

Taxation of Doctors engaged by General Practitioners (GPs)

Dear General Practitioner

Revenue has conducted a review of the tax treatment of doctors engaged by GPs on a part-time, temporary or non-permanent basis. These doctors are colloquially known as "locums". The review undertaken was to provide assurance to Revenue that payments to these doctors by GP practices are being treated correctly for tax purposes. This letter is a reminder of the forthcoming deadline of 15 February 2011 to regularise your 2009 position, *if appropriate*, without the imposition of penalties. Please ignore this letter if you have already made contact with Revenue in relation to this matter.

In the course of the review Revenue examined cases having regard to The Code of Practice for Determining Employment or Self Employment Status of Individuals, particularly to the criteria set out in the Code and also relevant case law. Having considered generally the circumstances surrounding the engagement of doctors by GP practices and the facts and circumstances of the cases examined to date, it is the Revenue view that doctors engaged by GP practices are engaged under a contract of service (i.e. they are employees) and their remuneration comes within the scope of PAYE. The Revenue view on this matter was published in December 2009 and is available on our website at (<http://www.revenue.ie/en/practitioner/tax-briefing/archive/82/>). The Revenue view has also been articulated to the Irish Medical Organisation both at meetings and in writing in May 2010. It has also been discussed with the Tax Practitioner Bodies.

However, it is accepted that there may be exceptional cases where the terms of engagement differ from the norm and in these instances Revenue is prepared to look at these on a case-by-case basis. Revenue will consider each case on its own merits. In cases of doubt a submission outlining the terms and conditions of the engagement should be submitted for consideration.

Where doctors were engaged by your practice in 2009 and the PAYE system was not applied to the payments, this should be rectified immediately. A Supplementary Form P35 should be sent to the Office of the Collector General using the self-correction rules as set out in Chapter 2.2 of the Code of Practice for Revenue Audit (available at <http://www.revenue.ie/en/practitioner/codes-practice.html>) on or before 15th February 2011. The form should include a computation of the correct tax, PRSI, levies and statutory interest payable together with the payment due. This will avoid penalties being charged. For 2010, any additional tax, PRSI and levies accrued on foot of payments to doctors engaged should also be remitted to Revenue through the 2010 Form P35.

The benefit of self-correction will not apply if Revenue has issued a notification of an audit or an investigation relating to your tax affairs. While self-correction in accordance with the rules will not itself trigger an audit, an audit may arise based on normal risk and case selection procedures applied by Revenue.

If you have any queries with regard to this letter please contact your tax adviser or local Revenue District.

Yours sincerely

Revenue Commissioners
4 February 2011