

Informational declaration of loans made to individuals (1/22/18)

Entities or individuals are required in statutory cases to notify the State Revenue Service (SRS) by 1 June 2018 of loans made to individuals in 2017. This article explores cases where an informational declaration should be filed and details it should disclose.

The filing obligation

Under section 8.1(5-7) of the Personal Income Tax (PIT) Act and paragraph 34.1 of the Cabinet of Ministers' Regulation No. 899 the obligation to file an informational declaration arises where –

- the total amount a lender has lent to an individual in the tax year exceeds €15,000; or
- the lender's loans to that borrower did not exceed this threshold in the previous tax year but they do exceed it combined with a loan made in the current tax year.

Lending details should also be given where on top of one or more loans already notified to the SRS the lender makes a new loan to the same individual when the outstanding repayable portion of the old loan exceeds €15,000.

Where the lender is a company, the permanent establishment of a non-resident, or an individual that carries on business, the onus of filing an informational declaration is on the lender. However, where a loan comes from another individual who does not lend in the ordinary course of business, or from a non-resident, the filing obligation falls on the borrower (the individual).

Required disclosures

The informational declaration is available in Annex 1.1 to Cabinet Regulation No. 899. The declaration should give details of the loan agreement and the amount lent. If the obligation to file an informational declaration falls on the lender, then Chapter I of the declaration should be completed. Where this obligation falls on the individual, they should complete Chapter II.

The declaration should give –

- the lender's details (first name, surname or company name, and personal ID or registration number);
- the borrower's details (first name, surname and personal ID number);
- the date of lending;
- the amount lent (the outstanding repayable portion should be stated in euros); and
- the due date for repayment under the loan agreement.

Neither the PIT Act nor Cabinet Regulation No. 899 requires submission of the loan agreement with the informational declaration.

The filing obligation is not dependent on whether a loan is treated as income attracting PIT, and so the SRS should be notified of all loans meeting the criteria set out above.

The filing requirement does not apply to bank loans.

