



Information for people affected by the taxation of the Covid PUP Payment

You may have seen the recent coverage in the Media regarding FLAC's criticism of the government's retrospective taxation of the Pandemic Unemployment Payment ('PUP'). FLAC believes that the manner in which this taxation was introduced is unfair as it was imposed on a retrospective basis, in other words the tax was imposed not from December 2020 when the Finance Act was enacted as would be normal, but rather it was back dated to March 2020 when the PUP was first introduced. This means that when an individual received the PUP payment between March 2020 and December 2020, they could not have known that they would have the payment assessed for income tax purposes, as this was only made clear in legislation in December 2020. For the period after December 2020 the situation is different as individuals will know that the PUP will be considered as income after that date for the purpose of income tax assessment.

FLAC has questioned whether it is in keeping with the constitutional protection of private property to ever impose a taxation measure on a retrospective basis. We don't think that the Government has answered this important question and we will keep highlighting this issue and campaign to have this measure reversed. We are doing this because this unexpected tax is going to impact on those who can least afford it having already had a significant loss of income because of the pandemic.

In the meantime it is important for the people affected by the issue to understand the following;

- Currently, under section 3 of the Finance Act 2020 that makes the PUP subject to income tax each individual who has received a tax statement outlining a liability is obliged to pay that liability in accordance with the instructions issued by the Revenue Commissioners.
- It is only in the event of a successful constitutional challenge to the legislation through the Courts, or if Government repeals the legislation that this liability would no longer apply.

We would encourage individuals who are shocked and upset by this unanticipated tax liability and those who think the manner of its introduction was unfair to join the FLAC campaign and let your local TD and the Minister for Social Protection, Heather Humphries, know how you feel. You can send a letter or an email letting them know that you support FLAC's campaign to repeal section 3 of the Finance Act 2020 in so far as it imposes income tax on the PUP on a retrospective basis and explaining how it affects you.

The decision to reverse the taxation of the PUP is a political decision and the best way to achieve change in cases like this is to let politicians know that you do not support the measure.

As we have done since the beginning of the pandemic, FLAC, along with other civil society organisations, will continue to serve as a watchdog for those worse affected at this time in terms of Governments response to the pandemic.