

## **Relevant Contracts Tax**

### **Changes to Relevant Contracts Tax (RCT) from 1<sup>st</sup> January, 2012**

#### **Definition of Construction Operations:**

- a) The construction, alteration, repair, extension, demolition or dismantling of buildings or structures.
- b) The construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including walls, road-works, power-lines, telecommunication apparatus, air-craft runways, docks and harbours, railways, inland waterways, pipe-lines, reservoirs, water-mains, wells, sewers, industrial plant and installations for the purposes of land drainage.
- c) The installation, alteration, repair in any building or structure of systems of heating, sound-proofing, burglar or fire alarms/protection, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply.
- d) The installation, alteration, repairs, in or on any building or structure of systems of telecommunication.
- e) The external cleaning of buildings (other than cleaning of any part of a building in the course of normal maintenance e.g. window cleaning) or the internal cleaning of buildings and structures, in so far as carried out in the course of their construction, alteration, extension, repair or restoration.
- f) Operations which form an integral part of, or are preparatory to, or are for rendering complete such operations as are described above, including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping\* and the provision of roadways and other access works.
- g) Operations which form an integral part of, or are preparatory to, or are for rendering complete, the drilling for or extraction of minerals, oil, natural gas or the exploration for, or exploitation of, natural resources.
- h) The haulage for hire of materials, machinery or plant for use, whether used or not, in any of the above construction operations. Supply and delivery of goods by a supplier is not a construction operation.

**NOTE: Services contained in paragraph (g) are covered by the RCT regulations, but are not covered by the new reverse charge VAT rules from Sept 2008.**

\*An example of when landscaping is a construction operation is when a house is being build or renovated and the gardens are landscaped as part of the overall work; landscaping is not in itself a construction operation.

Relevant Contract Tax applies to all payments made by a principal contractor (Roscommon County Council in this case) to a subcontractor under **a relevant contract**. RCT applies to both resident and non-resident contractors operating in the construction, forestry or meat processing industry. **In Roscommon County Council RCT applies to all construction Contracts.**

Since 1<sup>st</sup> January 2012, Revenue has moved to mandatory electronic communications with all principal contractors. In effect this means that Roscommon County Council has to:

- Notify all new construction contracts to revenue on-line.
- Notify revenue on-line in respect of each payment to a subcontractor in relation to construction contracts at the time of payment.
- Deduct the correct amount of RCT in respect of each payment to a subcontractor in line with direction from ROS on line.

Once a subcontractor is awarded a contract, they should be asked to complete a ***Contract Registration Form***. Roscommon County Council will register the contract with Revenue.

**All Contract invoices must have the statement “VAT on this supply to be accounted for by the principal contractor.” Additionally, all invoices must have a VAT number printed on them.**