due to be paid on the **21st day of the month preceding the accounting year-end.**

The **Annual Return** must be submitted with **payment of any balance of tax due**, no later than **9 months** after the A/c period ends or by the **21st of the 9th month**, if earlier.

Corporation Tax: (Large Company)

Accounting period ending	1st Instalment Date	2nd Instalment Date
15 th Oct. 2023	Due 21 st April 2023 Must pay either 50% of the previous A/c period OR 45% of the current A/c period whichever is lower.	Due 21 st Sept. 2023 An amount that, when added to the first instalment is equal to or greater than 90% of the tax for the chargeable period.

- The first instalment of Preliminary Tax is due to be paid on the 21st day of the sixth month of the accounting year.
- The second instalment is then due on the 21st day of the month preceding the accounting year-end.
- The Annual Return must be submitted with payment of any balance of tax due, no later than 9 months after the accounting period ends or by the 21st of the 9th month, if earlier.
- To assist taxpayers, Revenue has a wide range of information on its website regarding the due dates for filing and paying IT and CT.
- The only exception to the 90% Preliminary Corporation Tax rule applies to ‘**Top up**’ payments – **See below**.

‘Top up’ Payments

Because the first instalment of Preliminary (Corporation) Tax must be paid before the end of the accounting period, a special provision applies to cater for the situation where additional liabilities arise in the form of chargeable gains on disposals in the final month of the accounting period. In these circumstances a company may make a “top-up” of Preliminary (Corporation) tax.

A company is regarded as having met Preliminary Tax obligations if it correctly pays the first instalment of Preliminary (Corporation) Tax exclusive of the gains in the final month and makes a top up payment one month after the end of the accounting period to bring total payments up to the required level.

Finance Act 2021

Finance Act 2021 amended existing legislation governing preliminary tax rules to account for the introduction of the interest limitation rule (ILR). There are now special preliminary tax rules for companies subject to the provisions of Part 35D TCA.

Changes were also introduced to Preliminary tax rules for Non-resident Landlords.

Full details of these changes are available to view at [Part 41A-07-02 - Requirements by companies for the payment of preliminary tax](#)

Appendix 5: Interest Calculation on End of Year VAT Returns

Example 1 – Balance on Annual Return less than 20% - Paid Late

- Annual Accounting Period 1 January 2023 to 31 December 2023
- Due date for Annual Return and balancing payment is 19 January 2024
- 12 Direct Debit payments of €11,000 = €132,000
- Annual Return for €160,000 with balancing payment of €28,000 submitted on 12 April 2024.
- The Balancing payment of **€28,000 is 17.5%** of total liability for the year
- Interest is chargeable on €28,000 from the 19 January 2024 to 12 April 2024
- Interest is calculated at a daily rate of 0.0274%
- **84 days interest = €644.44**

Example 2 – Balance on Annual Return exceeds 20%

- Annual Accounting Period 1 January 2023 to 31 December 2023
- Due date for Annual Return and balancing payment is 19 January 2024
- Direct Debit payments of €10,000 = €120,000.
- Annual Return for €160,000 with balancing payment of €40,000 submitted on 12 February 2024.
- Balancing payment of **€40,000 is 25%** of the total liability for the year
- Interest is chargeable on €40,000 from 19 July 2023 to 12 February 2024
- Interest is calculated at a daily rate of 0.0274%
- **208 days interest chargeable = €2,279.68**

Appendix 6: Interest Calculations on End of Year Employer Income Tax/PRSI/USC/LPT Returns for periods pre 2019

Example 1 - Balance with P35 less than 10% of Employer Income Tax/PRSI/USC/LPT Liability due for the Year – Paid Late

- Year of assessment 2018 (01/01/2018 to 31/12/2018)
- Due date for P35 - 15 Feb 2019 due date for payment - 14 January 2019
- **12 Direct Debit Payments of €12,500 = €150,000**
- P35 for €160,000, balancing payment of €10,000 submitted 14 February 2019.
- Balancing payment of €10,000 is 6.25% of P35 liability for the year.
- Interest is chargeable on €10,000 from 14 January 2019 to 14 February 2019.
- Interest is calculated at a daily rate of 0.0274%
- 1 months (31 days) interest chargeable = **€84.94**

Example 2 - Balance with P35 more than 10% of Employer Income Tax/PRSI/USC/LPT Liability due for the Year

- Year of assessment 2018 (01/01/2018 – 31/12/2018)
- Due date for P35 is 15 February 2019, due date for payment 14 January 2019.
- **Direct Debit Payments of €11,250 = €135,000**
- P35 for €160,000, balancing payment of €25,000 submitted 14 February 2019
- Balancing payment of €25,000 is 15.63% of P35 liability for the year
- Interest chargeable on €25,000 from 31 July 2018 to 14 February 2019
- Interest is calculated at a daily rate of 0.0274%
- 198 days interest chargeable = **€1,356.30**

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]