

10 September 2014

eRCT Bulk Rate Review

The eRCT Bulk Rate Review is an integral part of the eRCT system.

A Bulk Rate Review consists of an automatic review of the RCT deduction rates of all subcontractors registered in the eRCT system based on their tax compliance over the previous three years to date. The review is run on a periodic basis in any given year.

The most recent Bulk Rate Review took place on Friday 5 September 2014. As a result 10,810 contractors had their RCT deduction rates amended either upwards or downwards, depending on their compliance track record.

All subcontractors who have had their RCT deduction rate amended on foot of the review, and their relevant principals, are in the process of receiving a notification advising them of the rate changes.

Rate Determination

Rate determinations are based entirely on real-time compliance data over the last three years. Rates will be unchanged, or will be amended either upwards or downwards depending on the subcontractor's compliance record.

In general:

- a 0% (zero) rate will apply where a subcontractor is fully compliant with his/her tax obligations
- a 20% rate will apply where a subcontractor is substantially compliant, and
- a 35% rate will apply where the subcontractor is unknown to Revenue or has compliance issues that are not being addressed.

Home Renovation Incentive (HRI) Scheme Qualifying Contractor

A HRI qualifying contractor is one who is registered for ROS, VAT and RCT as well as being tax compliant. For RCT subcontractors, this means a zero or 20% RCT rate.

If a subcontractor's RCT deduction rate is at 35% they do not qualify for participation in the HRI Scheme. Subcontractors with a 35% RCT rate should contact their local Revenue office to agree a plan to bring their tax affairs up to date.