

# Form RCT1 Principal Contractor / Subcontractor Declaration Form



To be completed jointly by a Principal Contractor (Principal) and a Subcontractor who are about to enter into a Relevant Contract (i.e. a contract which is NOT a Contract of Employment)



## BLOCK CAPITALS PLEASE

### Principal Contractor

### Subcontractor

Name

Address

Telephone

PPS/Tax Reference Number

**It is important that you make sure that you are about to enter into a Relevant Contract and not a Contract of Employment.**

## Notes for Subcontractors (Resident and Non-Resident):

Information on your tax obligations is included on page 4 of this form. Most importantly, you should note that:

- ◆ **Resident Subcontractor:** If your annual turnover from all contracts in a year is greater than the figure specified in the VAT Acts (€35,000 in 2007), you must register for, charge and account for Value Added Tax (VAT).
- ◆ **Non-Resident Subcontractor:** You **must** register for, charge and account for Irish VAT if the place of supply of your services is the State. The turnover threshold for registration is nil.
- ◆ You may have to register as an employer.

## Obligations for Principal and Subcontractor:

- Principal and Subcontractor:** Before entering into a relevant contract the Principal and Subcontractor must complete this form fully and accurately.
- Principal and Subcontractor:** Both parties must sign pages 1, 2 and 3 of this form.
- Principal:** The Principal must retain this form for six years.
- Principal:** Within **7 days** of making the declaration, the Principal must deliver this form to his/her Revenue Office if any of the following **exceptional circumstances** apply (please see page 2):
  - It is the first time the Principal has entered into a relevant contract with this Subcontractor.
  - Where the Subcontractor's PPS/Tax Reference Number has not been entered on the form.
  - Where the Subcontractor is not registered for Income Tax or Corporation Tax, as appropriate.
  - Where the Subcontractor is not registered for VAT, or where required, has not provided their VAT Registered Number.
  - Where the Subcontractor will be employing others to carry out all or part of the contract and has not provided an Employer Registered Number.
  - Where the Subcontractor intends to subcontract all or part of the contract and is not registered with the Revenue Commissioners as a Principal.
- Principal:** The Revenue Commissioners may, by notice in writing, require a Principal to deliver this form to them within **21 days** from the date of the notice.

**PENALTIES: The law provides for a penalty of €1,265 for each failure to meet these obligations.**

## Declaration

### We declare that:

- to the best of our knowledge and belief all of the particulars given by us in this form are correctly stated,
- we have read and understand the guidelines contained in the Code of Practice for Determining Employment or Self-Employment Status of Individuals on the distinction between a contract of employment (employee) and a relevant contract (self-employed),
- having regard to the guidelines referred to in (ii) above we have satisfied ourselves that in our opinion the contract (described on page 3) which we propose to enter into is **NOT** a contract of employment.

### Signature of Principal Contractor

Date

/   /

D D M M Y Y Y Y

### Signature of Subcontractor

Date

/   /

D D M M Y Y Y Y

# Comparison of the entitlements and treatment of Employees and Self-employed Individuals operating as Subcontractors

4702479115

EMPLOYEE	SELF-EMPLOYED SUBCONTRACTOR
<b>The way in which tax and PRSI is payable to the Revenue Commissioners</b>	
Will have tax and PRSI deducted from his or her income by the employer. The employer will also pay PRSI on behalf of the employee.	A resident Subcontractor must pay preliminary tax and file income tax returns whether or not he/she is asked for them. Please see notes on non-resident Subcontractors on page 4. A Subcontractor may also have to register for, deduct and account for VAT, PAYE/PRSI and/or RCT.
<b>Entitlement to a number of social welfare benefits</b>	
Will be entitled to a broad range of benefits and State pensions, including Jobseeker's Benefit and Illness Benefit. Visit <a href="http://www.welfare.ie">www.welfare.ie</a> for details.	Will have limited entitlements to benefits and pensions (will have no entitlement to Jobseeker's Benefit or Illness Benefit). Visit <a href="http://www.welfare.ie">www.welfare.ie</a> for details.
<b>Other rights and entitlements, for example, under Employment Legislation</b>	
Will have rights in respect of working time, minimum pay, holidays, maternity / parental leave, protection from unfair dismissal etc.	A Subcontractor will not have these rights and protections.
<b>Public liability in respect of the work done</b>	
Will normally be covered under the employer's public liability insurance.	May have to provide his or her own public liability insurance.
<b>Pension entitlement</b>	
May be entitled to membership of an occupational pension scheme. In the construction sector an employee is entitled to a benefit that will be at least equal to that set out in the Registered Employment Agreement.	May need to arrange his or her own private pension and, if an employer, will have to provide a pension scheme for his or her employees.

## SUBCONTRACTOR DETAILS - To be completed by Subcontractor

Depending on the answers provided by the Subcontractor to the questions below, the Principal Contractor may be obliged to send the completed form to his/her Revenue Office. Please see section entitled "Obligations for Principal and Subcontractor" on page 1 for details.

- 1. Is this the first relevant contract entered into between the Principal and the Subcontractor?** Yes  No
- 2. Enter your PPS/Tax Reference Number**

If you are an individual and you cannot provide this information at this time, please give:

(a) Your date of birth  /  /

(b) Your mother's maiden name: (BLOCK CAPITALS PLEASE)
- 3. Income Tax/Corporation Tax**

If you are an individual, are you registered for Income Tax (for self-assessment purposes)? Yes  No

If you are completing on behalf of a company, is the company registered for Corporation tax? Yes  No
- 4. Are you registered for Value Added Tax (VAT)?** Yes  No

If yes, enter your VAT registered number

Note: For guidance on limits for VAT registration, please see page 4
- 5. Are you an Employer?** Yes  No

If yes, enter your Employer Registered Number

Note: If you employ or intend to employ others to carry out all, or any part of the contract you must register with the Revenue Commissioners as an employer and operate PAYE/PRSI for those employees. (Non-resident Subcontractors should refer to notes on page 4 regarding their requirement to register for PAYE/PRSI).
- 6. Do you intend to subcontract all or part of the contract?** Yes  No

If yes, are you registered with the Revenue Commissioners as a Principal? Yes  No

## This page must be signed by both the Principal and Subcontractor

Signature of Principal Contractor

Name (BLOCK CAPITALS PLEASE)

Date

 /  / 

D D M M Y Y Y Y

Signature of Subcontractor

Name (BLOCK CAPITALS PLEASE)

Date

 /  / 

D D M M Y Y Y Y

Date on which  
contract is to  
commence

		/			/				
D	D		M	M		Y	Y	Y	Y

Contract  
value €

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Description of Contract and Duration

--

Materials, plant and equipment provided by the Subcontractor:

--

Location where contract will be carried out:

--

**Guidelines**

If the following questions are answered correctly a clear indication as to the nature of the contract should emerge. You should read the Code of Practice for Determining Employment or Self-Employment Status of Individuals for further guidance (available online at [www.revenue.ie](http://www.revenue.ie), from Revenue's Forms and Leaflets Service LoCall number 1890 306 706 and from your local Revenue Office).

The overriding consideration or test in deciding whether a Relevant Contract is being entered into will always be whether the person performing the work does so "as a person in business on their own account". Is the person a free agent with an economic independence of the person engaging the service?

*All questions must be answered. Please tick X appropriate box*

**Will the Subcontractor:**

- Supply materials?
- Provide plant and machinery necessary for the job other than hand tools?
- Engage helpers, subcontractors at his/her own expense?
- Receive an agreed contract payment(s) without entitlement to pay for overtime, holidays, country money, travel and subsistence or other expenses payment?
- Be excluded from the industry pension and sick pay schemes, if a sole trader?
- Organise his/her own transport to and from sites?

**Yes****No****Does the Subcontractor:**

- Have a fixed place of business to take orders, bookings for contracts, store materials and equipment etc?
- Cost and agree prices for jobs?
- Provide his/her own insurance cover as appropriate e.g. public liability etc?

**Is the Subcontractor:**

- Free to choose the method to be employed in carrying out the work without the direction or control of the site foreman/overseer?
- In business on his or her own account and able to provide the same services concurrently to others?
- Exposed to financial risk including bearing the cost of making good faulty/substandard work and overruns?
- Registered for Value Added Tax if appropriate?

**This page must be signed by both the Principal and Subcontractor**

Having regard to the guidelines referred to above and for the reasons indicated above, we have satisfied ourselves that in our opinion the contract described above is NOT a contract of employment.

Signature of Principal Contractor

--

Signature of Subcontractor

--

Date

		/			/				
D	D		M	M		Y	Y	Y	Y

Date

		/			/				
D	D		M	M		Y	Y	Y	Y

**Before completing this form**, you must read the **Code of Practice for Determining Employment or Self-Employment Status of Individuals** to help you decide on the nature of the contract. If you require assistance, please contact your local Revenue Office or **Scope Section, Department of Social & Family Affairs**, Oisín House, Pearse Street, Dublin 2, Phone: (01) 673 25 85. Email: [scope@welfare.ie](mailto:scope@welfare.ie) and website: [www.welfare.ie](http://www.welfare.ie)

For other assistance or information please refer to the following table

If you require:	Contact your <b>local Revenue Office</b>	Visit the Revenue website: <b>www.revenue.ie</b>	Contact Revenue's Forms and Leaflets Service LoCall <b>1890 306 706</b>
Contact details of your local Revenue Office		✓	
Code of Practice for Determining Employment or Self-Employment Status of Individuals	✓	✓	✓
RCT 1 Forms	✓	✓	✓
Assistance with completing RCT 1 Form	✓		
Translations of RCT 1 Form (for information only)		✓	✓
Guides for Principals (IT63) and Subcontractors (IT64) on Relevant Contracts Tax (RCT)		✓	✓
All other Revenue forms	✓	✓	✓

### Principal

The nature of the contract may be examined by the Revenue Commissioners, the Department of Social and Family Affairs, the Department of Enterprise, Trade and Employment and the National Employment Rights Authority (NERA). If a contract of employment was incorrectly classified as a relevant contract, the Principal will be liable to pay the PAYE and PRSI that should have been deducted together with interest and penalties as appropriate.

### Resident Subcontractor

- You must register with the Revenue Commissioners for Income Tax using Form TR1 or Corporation Tax using Form TR2. You must keep business records, make a return of Income Tax or Corporation Tax and pay whatever tax and PRSI is due.
- If your annual turnover from all contracts in a year is greater than the figure specified in the VAT Acts\*, you must register with the Revenue Commissioners for VAT using Form TR1 (or Form TR2 if a company), charge VAT on contract payments and account for that VAT to the Revenue Commissioners. If you should have registered for VAT but failed to do so, you will be liable to pay the VAT together with interest and penalties as appropriate.

\*The figure for 2007 is €35,000. For an up to date figure, visit [www.revenue.ie](http://www.revenue.ie) or contact your local Revenue Office.

- You must register for and operate PAYE/PRSI if you have employees. You must register with the Revenue Commissioners as a Principal by completing Form P33, if you intend to subcontract all or part of the contract.
- Tax deducted from payments made by the Principal to you will be available for credit against taxes and PRSI owed by you, **but it does not meet your obligation to make a return of income to the Revenue Commissioners.**

### Non-Resident Subcontractor

- You must register with the Revenue Commissioners for all appropriate taxes and complete the relevant questionnaire and other documentation. In the event of your contract or trading activity having ceased in the State, you are obliged to cancel your Tax Registration number.
- You must register for, charge and account for Irish VAT, regardless of the level of your turnover, if the place of supply of your services is in the State. In general, services connected with immovable goods (land, buildings, structures) situated in the State are treated as being supplied in the State and are therefore, subject to Irish VAT. If you should have registered for VAT but failed to do so, you will be liable to pay the VAT together with interest and penalties as appropriate.
- You are not required to register for Income Tax or Corporation Tax unless you have a permanent establishment in the State.
- You must register for and operate PAYE/PRSI for employees resident in the State. In certain circumstances, you may also have to register for and operate PAYE/PRSI for employees not resident in the State. You must register with the Revenue Commissioners as a Principal by completing Form P33, if you intend to subcontract all or part of the contract.
- For further information, visit [www.revenue.ie](http://www.revenue.ie) or contact Revenue at:

**Revenue Commissioners, City Centre District, 9/10 Upper O'Connell Street, Dublin 1.**

**Phone: (01) 865 50 00 Email: [citycentrercvat@revenue.ie](mailto:citycentrercvat@revenue.ie).**

**THIS FORM MUST BE RETAINED BY THE PRINCIPAL CONTRACTOR FOR 6 YEARS**