



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

Oifig an Stiúrthóra Náisiúnta, Acmhainní Daonna  
Feidhmeannacht na Seirbhíse Sláinte  
Ospidéal Dr. Steevens'  
Baile Átha Cliath 8

Office of the National Director of Human Resources  
Health Service Executive  
Dr. Steevens' Hospital  
Dublin 8

All Queries to  
[taxqueries@hse.ie](mailto:taxqueries@hse.ie).

**HSE HR Circular 018/2014**

**2<sup>nd</sup> September 2014**

**To: Each Member of Leadership Team, HSE  
Each Assistant National Director of HR, HSE**

**Re: Deduction of Professional Services Withholding Tax (PSWT) and retention of Tax  
Clearance Certificates in respect of Training and Consultancy Services**

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## **1. Professional Services Withholding Tax**

In accordance with guidelines issued by Revenue Commissioners and in compliance with Part 18 of the Taxes Consolidation Act 1997, withholding tax stands to be deducted from payments made by certain public bodies in respect of professional services. The tax is known as Professional Services Withholding Tax (PSWT). The HSE is deemed to be an accountable person and is required to deduct PSWT, at a rate equivalent to the standard rate of income tax from payments made by it for professional services (20% rate in 2014).

Depending on the nature of the individual arrangement, training expenditure (teaching, training or lecturing services) may be subject to PSWT. The engagement of part-time teachers/trainers may, depending on the circumstances of each individual arrangement, be determined by Revenue to be subject to PAYE. Prior to entering into any such arrangement, advice on the correct tax treatment should be obtained from the HSE tax department (contact details below) in the first instance.

Consultancy (i.e. a service which involves the provision of advice) is subject to PSWT. The HSE is required to deduct 20% PSWT from all payments (ex VAT) in respect of these services. The tax applies to the entire payment, including any element which is in respect of the reimbursement of expenses incurred by the specified person. This continues to be the position where expense items are isolated for separate payment or where the expenses are separately invoiced. Examples of expenses include costs incurred for travel, subsistence, postage, printing, stationery, secretarial services, advertising, and payments by the specified person to third parties engaged by the specified person in connection with the delivery of the service.

A form F45 statement of tax deducted must be issued to the payee to accompany every payment. This is managed through the accounts payable process.

A primary consideration in engaging any service provider in this area is whether or not a contract of employment may be deemed to exist. PSWT cannot be used to replace employment taxes. The distinction between self-employed persons and employees is that self-employed persons operate under a contract for service while employees are employed under a contract of service. Information on the difference between a contract for services and a contract of service is contained in the Code of Practice for determining Employed or Self Employed Status of Individuals, available at <http://www.revenue.ie>

To avoid misunderstandings, accountable persons are advised to inform specified persons at contract stage that PSWT will be deducted from the payments under the contract.

A Revenue Guide to PSWT (IT61) can be found at <http://www.revenue.ie/en/tax/pswt/leaflets/>

## 2. Tax Clearance Certificates

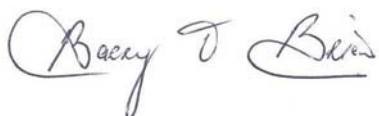
A Tax Clearance Certificate (TCC) is a written confirmation from Revenue that a person's tax affairs are in order at the date of issue of the certificate. In some instances a certificate may be issued to a customer who has tax arrears provided such arrears are covered by an installment arrangement that has been agreed with Revenue.

Suppliers of goods or services who enter into a contract with a value of €10,000 (including VAT) or more within any 12 month period, must produce a Tax Clearance Certificate (TCC) to the HSE (Section 1095 Taxes Consolidation Act 1997). Documentary evidence of TCC must be retained on Local HR Office files for audit purposes.

Please bring this Circular to the attention of relevant managers in your area.

If you have any queries in relation to the correct tax treatment of training or consultancy expenditure, please contact Valerie Plant, Assistant CFO, 087 2780395, or by email at [taxqueries@hse.ie](mailto:taxqueries@hse.ie).

Kind Regards,



**Barry O'Brien,**  
National Director Human Resources