

GMS Flash Alert

Global Compensation Edition

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Ireland - Updated Guidance on Returns Filing for Approved Profit Sharing Schemes

There is an obligation in Ireland to file returns of information for employee share participation schemes in respect of 2019. Ireland's Revenue has recently issued updated guidance in respect of the information filing return for Revenue Approved Profit Sharing Schemes ("APSS").¹ In a change from prior years, the information return for an APSS must be filed online through Revenue's Online System ("ROS"), in a similar fashion to the filing for the employer Returns RSS1 and KEEP1. (For related coverage, see the following issues of *GMS Flash Alert*: [2020-120](#) (26 March 2020) and [2020-039](#) (26 February 2020).)

The **deadline to file the 2019 Form ESS1 has been extended to 31 October 2020** in order to facilitate the transition from a paper-based to an online system.

WHY THIS MATTERS

Employers that offer Revenue Approved Profit Sharing Schemes, and the trustees of such, should be aware of the changed procedures and the extended deadline, so that they can make adjustments in their own procedures and practices and foster compliance with the rules provided for in the updated guidance.

Approved Profit Sharing Schemes – ESS1

The 2019 ESS1 requires the reporting of all share allocations under the Scheme and to provide information on capital receipts and company reconstructions. The procedure to file the Form ESS1 has changed. This is described in further detail below.

Change in Procedure for Filing of Form ESS1

For prior years, trustees filed a paper Form ESS1 with Revenue. For the 2019 tax year onwards, the Form ESS1 must be filed online via ROS, in a pre-determined spreadsheet format. It will be necessary to make sure the trust established for the purpose of the APSS is registered for income tax for 2019. The 2019 ESS1 will be filed in a spreadsheet format via ROS using the trust's tax registration number.

Revenue has reminded trustees that the requirement to register the trust established for the purposes of an APSS is not a new requirement. However, it is worth noting that many APSS trusts will not be registered for taxation since the trustee would not have had a tax liability due to the fact that the trustee would typically have appropriated shares in a timely manner post-acquisition and thus would not have had an income tax or capital gains tax liability. For those trusts already in existence, but which have not been previously registered, registration should be made immediately. Once the trust is registered for income tax, it is necessary for the trust to register for the Share Scheme Reporting ("SSR") obligation in ROS. This is a once-off registration required for the trust to be able to access the ESS1 return.

KPMG NOTE

Employers are reminded that this is an additional step to file the 2019 returns when compared to prior years. Revenue's Share Scheme Manual dealing with the Share Scheme Reporting Obligation provides a guide on how to effect this registration.

Deadline Extension

The ESS1 filing deadline has been extended from 31 March 2020 **to 31 October 2020**, in order to facilitate the transition from a paper-based to an online system. A paper ESS1 return for 2019 will not be available. The due date for filing the Form ESS1 in respect of the 2020 tax year and subsequent tax years will revert to the usual deadline of on or before 31 March in the following tax year. Revenue also reminds the trustees of an APSS that they are under the same taxation obligations as any other trustees of any other trust. This means that the trustees are also required to make an annual return of any income or gains arising to the trust on Form 1 on or before 31 October of the following tax year.

Tax Agents

Tax agents can register their clients for SSR upon receipt of a signed agent link authorisation from their client. The agent link can be uploaded to ROS when the SSR registration application is being completed. The registration takes up to three working days to be processed by Revenue.

KPMG NOTE

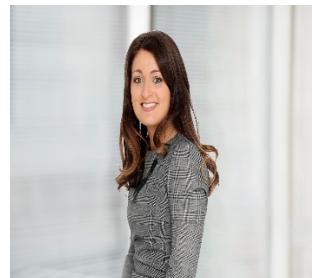
Employers should allow sufficient time to complete the registration procedure, or give their tax agents sufficient time to register them for SSR, in advance of the 31 October 2020 deadline.

FOOTNOTE:

1 The filing deadline extension for the 2019 ESS1 return has been confirmed on Revenue's website [here](#).

Contact us

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