www.pwc.com/ie/hrs

Navigating new territory

Ireland International Mobile Employees

Taxation issues & related matters for employers & employees 2011

pwc

Country: Ireland

Introduction:	International assignees working in Ireland	5
Step 1:	Understanding basic principles	6
Step 2:	Understanding the Irish tax system	9
Step 3:	What to do before you arrive in Ireland	18
Step 4:	What to do when you arrive in Ireland	23
Step 5:	What to do at the end of the tax year	25
Step 6:	What to do when you leave Ireland	27
Step 7:	Other matters requiring consideration	29
Appendix A:	Double-taxation agreements	32
Appendix B:	Residence and ordinary residence: basis of taxation	34
Appendix C:	Removal/relocation expenses	36
Appendix D:	Social security agreements	37
Appendix E:	Ireland contacts and offices	38

Additional Country Folios can be located at the following website: www.pwc.com/ias/folios

Introduction: International assignees working in Ireland

International assignees who accept an overseas posting to Ireland inevitably face important decisions concerning their financial affairs. Relocation is fraught with a myriad of difficulties and clear advice on the taxation consequences and financial issues, relating to both the home country and Ireland, can be of benefit in ensuring a smooth transfer. This guide offers such assistance and it will be of relevance to individuals who are about to move to Ireland or those who contemplate such a move, whether short-term or long-term.

This guide will also be informative for employers of individuals coming to work in Ireland.

Given the complexities of the subject, this is not a comprehensive guide. We recommend you obtain professional advice before making final decisions.

This guide reflects tax law and practice in Ireland as of March 2011 and includes references to substantive changes in some areas of taxation which were introduced by Finance Act 2011. Some specific details of tax rates, exemptions and credits are omitted from this guide because they vary from year to year. To obtain such information, the reader is referred to our publication Tax Facts which is revised annually and is also available at www.pwc.com/ie – Tax Facts.

Some information on other aspects of moving to Ireland, including immigration and social security is also covered in this guide. For further information or assistance concerning any aspect of moving to Ireland, please contact any one of the individuals listed in Appendix E.

PwC
Dublin
Ireland
March 2011
www.pwc.com/ie/hrs

Step 1: Understanding basic principles

The scope of taxation in Ireland

1. For tax purposes, Ireland consists of the Republic of Ireland and its territorial waters. The main tax with which an international assignee will be concerned is income tax. In addition, however, capital taxes may apply which are levied on the purchase of residential property, on sales of assets and on assets passing by gift.

2. Whether or not you are resident in Ireland, income tax is usually chargeable on income arising in Ireland and on income for services performed in Ireland. The tax position with regard to other income and gains depends on your residence status and on your domicile. If you are uncertain about your residence position, or the taxability of any income, you should obtain professional advice.

3. If you are not domiciled in Ireland but are Irish resident you can, with careful planning, reduce your tax liabilities through a number of exemptions and reliefs as you will be treated as a qualifying person for the purposes of the Remittance Basis of Taxation (RBT) (see paragraph 54). For example, certain qualifying foreign income and foreign capital gains in the hands of qualifying persons are not subject to Irish tax unless they are received or remitted to Ireland. Prior to 1 January 2010, the RBT also applied to Irish citizens who were not ordinarily resident (see paragraph 19) in Ireland, however, these individuals no longer qualify to receive the benefit of RBT.

The tax year

4. The tax year in Ireland is aligned to the calendar year. The tax year 2011 begins on 1 January 2011 and ends on 31 December 2011.

Methods of calculating tax

5. Income from all sources, which is chargeable to Irish tax, is aggregated and after deduction of certain allowances and reliefs, it is taxed at progressive rates of income tax. The income tax liability may then be reduced through the availability of tax credits. Details of current tax rates and credits are contained in our annual publication Tax Facts. All income is taxable in the year in which it arises. Special rules apply to income from self-employment in the years of commencement and cessation.

6. Capital gains tax and capital acquisitions tax (inheritance and gift tax) are separate taxes, the rates and exemptions for which are not related to income tax.

Husband and wife

7. For the purposes of income tax and capital gains tax, the income and gains of a married couple are normally included in the same tax return (joint assessment). It is possible to nominate the "chargeable spouse", that is, the spouse who is responsible for submitting the tax return and to whom the Irish tax authorities address correspondence.

8. The residence, ordinary residence and domicile of a spouse are determined independently and may be different. This is relevant in determining the amount of income or gains which is subject to Irish tax.

Separate assessment

9. Either spouse may elect to be assessed to tax separately. In these circumstances each spouse receives a proportion of the tax credits and reliefs. The total tax liability will be the same as for joint assessment.

Single assessment

10. Either spouse may elect to be assessed as a single person for income tax purposes. The tax credits, reliefs, and tax rates are those applicable to single individuals. The total tax liability under this system may be greater than for joint assessment.

Domicile

11. Domicile is a complex legal concept which has several critical implications for Irish taxation. Essentially, domicile is the country which is considered to be your permanent home, and is distinct from legal nationality and from residence. On birth, you acquired a domicile of origin, normally your father's domicile. You can acquire a domicile of choice by making a permanent move away from your domicile of origin and by severing ties with that country. Marriage does not, in itself, cause a change in the domicile of either party. In a federal system, the place of domicile is always one particular state or province, and not the country.

12. If you are an international assignee and if, prior to your present visit, neither you nor your parents have ever spent more than temporary periods in Ireland, you will, under current law, be regarded as not Irish domiciled for tax purposes throughout the period of your assignment to Ireland provided you intend to leave Ireland at the end of that period. For the purposes of this guide, it has been assumed that you are not domiciled in Ireland.

Residence

13. For tax purposes, residence is determined for each tax year and there is a statutory definition of residence.

14. Under current rules, you will be regarded as resident in Ireland for a tax year if:

    - You are present in Ireland for periods totalling 183 days or more in the tax year: or
    - You are present in Ireland in that tax year and the previous tax year for 280 days or more, in aggregate.

    However, the 280 day test will not apply in any tax year, if you are present in Ireland for 30 days or less in that tax year.

15. You will be regarded as present in Ireland if you are present for any part of the day. Therefore, days of arrival and days of departure are included. Certain exceptions apply were an individual is only present in Ireland for the purposes of a continuing journey and where they remain within an airport or in circumstances where an individual is prevented from leaving Ireland on a particular day due to say, adverse weather conditions or exceptional third party failure or action.

Election to be resident

16. If you are not resident in Ireland in a particular tax year, (for example, if you are present in Ireland for less than 183 days in the year of arrival), you may elect, in certain circumstances, to be treated as resident. Depending on your circumstances, an election for residence may have tax advantages or disadvantages and you should obtain professional advice before deciding whether or not an election should be made. There is no time limit by which an election for residence must be made, though you will generally have to do so by the tax return filing date. Once an election is made, there is no provision for withdrawal of an election.

17. If, as may often be the case, you are regarded as resident in both your home country and in Ireland, the provisions of a double-taxation agreement may decide the country of tax residence and determine the measure of relief or exemption from Irish tax. The countries with which Ireland currently has double-taxation agreements are listed in Appendix A.

18. The number of days you spend in Ireland is crucial in determining your residence position for a tax year.

Ordinary residence

19. Ordinary residence, a distinct concept from residence, is defined in Irish tax law. Ordinary residence is acquired after a continuous period of residence and will generally last for a period after normal residence has ceased. Ordinary residence is particularly important in determining your income tax liability after cessation of residence and also in determining any capital gains tax liability.

Commencement of ordinary residence

You will become ordinarily resident when you have been resident in Ireland for three consecutive tax years, that is, at the beginning of the fourth tax year of residence.

Cessation of ordinary residence

Once acquired, the status of being ordinarily resident is retained until you have been non-resident for three consecutive tax years.

20. An example of how this is applied is set out in Appendix B.

"Split" year employment income

21. When you arrive in Ireland, special rules apply to the taxation of employment income earned abroad for that tax year and again for the tax year in which you leave Ireland. The effect of these rules is that you will not be taxable on earnings arising **before** the date of your arrival in Ireland if:

- You are or elect to be, resident in Ireland in the tax year in which you arrive in Ireland; and
- You satisfy the Irish Revenue that you will be resident in Ireland in the following tax year.

22. Similar rules apply to the taxation of employment income earned in the tax year in which you leave Ireland. You will not be taxable on earnings **after** the date of your departure if:

- You are resident in Ireland in the tax year in which you leave Ireland; and
- You satisfy the Irish Revenue that you are leaving Ireland other than for a "temporary" purpose; and
- You will not be resident in Ireland in the tax year following your departure.

23. The "split" year treatment does not apply to non-employment income, such as investment income or income from self-employment (see also paragraph 39 to 41).

Step 2: Understanding the Irish tax system

Taxation of employment income

24. The taxation of income of international assignees (not domiciled in Ireland) is rather complex. In considering the extent of your liability to Irish tax on earnings the key factors are the location of your employer, the place from where you are paid and periods spent working in Ireland. Generally, your employer will fall into one of two categories:

- Irish employer or Irish branch of non-Irish employer;
- Non-Irish employer.

Irish employer/Irish branch

25. Taxable income includes all amounts, whether in cash or non-cash benefits, arising from an office or employment (note it does not necessarily have to be the employer who makes the payment or provides the benefit). Apart from salary, bonuses and commissions, some of the most common remuneration items are cost of living allowance, housing allowance, education payments, overseas adjustment, and tax reimbursement. The expenses which can be deducted from taxable income are those which are incurred wholly, exclusively and necessarily in the performance of the duties of a specific employment. These requirements are stringent and you should take advice concerning the type of expenses which you are likely to incur.

26. The Irish employer is required to deduct payroll withholding tax, under a scheme known as Pay As You Earn (PAYE), from all cash payments to employees as well as for non-cash benefits (including certain share awards) unless in certain limited circumstances prior approval has been obtained from the Irish Revenue authorities for payments to be made without deduction of tax.

27. From 1 January 2004, it is the responsibility of the Irish employer to calculate and account for the tax and social security due on all non-cash benefits, with the exception of certain share option gains. Non-cash benefits include the use of a car, the use of accommodation, the use of other assets, loans at low interest rates, waiver of loans, medical and life assurance plans, share awards and pension plans in certain circumstances.

    Stock option gains while taxable, are generally outside the scope of PAYE where the shares are in the employing company or a company which has control of that company. New rules were introduced in May 2007 which provides that Irish income tax may be due on certain gains arising on the exercise of share options granted while resident outside Ireland. Generally, the amount liable to income tax will be computed by reference to the amount of time spent working in Ireland over the vesting period. The individual is responsible for the payment of the tax which must be paid within 30 days of the date of exercise of the share options.

    The Irish employer is required to value the non-cash benefits in order to calculate the "notional pay". This is the amount to which PAYE is applied, in accordance with Revenue regulations. Except where there are specific statutory valuation rules, the amount of the taxable benefit (that is, notional pay), is the higher of:

    - The expense incurred by the employer in providing the benefit, or
    - The value realisable by the employee for the benefit, generally in cash, less any amount made good by the employee to the employer.

Specific statutory valuation rules must be used to determine the taxable value of:

- Company cars;
- Company vans;
- Accommodation;
- Employer owned assets; and
- Preferential loans.

Professional advice should be sought in reviewing your remuneration package so that Irish tax can be minimised, where possible.

Non-Irish employer

28. With effect from 1 January 2006, Irish PAYE must now be applied to earnings (including non-cash benefits) from a foreign or UK employment where the duties of that employment are performed in Ireland. This is described in greater detail in paragraphs 52 to 54.

29. If you have a non-Irish employer and you spend time working abroad, you may qualify for cross-border relief.

Cross-border relief

30. This relief is designed to give income tax relief to individuals who are resident in Ireland but work outside Ireland. It effectively removes earnings from a "qualifying employment" from liability to Irish tax where foreign tax has been paid. Subject to meeting certain conditions you may have your income tax liability for a tax year reduced to a "specified amount".

31. The "specified amount" is the income tax which would be payable for a tax year, before credit for any foreign tax paid, reduced in the proportion that the total income, excluding earnings from a qualifying employment, bears to the total income. This is calculated by the formula:

$$A \times \frac{B}{C}$$

A = amount of Irish tax payable (after personal tax credits and before credit for foreign tax);
B = total income for the tax year, excluding earnings from the "qualifying employment"; and
C = total income for the tax year.

Please note that Cross-border relief also applies to the Universal Social Charge (USC) (see paragraph 65).

32. The conditions which must be met are:

- You must be Irish resident;
- You must have earnings from a "qualifying employment", that is, one which is held:
  - Outside Ireland;
  - In a country with which Ireland has a tax treaty;
  - For a continuous period of 13 weeks in a tax year.
- The duties of the "qualifying employment" must be exercised wholly outside Ireland. Any duties performed in Ireland which are merely incidental to the performance of the duties outside Ireland are regarded as performed outside Ireland;
- The earnings from that employment must be subject to tax in the other country and must not be exempt or relieved from tax in that country;
- The foreign tax due on the earnings must have actually been paid to the relevant authorities and must not be repaid or be eligible to be repaid; and
- For every week during which you work outside Ireland in a "qualifying employment", you must be present in Ireland for at least one day in that week.

33. The relief does not apply where the earnings from the "qualifying employment" are:

- Subject to the remittance basis of taxation;
- Subject to the "split" year treatment (see paragraph 21);
- Earnings paid by a company to one of its proprietary directors or to the spouse of one of its proprietary directors (15% of ordinary share capital);
- Expenses from a "qualifying employment";
- Earnings from Irish Government and Semi-State employment; or
- Relieved by the seafarer's allowance.

Irish directorships

34. If you are a director of an Irish company, then all income which derives from that directorship is liable to Irish tax under the PAYE system, irrespective of the residence position of the director. A directorship is established by a legal instrument (for example a company's Articles of Association) and is deemed to be a "public office". The income arising therefrom is deemed to arise in the country whose laws govern its existence. This is usually the country in which the company making the payment is incorporated. If you are a director of an Irish resident or incorporated company, then you should obtain professional advice to determine the tax treatment in all countries and to minimise taxes where feasible.

Removal/relocation expenses

35. Specific reimbursements of many expenses (including travel, moving personal and household effects, and temporary living expenses for a limited period) are generally exempt from tax. Specific prior approval to pay relocation/removal expenses tax-free is not required from the Irish Revenue authorities. However, all records relating to the removal/relocation expenses covered by these procedures should be maintained by the employer and may be examined in the event of a Revenue audit. These records must be kept for six years unless the Irish Revenue indicates otherwise. Reimbursement of the capital cost of acquiring or building a house, loans to finance such expenditure or bridging loan interest are however liable to tax. The Revenue Commissioners' Statement of Practice on removal/relocation expenses is reproduced in Appendix C. Moving allowances which are not reimbursements for actual expenditure incurred will be subject to tax. You should also consider the taxation of moving expenses and allowances in your home country.

36. Since January 2007 certain subsistence expenses may be paid tax free to “temporary assignees”. Under these provisions, an employer can provide tax-free accommodation together with related utilities for the first twelve months of an assignment to Ireland, provided that the total assignment period does not exceed twenty four months. These provisions also allow for the tax-free reimbursement of other living costs on certain circumstances. Professional advice should be sought before an employer applies these exemptions, in order to ensure compliance and to maximise the exemptions.

Taxation of self-employment income

37. Profits or gains of a trade, profession or vocation which is carried on within Ireland are subject to Irish tax whether or not you are Irish tax resident.

38. If you are tax resident, (or, in limited cases, not resident but ordinarily resident), and you carry on a trade or profession abroad, then a liability to Irish tax may arise on such profits or gains. Professional advice should be sought at the earliest possible stage.

Taxation of investment income

39. If you are a qualifying person, then you will be liable to Irish tax on investment income arising from sources within Ireland, together with remittances of foreign investment income (income arising outside Ireland). Qualifying persons are those who are resident but not domiciled in Ireland. Prior to 1 January 2010, a qualifying person also included an Irish citizen who was not ordinarily resident in Ireland.

40. If you are not resident or not domiciled in Ireland but remain ordinarily resident (see paragraph 19), then you will be liable to Irish tax on any unearned foreign income, that is, foreign income other than from employment and self-employment, if the total of such income exceeds €3,810 in a tax year and such foreign income is remitted to Ireland.

41. The "split" year residence rule (see paragraphs 21 to 23), whereby employment income arising before the date of arrival and after the date of departure is not taxable in Ireland, does not apply to unearned income or income from self-employment.

Government securities

42. Interest arising on certain Irish government securities is exempt from income tax if you are not ordinarily resident in Ireland.

Deposit interest

43. Deposit interest is exempt from deposit interest retention tax (DIRT) if you are not resident in Ireland and you complete an appropriate declaration form with the financial institution concerned.

    In other circumstances, for example, if you are resident in Ireland, interest on most Irish deposit accounts is paid after deduction of DIRT (currently 27%) by the financial institution. DIRT effectively satisfies your full liability to income tax. Self-employed individuals may however still have a liability to PRSI.

Irish investments

44. Certain forms of Irish investments attract favourable tax treatment including savings schemes through the Irish Post Office and unit linked funds. Interest paid on standard deposit accounts is paid subject to DIRT. This DIRT is regarded as meeting an individual's full liability to tax in respect of the interest. It may still however be liable to PRSI. You should obtain professional advice on the full range of investments available and the relevant tax treatment before making any investments in Ireland.

Capital gains tax

45. As a general rule, capital gains made in a tax year during which you are either resident or ordinarily resident in Ireland from the disposal of chargeable assets situated in Ireland are liable to tax. Relief is given for inflation through indexation of the acquisition cost (up to and including 31 December 2002), with the exception of Irish development land which is subject to special rules. For details of the annual exemption and rates of capital gains tax see our annual publication Tax Facts. Professional advice should be sought before disposing of assets. Losses made on the disposal of chargeable assets (see paragraph 48) situated in Ireland are set against gains in the year in which the losses arise; any unused balance is carried forward and set against gains in subsequent years.

46. If you are not domiciled but are either resident or ordinarily resident in Ireland, gains on the disposal of chargeable assets situated outside Ireland are liable to tax (wholly or partly) only to the extent that the gains from the disposal are remitted to Ireland. Since to 20 November 2008, gains realised on the disposal of UK assets by non domiciled individuals are liable to Irish capital gains tax under the remittance basis of taxation. Such remittances are aggregated with gains from the sale of Irish assets and are reduced by losses from the sale of Irish assets for the purposes of determining the amount liable to tax. Gains are computed in the same way as gains on assets situated in Ireland. It is important to note that costs, proceeds, and values denominated in a foreign currency are translated into Euro at the date incurred, the date of disposal, or of acquisition, as the case may be. It is not permissible to compute a gain in another currency and to translate the result into Euro.

47. If you are not domiciled in Ireland, losses made by you on the disposal of assets situated outside Ireland cannot be set against any gains, irrespective of whether the proceeds of disposal are remitted to Ireland.

48. Chargeable assets include all forms of property, stocks and shares, land and buildings, goodwill, certain debts, options, and currency (including bank accounts) other than Euro.

49. Chargeable assets do not generally include your main residence, cars, chattels with a predictable life of 50 years or less, certain Irish Government, and other fixed interest securities. The exemption for a main residence depends on some complex rules, so you should discuss the position with your adviser. Where you have an interest in more than one property, you must make an election within a certain time limit to secure the exemption (see paragraphs 97).

50. There may be capital gains tax implications when converting foreign currency to Euro and you remit the currency to Ireland. These should be discussed in advance with your adviser.

Capital acquisitions tax

51. Capital Acquisitions Tax (CAT) is levied on assets passing on death and on lifetime gifts. A gift or inheritance will be subject to CAT if either the disponer or the beneficiary is resident or ordinarily resident in Ireland, irrespective of domicile status. Gifts or inheritances of assets situated in Ireland continue to be subject to CAT regardless of the residence status of the disponer or beneficiary. The tax is generally the liability of the beneficiary and self-assessment rules apply.

    If you are not domiciled in Ireland, you will not be regarded as resident or ordinarily resident in Ireland, for CAT purposes only, unless:

    - You are either resident or ordinarily resident in Ireland on the date of the gift or inheritance; and
    - You have been resident in Ireland for the five consecutive tax years immediately before the tax year in which the gift or inheritance is made or received; and
    - The gift or inheritance is made after 1 December 2004.

    You should seek professional advice with regard to any gifts or inheritances made or received.

    Details of the rates and exemptions can be found in our annual publication Tax Facts.

Remittance Basis of Taxation (RBT)

52. In earlier paragraphs, references have been made to tax being charged on amounts of foreign income remitted to Ireland. This is known as the Remittance Basis of Taxation (RBT) and applies to certain qualifying persons (see paragraph 39 to 41). In addition to investment income, this favourable treatment also applies to any payments made under a foreign contract of employment, none of the duties of which are carried out in Ireland.

    All employers are obliged to operate Irish PAYE withholding tax in respect of payments made to any employees working in Ireland. However, the Irish Revenue authorities will not require an employer to operate PAYE where all of the following criteria are satisfied:

    - The employee is resident in a country with which Ireland has a double-taxation agreement and is not resident in Ireland for tax purposes for the relevant tax year;
    - There is a genuine foreign employment;
    - The employee is not paid by or on behalf of an employer resident in Ireland;
    - The cost of the employment is not borne by a permanent establishment in Ireland of the foreign employer; and
    - The duties of the employment are performed in Ireland for not more than 60 days in total in the tax year.

53. The Irish Revenue Commissioners do not require an employer to operate Irish PAYE in respect of temporary assignees that have income attributable to duties performed in Ireland under a foreign contract of employment. A temporary assignee refers to someone who is present in Ireland for a period or periods exceeding 60 days but not exceeding 183 days a tax year. The following criteria must be satisfied:

- The employee is a tax resident of another jurisdiction with which Ireland has a double-taxation agreement;
- The employee is present in Ireland for a period or periods exceeding 60 days but not exceeding 183 days in the relevant tax year;
- The employee suffers withholding taxes at source in the home country on the income attributable to the duties exercised in Ireland under the foreign employment.

There are a number of other conditions which the foreign employer must also fulfil including applying to the Revenue for agreement not to operate PAYE in these circumstances and providing an undertaking to meet any tax liability which might ultimately arise.

It should be noted that the Irish Revenue are currently looking very closely at any applications for Irish tax exemptions for foreign assignees, in order to establish whether such individuals are in fact employees of the foreign company or are more correctly employees of the local company. As such, applications for Irish tax exemptions for foreign assignees will require supporting evidence to show that the individual is correctly employed under a foreign contract before any such exemption is granted.

54. The remittance basis of taxation (RBT) is still applicable in relation to qualifying foreign source employment income relating to non Irish duties. This treatment was extended to UK source income from 1 January 2008. Where there is certainty as to the portion of income attributable to Irish duties and to which PAYE may be applied, it is not necessary for your employer to obtain the agreement of the Revenue to the portion of income that is required to be subject to PAYE in Ireland. The remittance basis of taxation continues to be available in respect of non-Irish investment income and non-Irish source capital gains arising. In both these situations, the individual must be considered non-domiciled for Irish tax purposes.

You should obtain professional advice regarding the steps to be taken by the employer to account for Irish PAYE.

Special Assignment Relief Programme (SARP)

55. The special assignment relief programme is aimed at attracting key talent from overseas to work in Ireland. It applies to certain qualifying individuals who come to Ireland to work for a period of at least one year. The relief, which applies from 2009, takes the form of a repayment of taxes, provided certain conditions are met. It is applicable to expatriate employees coming to work in Ireland from countries abroad.

Under the current SARP regime which came into effect from 1 January 2009, Irish tax will apply to the greater of:

- Total employment earnings and benefits received in or remitted to Ireland; and
- The first €100,000 plus 50% of earnings and benefits in excess of €100,000.

The existing requirement whereby overseas employers are required to operate PAYE and PRSI on all earnings related to Irish duties will continue as before. Individuals are required to claim the new relief by claiming tax repayment when filing a tax return at the end of the relevant tax year.

Qualifying Conditions for Relief

56. A key feature and limitation of the SARP relief is that assignees must be employed by a company that is incorporated and is resident in a country with which Ireland has a Double Tax Treaty.

    The relief is only available to employees who are not Irish domiciled. In addition the following conditions apply such that the individual must:

    - Become tax resident in Ireland and exercise his/her employment here for a period of at least one year;
    - Have been employed by an associated company of the Irish entity to which he/she assigned prior to his/her arrival in Ireland;
    - Continue to be paid by the overseas employer;
    - Previously have been tax resident in a relevant overseas jurisdiction; and
    - Have exercised the greater part of his/her employment in that jurisdiction.

    Provisions are in place to withdraw the relief where an individual does not satisfy the one year employment requirement. There are also further provisions to recover tax repayments where remittances are made in a subsequent tax year.

Double-taxation agreements

57. So far we have outlined general principles in Irish tax law. However, if you are treated as resident in another country by the tax authorities in that country, you may qualify for a measure of relief or exemption from Irish tax under a double-taxation agreement between that country and Ireland. A number of the current agreements provide various tests to determine which country an individual is a resident of for treaty purposes.

58. Certain employees, although resident in Ireland, may also qualify for relief or exemption from Irish tax under treaty or international law provisions. Such provisions typically apply to students, teachers and researchers on short-term assignment, crew members of an international ship or aircraft, athletes, artists (see paragraphs 127), public servants, and persons with diplomatic status. The countries with which Ireland has a double-taxation agreement are listed in Appendix A.

Social security taxes

59. Social security contributions are known in Ireland as Pay Related Social Insurance (PRSI) contributions; these are divided into a number of different categories. The main categories are: Class A which applies to most employees in the private sector; Classes B and D which apply to most public service employees and Class S which applies to the self-employed. The onus is on the employer to withhold PRSI contributions from employees and account for the appropriate amounts.

60. PRSI is deducted by the employer at the same time as PAYE, that is, through the payroll system. Employer and employee PRSI contributions are payable on all remuneration, that is, cash payments, non-cash benefits and share awards. Unlike income tax, relief is not available in calculating employee PRSI, through deduction of employee pension contributions. Limited relief continues to be available for such contributions in calculating employer PRSI.

    If your earnings are not subject to PAYE, then the Special Collection System applies to the collection and payment of PRSI. However, certain individuals who are paid without the deduction of PAYE from Ireland under a PAYE exclusion order are from 1 January 2011 required to account for PRSI via the PAYE system. The foreign employer should obtain the necessary documentation from the Department of Social Protection. The rate at which PRSI is paid under the Special Collection System is the same as that paid by Irish based employees, and both employee and employer contributions are payable. PRSI is applied to both cash remuneration and non-cash benefits including share based remuneration. Additional new rules were introduced in January 2011 extending social security to stock options. At the time of writing, we are awaiting guidance from the authorities as to how this will work in practice.

61. Strictly, payments of PRSI under the Special Collection System are due monthly. However, where there are only a small number of employees, it is possible for the employer to agree with the Department for payments to be made quarterly, half yearly or yearly.

62. If you are an international assignee working in Ireland, then your liability to Irish social security contributions will depend on such factors as the length of your assignment to Ireland, your country of origin, the country in which your employer is situated, if different, and the existence of a bilateral social security agreement with Ireland.

63. There are three distinct groups of countries which affect your liability to Irish social security contributions:

European Economic Area (EEA)

- You will not have to pay PRSI if you have a certificate (Form E101/ Form A1) from the social security authorities in your home country confirming that you are still subject to their social security legislation. You will normally only qualify for such a certificate if you come to Ireland on temporary assignment for a period of up to 5 years, however this period may vary depending on the position taken by your home country authorities. If you do not qualify for a certificate of continuing liability in your country of origin then you will pay PRSI contributions from the start of your assignment.

Non-EEA countries with which Ireland has a social security reciprocal agreement (bilateral agreement)

- In certain circumstances, you will be able to remain in the social security system of your home country for up to five years, depending on the maximum period provided for in the individual agreement. The countries with which Ireland has reciprocal agreements are listed in Appendix D.

Any other country

- Depending on the circumstances, you may not have to pay PRSI for the first 52 weeks after your arrival if you are working in Ireland temporarily for an employer abroad. Full contributions are payable when the 52 week period has expired.

64. Compared to most other European countries, social insurance in Ireland is a relatively low cost for both employees and employers. See Tax Facts for details.

Universal Social Charge – (USC)

65. The USC, which came into effect on 1 January 2011 replacing the previous Health and Income Levies. It is a tax payable on gross income, including non cash benefits and share based remuneration, after any relief for certain capital allowances, but before pension contributions.

    The USC applies to all individuals whose gross income exceeds the threshold of €4,004 per annum. While there is no age related exemption, individuals aged 70 or over will only pay the USC at a maximum rate of 4% irrespective of the level of their income.

    A top rate of 7% applies on all income in excess of €16,016 for individuals who pay tax through the payroll system. The rate increases to 10% for income received outside the PAYE system in excess of €100,000.

    At the end of each year employers/pension providers may carryout end of year USC calculations for employees who have been in continuous employment/pension from 1 January to 31 December and refund any over deduction during the year, similar to the system previously operated of the Income Levy.

    When an employee ceases employment the employer/pension provider should issue a USC certificate to the employee together with a Form P45.

The rates of the USC are as follows:

Threshold	Rate	Taxpayer
Below €4,004	Exempt	N/A
0 to €10,036	2%	All
€10,037 to €16,016	4%	All
Greater than €16,016	4%	Medical card holders and over 70 or over
Greater than €16,016	7%	Non medical card holders and those under 70
Greater than €100,000	10%	Self employed

Step 3: What to do before you arrive in Ireland

Clearance to work in Ireland

EEA/non-EEA nationals

66. In general, a non-EEA (European Economic Area) national requires work clearance, and in some cases a visa, to come and work in Ireland whereas an EEA national does not require an employment permit or a visa to come and work in Ireland. The EEA covers the European Union as well as Iceland, Liechtenstein and Norway. Swiss nationals do not require employment permits in order to work in Ireland.

67. Contrary to the arrangements in place for the 10 member states that joined the EU in 2004, Romanian and Bulgarian nationals continue to require employment permits to work in Ireland, in the same way as non-EEA workers. However, following an uninterrupted period of 12 months residence in Ireland on a valid employment permit this requirement will cease to apply.

Employment Permits

68. The four types of employment permits currently available are:

- The Green Card Permit;
- The Intra-Company Transfer Permit;
- The Work Permit;
- Spousal/Dependant Work Permit.

While the criteria applicable to each scheme differs, in all cases the ratio of EEA nationals employed must be maintained at a minimum of 50% of the total workforce.

Green Card Permits

69. The Green Card scheme is intended to cater for highly skilled employees. The Green Card scheme applies to high earning individuals (base salary excluding bonuses in excess of €60,000) and to those on salaries between €30,000 and €60,000 who are deemed to have skills which are in short supply in specific sectors including Information Technology, Healthcare and Financial Services. The Green card is initially issued for a period of 2 years.

Intra-Company Transfer Permits (ICT)

70. The ICT scheme was introduced to enable companies to assign senior management, key personnel or those undergoing a training programme to an associated Irish company for a temporary period, provided the individual has been working with the overseas company for at least a year. There is a minimum salary requirement of €40,000 and the number of ICT employees may not exceed 5% of the total Irish workforce.

An ICT may be granted for a period of 2 years with a possible extension for a further 3 years, after which time the individual must return to the overseas company.

Work Permits

71. In general work permits will apply to individuals for eligible occupations with a salary level of €30,000 or more where green card permits are not available. Irish employers seeking work permits for non-EEA nationals will need to advertise the position with the FÁS/EURES employment network for a minimum period of 8 weeks and in local and national newspapers for 6 days.

Spousal and Dependants Work Permits

72. A Non-EEA spouse/dependant of a Green Card holder may apply for a Spousal/Dependant Work Permit. The employer is not required to advertise the position and the government processing fee is waived.

Non-EU/EEA nationals who do not require permission to work in Ireland

73. A non-EEA national is entitled to work in Ireland without an employment permit, or equivalent, in the following circumstances:

- If the individual is married to an Irish/EEA citizen, or is a parent of an Irish citizen and has been granted permission to reside in the state on that basis;
- If the individual has been granted refugee status by the Minister for Justice;
- If the individual is a registered student working less than 20 hours a week.

The law in this area is constantly being updated and prospective employers are strongly advised to ensure that they are aware of all up to date regulations. It is an offence for an employer to employ a person who is not authorised to work in Ireland.

Visas

74. Individuals from certain countries require a visa to travel to Ireland. There is a list of countries detailing non-EEA nationals who do not require a visa, which changes regularly. It should be noted that the granting of a visa is a form of pre-entry clearance only, granting permission to the individual to present himself/herself at a point of entry in Ireland to seek permission to enter the country. All visa application must be made using the visa Online Application Facility. The only exception to this is a visa re-entry application for an individual residing legally in Ireland.

An individual who requires a visa to enter Ireland and who intends to work while in Ireland must obtain an "Employment Visa." To obtain an Employment visa, the applicant must be able to provide a copy of the relevant employment permit with his/her visa application.

Residence Permits

75. Following arrival in Ireland, non-EEA nationals must obtain an Irish Residence Permit by registering with the Irish immigration authorities. The period of validity of a residence permit will generally be for one year and may be renewed.

Employment contracts

76. If your employer is not based in Ireland and you are on assignment to an Irish organisation, your employment contract should be reviewed to reflect the terms and conditions of your assignment. Potential advantages of such arrangements may include:

- The ability to continue participating in your employer's benefits plans;
- The opportunity to claim exemption from Irish tax under a double-taxation agreement, provided other conditions are also met;
- The opportunity for you and the Irish resident organisation for which you will be working, to be exempt from PRSI contributions for all or part of the period of your assignment, depending on other conditions also being met (see paragraph 63);
- The availability of the remittance basis in respect of that income attributable to the exercise of your employment outside Ireland or special assignment relief programme.(see paragraphs 55 and 56).

77. If the assignment arrangements apply to you, then your employer and the Irish based organisation for which you will be working should determine, in conjunction with their advisers, how the arrangements for your services are to be dealt with. In any event, if you will have non Irish duties and you wish to avail of the remittance basis in relation to the income arising from those duties, it must be absolutely clear that it is the non-resident foreign company which remains your employer, not the Irish organisation. Payment of salary directly by the overseas employer will support that claim.

78. To ensure that your employment income constitutes a foreign source of income, you should obtain professional advice with regard to the structure of the employment contract and location of the payroll.

Remuneration arrangements

79. Before moving to Ireland, you should ensure that satisfactory arrangements are made to cover any extra expenses which you will incur through living in Ireland. You may want to consider the following points:

- If you remain in the pension plan of a foreign employer, professional advice should be sought with a view to determining whether the plan qualifies for tax relief in Ireland under the various concessions and reliefs. If your pension plan does not qualify for tax relief, not only will your own contributions (if any) be non allowable for tax purposes, but your employer's contributions will constitute taxable income.
- There may be other employee plans (life and medical insurance) which need to be submitted to the Irish tax authorities.
- The arrangements for payment of your salary and deduction of Irish PAYE and social insurance contributions, particularly outside Ireland, need to be considered carefully, if your employer is paying your Irish taxes for you, complex tax consequences could result.
- You should seek professional advice with regard to the Irish tax treatment of employee share schemes to which you belong as the cross border aspect can complicate the expected tax treatment.

Setting up bank accounts

80. There are a number of instances where Irish tax will continue to be charged on income and capital gains on the remittance basis for a non-Irish domiciled employee.

81. To ensure that your Irish tax liability on remittances is kept to a minimum, it is essential that you can identify the source of all potential remittances. This may entail setting up separate bank accounts outside Ireland so that every remittance can be clearly traced back to its original source. You should preferably structure your bank accounts accordingly at the outset; if you wait until after you have been in Ireland for a period of time, then funds which could have been remitted without giving rise to tax may have become irreversibly mixed with other funds. Where remittances are from mixed fund accounts, the remittances are primarily deemed to be income and not capital. You should seek professional advice regarding the structure of your bank accounts.

Importing personal possessions

82. Before making arrangements to ship your possessions to Ireland, you should be aware that the importation of certain items may be prohibited, restricted, or require an import licence. This not only includes the more obvious items such as firearms, but also certain meat and poultry products, fish, plants, and animals. Articles made from protected species are also covered. Ireland has very stringent rabies requirements for any pets you wish to bring with you (apart from those coming from the UK). If you are coming from outside the EU you must present and declare all your possessions to Customs at the point of import.

83. If you are transferring your residence to Ireland then you may be able to import all your personal possessions, including motor vehicles, without payment of import taxes. The rules governing the Transfer of Residence (TOR) relief varies depending on whether you are coming from an EU country or from a non-EU country.

84. If you are coming to Ireland from outside the EU on a temporary employment contract, which will not extend beyond 2 years, you will not be eligible for Transfer of Residence (TOR) relief but it may be possible to avail of the Temporary Import Procedure (TIP) to obtain relief from import taxes, including VRT relief, for any motor vehicles.

85. If you do not qualify for TOR or TIP relief, then your personal possessions will be liable to customs duties and Irish import VAT. In the case of excisable goods such as a wine cellar imported from outside the EU, excise duties will also be payable. Customs duties, VAT, and VRT will be payable on any non-qualifying motor vehicles. The rates of customs duty for personal possessions vary depending on the goods and the range is 0% to 14%. For vehicles (other than commercial) the customs duty is 10%. The standard VAT rate is 21%. The VRT rates are based on the level of CO2 emissions. The rates will range from 14% to 36% as determined by a 7-band system and the VRT is calculated on the Irish "open market selling price" of the car.

86. If you are coming to Ireland from another EU country, there will be no customs or VAT payable on your personal possessions whether or not you are transferring your residence or coming for a temporary stay. If you are transferring your residence from another EU country, then you are required to have your normal residence outside Ireland for at least six months before transfer and you must have owned and used your possessions for a period of at least six months. However, if you do not qualify for TOR or TIP, your motor vehicles will be liable to VRT and, if they are new, VAT. A car is defined as “new” if it is less than six months old or if it has travelled less than 6,000 km. The Irish VAT rate is 21%. No customs duty is payable when bringing a motor vehicle from another EU country. However, VRT is payable at the rates outlined above.

87. If VRT is payable by you, you will have to book an appointment at the National Car Testing Service (NCTS) centre to have the vehicle examined and pay the relevant VRT (and VAT if applicable). Details of the NCTS centres accepting appointments to register vehicles are available at www.ncts.ie/vrt.html. However, if you are eligible for TOR or TIP relief then the vehicle must be presented to the relevant Customs office together with the necessary supporting application for the customs duty/VRT/VAT relief.

88. If you are importing a car from another EU country or from outside the EU under the TOR or TIP relief regimes, it is a condition of the granting of such relief that you cannot sell, hire, or lend the car. You may, however, do so after a year if you have benefited from the TOR relief. Other conditions may exist and these would need to be verified before importation. Under the TIP relief, it is important to note that insurance, road tax, and car license issues will need to be reviewed before importation and discussed in advance with your insurance broker.

89. The procedures and documentation required will depend on whether you are:

- Seeking TOR or TIP relief;
- Ineligible for such relief; and
- Coming from outside the EU or from another EU country.

Professional advice should be sought before importing any personal possessions.

90. There are specific requirements regarding exemptions from certain import taxes for students and diplomats.

Renting out your property

91. If you are in receipt of Irish rental income the net amount, after deduction of certain expenses, will be taxable in Ireland. You should obtain professional advice before you rent out your property.

92. A 75% interest deduction is allowed against rental income in respect of loans taken out to purchase or improve that property provided you first register the tenancy with the Private Residential Tenancies Board.

Step 4: What to do when you arrive in Ireland

Tax Residence

93. On arrival, it is important to establish your tax residence position (see paragraph 75 regarding the requirement for certain people to obtain a Residence Permit in order to live in Ireland). There is no formal procedure to be followed with the Irish Revenue authorities with regard to the determination of Irish tax residence. If the number of days you are present in Ireland is less than 183 between the date of your first trip to Ireland and the end of the calendar year, then you will be non-Irish resident for tax purposes. You should consider whether or not to elect to be Irish resident for that tax year (see paragraphs 16 to 18). You should seek professional advice in this regard as there may be significant tax planning opportunities.

Pay As You Earn (PAYE)

94. Usually when you come to Ireland, your Irish employer will be required to operate PAYE (the system of monthly withholding tax) on your earnings. You must first register with the Department of Social Protection in order to obtain a Personal Public Service (PPS) number for which certain documentation is required. When you have been issued with a PPS number, a tax form 12A should be completed and submitted to the Irish Revenue authorities. A notice of determination of tax credits and standard rate cut-off point will then be issued by the tax office. This will ensure that the amount of PAYE deducted in the tax year does not differ greatly from the amount of the final tax liability for that year. You should advise your employer of your PPS number as soon as you receive it.

Self-assessment

95. The self-assessment system applies to any individual who has income chargeable to tax in Ireland where that income is not within the PAYE system. In addition, where an individual's income is wholly subject to PAYE, an annual return must still be completed where this is requested by the Irish Revenue authorities.

96. If self-assessment applies you must meet certain obligations with regard to the payment of tax and the filing of tax returns (see paragraphs 104 to 108). Tax returns may be randomly selected for audit by the Irish Revenue authorities. It is also necessary for you to obtain a PPS number (see paragraph 94) for tax purposes.

Election for main residence – capital gains exemption

97. No capital gains tax is payable in Ireland on the disposal of a main residence (paragraphs 49 and 125). If you have more than one residence, then it is possible to make an election for the property of your choice to be treated as your main residence. The election should be made in writing to the Irish Revenue as soon as possible after your arrival in Ireland. Where no election is made, the Irish Revenue has the right to determine, based on the facts, which is your main residence. You have a right of appeal against this determination.

Rented accommodation

98. If you are living in rented accommodation and paying rent to a private landlord, then you may claim a tax credit for rent paid in the tax year, up to the eligible amount (currently for the 2011 tax year this amount is €320). If you are over age 55, a higher tax credit is given. Details of the scheme and tax rates can be found in our annual publication Tax Facts.

    Income from the letting of a room in a person's principal private residence is exempt from tax and USC where the gross annual rental income is not greater than €10,000, subject to certain conditions. Principal private residence relief for capital gains tax is not affected.

99. Where rent is paid to a landlord who is not resident in Ireland, there is an obligation on the tenant to withhold tax at the standard rate from the payment of the rent.

Child benefit

100. Child benefit may be payable to the mother of a child who is under 16 years of age (or 17 and in full-time education) and living in Ireland. The benefit is not taxable in Ireland. A claim should be made by the mother as soon as possible after arrival in Ireland (these claims are not usually backdated) by applying to the Department of Social Protection. The completion of Form CB1 is required.

101. If you remain within the social security system of your home country under the EU provisions referred to at paragraph 63, then the claim for child benefit should be made to that country. Entitlement and rates of payment will be on the same basis as would apply if you were still living in your home country. If the rate payable in Ireland exceeds the rate payable in your home country, you should be entitled to claim a top up payment in Ireland, once the child resides in Ireland.

Step 5: What to do at the end of the tax year

PAYE

102. If you are taxed under the PAYE system, then a tax return form may still be issued to you for completion after the end of each tax year.

103. On receipt of the form, it should be completed and submitted. The Irish Revenue will issue a balancing statement showing your income, personal tax credits, reliefs, and the tax paid. Any tax overpaid will be refunded; tax underpaid is usually collected under the PAYE system by restriction of your personal tax credits and reliefs for the following tax year(s).

Non-PAYE

104. If some or all your income is not taxed under PAYE, then you will be liable to Irish tax under the self-assessment system (see paragraphs 95 and 96). You will be liable to make a payment of preliminary tax in respect of the current tax year, which is due for payment by 31 October of that particular year. To avoid interest, the amount paid must be either:

    - 90% of the final tax liability of the current tax year; or
    - 100% of the final tax liability of the preceding tax year.
    - 105% of the final tax liability of the year preceding the immediately previous year. This option is only available where you authorise the Collector General to collect tax by direct debit. The 105% rule does not apply where the tax payable for the pre-preceding tax year is nil.

    The obligation to pay preliminary tax arises regardless of whether or not you receive a notice requesting payment from the Irish Revenue.

    If the payment of preliminary tax is made late or is inadequate, interest is charged from the due date, that is, 31 October until the date of payment. Preliminary tax includes the USC (paragraph 65).

    In most cases, international assignees arriving in Ireland will have had no liability to Irish tax for the previous tax year. Where the tax liability of the previous tax year is nil, the liability to preliminary tax in the tax year of arrival will be nil thereby delaying the first payment of tax, outside of the PAYE system, by up to 12 months.

    You must file a tax return with the Irish Revenue authorities by 31 October after the end of the tax year. For the tax year 2011 the date is therefore 31 October 2012. The tax return comprises a return of all income arising (or remitted) and capital gains realised (or remitted) in a tax year. If a tax return is filed late, a surcharge will apply, amounting to 5% of the income tax liability of the year (up to a limit of €12,695) where the return is filed within two months of the latest date or 10% of the income tax liability of the year (up to a limit of €63,485) where the return is filed more than two months late.

    After the submission of the tax return, the Irish Revenue will issue an assessment to income tax. The balance of any income tax due must be paid by 31 October, with the filing of the tax return. This is known as "Pay and File". If the preliminary tax payment was insufficient in the previous year, the balance of tax due should be paid as soon as possible so as to minimise the exposure to interest charges.

Capital gains tax

105. Capital gains tax is also within the self-assessment system. For disposals made between 1 January and 30 November the tax is payable by 15 December of that year. For disposals made between 1 December and 31 December for a tax year, the tax is payable by 31 January of the following year. A return of any capital gains must be included in the annual tax return (see paragraph 106). The Irish Revenue will issue an assessment to capital gains tax.

Step 6: What to do when you leave Ireland

Reporting your departure for tax purposes

106. If your income has not been taxed fully under PAYE, then a tax return should be made for the tax year in which you leave. On submission of this return you should notify the Irish Revenue of your departure. Any income tax liability due for this year must be paid.

107. If tax has been deducted under the PAYE system and you are leaving part-way through a tax year, your employer, or the person operating PAYE, will give you a form P45 which shows earnings in the tax year to date and the tax deducted. The PAYE system spreads tax credits and deductions evenly over the whole tax year and, if you leave part-way through a tax year, there may be an unused balance of these tax credits and deductions which may result in a tax refund to you.

Deferred remuneration

108. The normal basis of taxing income from employment is amounts earned rather than amounts paid. If remuneration (such as a bonus) is earned in respect of services performed in Ireland and is paid after your departure, such remuneration generally will be taxable in Ireland. Therefore, it is possible that there may be a further charge to Irish tax when you have left the country. You should obtain professional advice.

Termination payments

109. Lump sum payments made in connection with the termination of your office or employment in Ireland, are taxed only to the extent that they exceed a basic exemption (the actual value of this exemption depends on the length of your service). In certain circumstances, the amount which can be paid tax-free can exceed the basic amount, subject to an overall cap of €200,000 with very limited exemptions. The taxable amount (if any) is then taxed at your average rate of income tax for the previous three years otherwise known as Top Slicing Relief. For details of tax-free amounts see our annual publication Tax Facts.

Important points to remember

110. Your residence status for Irish tax purposes in the year of your departure is dependent on the number of days you have spent in Ireland (183 days in the tax year or 280 days spanning two tax years). (See paragraphs 13 to 15.)

111. Your status with regard to ordinary residence depends on the number of consecutive tax years you have been resident in Ireland (see paragraph 19).

112. When you leave Ireland, you may or may not be Irish resident in the tax year of departure. For example, if you leave Ireland on 9 April in a tax year having spent 180 days in Ireland in the previous tax year and 99 days in Ireland in the tax year of departure (total 279), then you will not be Irish resident for that tax year. In those circumstances, one further day spent in Ireland after 9 April and before the following 31 December will result in you being resident for the whole of that year.

113. Subject to the provisions of any relevant double tax treaty, if you are Irish resident for the tax year of departure, then you will be liable to tax on Irish source income, Irish capital gains and on remittances of foreign investment income and capital gains throughout that year, including the period from the date of your departure to the following 31 December. Earnings from employment, under the "split" year rules (see paragraphs 21 and 22) will not be taxed after the date of departure.

114. If you are ordinarily resident in the tax year of departure, then you will continue, subject to relief under a particular tax treaty, to be liable to Irish tax on Irish source income, (except certain employment income) and remittances of foreign investment income if such income exceeds €3,810, and Irish source capital gains until you cease to be ordinarily resident. This will not occur until you have ceased to be Irish resident for three consecutive tax years.

115. If any return visits to Ireland are planned beyond the minimum annual limit of 30 days (see paragraph 14), then you should seek advice as to what effect these might have on your residence and ordinary residence position.

Transferring possessions abroad

116. Most of your possessions may be returned to your usual place of residence with a minimum of export formality. However, there are restrictions on exporting certain goods, even though these goods may have been imported from your home country in the first place. There is a wide range of goods whose export from Ireland may be prohibited or restricted e.g. antiques, archaeological objects, documents and paintings over one hundred years old, various meat products, and certain plants. For restricted goods, you must obtain a license from the appropriate authorities before you can export them.

117. Your possessions may be liable to taxes on arrival in your home country. However, most countries operate relief arrangements for transfer of residence and you may qualify for these reliefs on your return. However, you should investigate this before shipping your possessions.

Step 7: Other matters requiring consideration

Scope for tax planning

118. In this guide we have mentioned a number of points which provide some scope for tax planning in order to control the overall tax costs. For convenience the more important points are summarised below:

- Timing the dates of your arrival into and departure from Ireland, where possible, to take into account your residence and ordinary residence status;
- Maintaining a foreign employment contract to avail of the remittance basis where you spend time working outside Ireland;
- Establishing whether you qualify for the Special Assignment Relief Programme;
- Transferring to a non-Irish payroll if time is spent working outside Ireland to obtain the benefit of the cross border relief;
- Tax effective means of financing your assignment to Ireland;
- Sensible timing of the disposal of capital assets, where possible;
- Setting up bank accounts to ensure that funds, which are not chargeable to tax in Ireland unless remitted here, can be identified and traced back to their source;
- Investment in tax effective Irish investments;
- Arranging reimbursement of expenses in order to take advantage of statutory and concessional reliefs, e.g. for business travel, household removals and tax-free accommodation;
- Consideration of the estimated Irish tax liability to determine the impact on any tax equalisation or tax protection programme under your employer's international mobility programme.

119. Wherever possible, obtain professional advice before you make any arrangements in connection with the above matters.

Medical and hospital facilities

120. Individuals are divided into two categories of eligibility for medical and public hospital services.

Category I

Refers to individuals who hold a medical card (low incomes) which entitles them to free medical and public hospital services. Individuals in receipt of a social security pension from another EU Member State will qualify for a medical card regardless of the amount of their income. This will apply where they are not covered by an Irish social security pension and are not in employment or self-employed. An EU national who remains in the social security system of their home country is also entitled to a medical card.

Category II

Refers to individuals who do not hold a medical card and are entitled to inpatient and outpatient public hospital services, subject to certain charges. Current public hospital charges are:

- €100 for each visit to an Accident Emergency Department without a referral note from a doctor. This charge does not apply to attendances at out-patient clinics;
- €75 daily charge for accommodation in a public hospital. The maximum charge payable is €750 in any 12 consecutive months;
- Individuals who choose to be treated as private patients are liable for consultants' fees.

121. Non-Irish resident individuals from member States of the EU who require medical or hospital treatment whilst they are in Ireland come within Category I provided they present form E106/E109 which should be obtained from the health authorities of their country of origin before travelling. Non resident nationals of other countries may be charged the full cost of medical and hospital services and facilities.

Private medical insurance

122. This is widespread in Ireland. Contributions to Quinn Healthcare, Hibernian Aviva Health and to the State-owned VHI qualify for tax relief. The tax relief is at the standard rate on the amount of the premium paid for persons under 60 years of age and is granted at source by the individual companies.

Purchase of property in Ireland

123. There are no restrictions on the purchase of property in Ireland by EU nationals. Non-EU nationals are subject to certain restrictions in relation to acquisitions outside specified urban areas.

124. Stamp duty may be payable on the purchase of the property. Details of the rates of stamp duty can be found in our annual publication Tax Facts.

125. If the property qualifies as your principal private residence, any gain on the sale will be exempt from capital gains tax unless the sales price reflects development value.

126. When you sell the property you will have to obtain a capital gains tax clearance certificate if the sale price exceeds a certain limit – see Tax Facts.

Artists' exemption

127. If you are an Irish resident individual who derives income from artistic works (such as a book, play, musical composition, painting, or sculpture), you may make a submission to the Irish tax authorities seeking a ruling that income from a particular work is exempt from Irish tax. From 1 January 2010 the artists' exemption will apply where yearly income does not exceed €40,000.

128. The Irish tax authorities will make a decision following consultations with appropriate experts. If they are satisfied that the work is original and creative, and has artistic or cultural merit, then they will confirm the tax-free status of the income from the work or body of work.

129. You must be resident solely in Ireland in order to obtain the exemption. The Irish tax authorities are prepared to give advance opinions regarding the exemption if you are resident abroad and considering a move to Ireland.

Exchange controls

130. There are no restrictions on the movement of funds into Ireland or from Ireland to other countries, and foreign currency bank accounts may be held both in Ireland and abroad. If you open any new foreign bank accounts after you arrive in Ireland, they must be reported on your tax return.

Miscellaneous

131. Although this guide is primarily concerned with tax matters, we recommend that you seek advice on the following topics before you arrive in Ireland:

- The availability of housing and the likely costs of accommodation;
- Educational facilities for children;
- The level of remuneration required to provide an appropriate standard of living for yourself and your family as adjusted for Irish cost of living;
- Driving licences and motoring regulations;
- Life assurance and other insurance coverage whilst working in Ireland;
- The impact of an overseas assignment on your employment and pension rights.

You may also wish to discuss with your employer the career development aspects of your assignment, including plans for your post repatriation position.

Refer to the end of this publication for details of the services which PricewaterhouseCoopers can provide to employers moving people into Ireland.

Appendix A: Double-taxation agreements

The countries with which Ireland currently has double-taxation agreements and which cover the position of an Irish national working abroad are:

Australia	Greece	Norway
Austria	Hungary	Pakistan
Bahrain	Iceland	Poland
Belarus	India	Portugal
Belgium	Israel	Romania
Bulgaria	Italy	Russia
Canada	Japan	Serbia
Chile	Korea (Republic of)	Slovak Republic
China	Latvia	Slovenia
Croatia	Lithuania	South Africa
Cyprus	Luxemburg	Spain
Czech Republic	Macedonia	Sweden
Denmark	Malta	Switzerland
Estonia	Malaysia	Turkey
Finland	Mexico	United Kingdom
France	Moldova	United States
Georgia	Netherlands	Vietnam
Germany	New Zealand	Zambia

Double-taxation agreements awaiting ratification

The following treaties have been signed but are not currently in force:

Albania	United Kingdom Emirates	Singapore
Bosnia Herzegovina	Morocco	Hong Kong
Kuwait	Montenegro	

Double-taxation agreements currently under negotiation in 2011

Armenia	Egypt	Tunisia
Argentina	Saudi Arabia	Ukraine
Azerbaijan	Thailand	

Double-taxation agreements decide which of two countries has the right to tax certain sources of income or capital gains. Where a source of income or gains is not dealt with under a double-taxation agreement, that income or gain may be taxed in more than one country, and relief must be sought, if available, under domestic double-taxation relief rules.

The application of a double-taxation agreement will frequently depend on where you are resident and both Ireland and the other contracting state will each initially determine where you are resident in accordance with its own laws. If both countries determine that you are resident in their country under their own laws, the double-taxation agreement will usually contain rules to decide where you are to be regarded as a resident for the purpose of applying the double-taxation agreement.

It is important to bear in mind that the determination of residence by the rules in a double-taxation agreement is made only to apply the agreement. It does not change the residence position determined by domestic law, which will continue to govern your situation in those areas where the agreement does not affect the domestic law. Although the particular agreement should be consulted in all cases, it is common to find that the overseas territory will exempt you from tax on employment income in respect of duties performed in that territory provided:

- You are a resident of Ireland for the purposes of the agreement in question;
- You are in the overseas territory for a period not exceeding 183 days in their tax year or, in some cases, in any 12 month period;
- Your remuneration is paid by or on behalf of an employer who is not a resident of the overseas territory;
- Your remuneration is not borne by a permanent establishment or fixed base which your employer has in the overseas territory.

Conversely, if you are a resident of another country for the purposes of the agreement, there may be similar relief or exemption from Irish taxes.

Appendix B: Residence and ordinary residence: basis of taxation

Assumptions

- Year of arrival 2011;
- Year of departure 2015;
- Split year residence rules apply;
- Non-Irish domiciled.

Tax Year	Present in Ireland	Status	Liable on
2011 (year of arrival)	183 days or more	Resident but not ordinarily resident	Irish source income and gains; From date of arrival: Foreign employment income where the duties are carried out in Ireland and remittances of foreign employment income where the duties are not carried out in Ireland; Remittances of foreign investment income and foreign gains from 1 January 2011.
2012	183 days or more **or** 280 days or more in 2011 **and** 2012	Resident but not ordinarily resident	Irish source income and gains; Foreign employment income where the duties are carried out in Ireland; Remittances of foreign investment income, foreign gains and foreign employment income where the duties are not carried out in Ireland.
2013	183 days or more **or** 280 days or more in 2012 **and** 2013	Resident but not ordinarily resident	
2014	183 days or more **or** 280 days or more in 2013 **and** 2014	Resident and ordinarily resident	Irish source income and gains; Foreign employment income where the duties are carried out in Ireland and remittances of foreign employment income where the duties are not carried out in Ireland; Remittances of foreign investment income and foreign gains.
2015 (year of departure)	183 days or more **or** 280 days or more in 2014 **and** 2015	Resident and ordinarily resident	Irish source income and gains; Foreign employment income where the duties are carried out in Ireland and remittances of foreign employment income where the duties are not carried out in Ireland (to date of departure); Remittances of foreign investment income and foreign gains.

<table>
<tr><th>Tax Year</th><th>Present in Ireland</th><th>Status</th><th>Liable on</th></tr>
<tr><td>2016</td><td>None</td><td>Not resident but ordinarily resident</td><td rowspan="3">Irish source income and gains;

Employment income the duties of which are carried out in Ireland for more than 30 days;

Remittance of foreign investment income exceeding €3,810;

Remittance of foreign gains.</td></tr>
<tr><td>2017</td><td>None</td><td>Not resident but ordinarily resident</td></tr>
<tr><td>2018</td><td>None</td><td>Not resident but ordinarily resident</td></tr>
<tr><td>2019</td><td>None</td><td>Not resident and not ordinarily resident</td><td>Irish source income;

Employment income the duties of which are carried out in Ireland for more than 30 days (this can be increased if the individual can avail of double-taxation agreement exemptions);

Gains arising from disposal of certain Irish assets, mainly land in Ireland.</td></tr>
</table>

Appendix C: Removal/relocation expenses

Revenue Commissioners Statement of Practice SP – IT/1/91

Introduction

It is an established principle under tax law that, where an employer pays or reimburses the personal expenses for an employee, the amount paid or reimbursed is to be treated as part of the employee's remuneration and taxed accordingly. In strictness this principle applies to payments made towards the costs incurred by an employee in moving house to take up employment at a new location.

However, it has long been accepted by the Revenue Commissioners that the application of the principle to certain removal/relocation expenses should be relaxed in genuine cases of employees having to incur expenses to move to a new employment location and the payment made by the employer towards the expenses results in no net overall benefit to the employee. In general this practice has been applied to date only in cases of relocation within the same general organisation.

Extension of this Practice

Following representations made to them, the Revenue Commissioners accept that the practice may be applied to similar payments made to or on behalf of an employee taking up employment with a new employer. To obtain the benefit of the practice these new employees will have to satisfy the conditions under which the practice has been applied in the past. In general, these are:

- The prior approval of the tax office to the making of the payment by the employer free of tax must be obtained;
- The reimbursement or payment is made by or borne directly by the employer in respect of expenses actually incurred by the employee;
- The expenses are reasonable in amount;
- The payment is properly controlled.

This change will apply to certain removal/relocation expenses reimbursed or borne by employers in the 1991/92 tax year or in earlier years in cases where this issue remains open.

In general, the expenses which can be reimbursed without giving rise to a charge to tax would be those incurred directly as a result of the move and would include:

- Auctioneer's and solicitor's fees and stamp duty arising from moving house;
- Removal of furniture and effects;
- Storage charges;
- Insurance of furniture and effects in transit or in storage;
- Cleaning stored furniture;
- Travelling expenses on removal;
- Temporary subsistence allowance (subject to limits) while looking for accommodation at the new location.

With the exception of any temporary subsistence allowance, all payments must be matched with receipted expenditure. The Irish Revenue must be satisfied that moving house is necessary in the circumstances and that the amount reimbursed or borne by the employer does not exceed expenditure actually incurred.

Any reimbursement of the capital cost of acquiring or building a house or any bridging loan interest or loans to finance such expenditure would be subject to tax.

Appendix D: Social security agreements

EEA social security legislation (Multilateral agreement)

Austria	Hungary	Norway
Belgium	Iceland	Poland
Bulgaria	Ireland	Portugal
Cyprus	Japan	Romania
Czech Republic	Italy	Slovakia
Denmark	Latvia	Slovenia
Estonia	Liechtenstein	Spain
Finland	Lithuania	Sweden
France	Luxembourg	Switzerland
Germany	Malta	United Kingdom
Greece	Netherlands	

Social Security Reciprocal Agreements (Bilateral agreements)

Australia	Quebec	United States
Canada	Switzerland (replaced by EU regulations)	South Korea
New Zealand	United Kingdom (including the Isle of Man, Jersey & Guernsey)	Japan

Appendix E: Ireland contacts and offices

Contacts

Mark Carter

Tel: [353] (1) 792 6000
Fax: [353] (1) 792 6200
Email: mark.p.carter@ie.pwc.com

Gearóid Deegan

Tel: [353] (1) 792 6000
Fax: [353] (1) 792 6200
Email: gearoid.deegan@ie.pwc.com

Mary O'Hara

Tel: [353] (1) 792 6000
Fax: [353] (1) 792 6200
Email: mary.ohara@ie.pwc.com

Offices

Dublin
PwC
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Tel: [353] (1) 792 6000
Fax: [353] (1) 792 6200

In addition to our Dublin office, we also have offices in 6 other locations in Ireland.

About PwC In Ireland

In the Republic of Ireland, PwC (www.pwc.com/ie) is the leading professional services firm employing over 2,000 people in 7 locations, the majority being located in Spencer Dock, Dublin 1. The firm has been named as one of the 2009 *'Top 10 Workplaces'* in Ireland and in 2008 achieved 1st place in the *'Best Workplace to Work For in Ireland'*. The firm has also been named as the *'Most Popular Graduate Recruiter'* in 2008, 2009 and 2010. In 2010 PwC has been named as "Ireland's Leading Employer in the Accountancy & Professional Services Sector" and "Best Work Experience/Internship Programme". PwC Ireland was also listed in the Top 10 *'Best Workplaces in Europe' 2008* listing.

pwc.com/ie/hrs

PwC HR Services group assists organisations in aligning their HR strategy and business performance by helping to manage the financial, tax, regulatory, operational, risk management and strategic challenges associated with human resources, particularly for those businesses operating across borders. Our services to organisations moving people into and out of Ireland include:

- Immigration advisory & processing services
- Executive resourcing – search & selection
- Global workforce mobility policy design
- International tax policy design
- Employee cost projections
- Relocation package and expense policy design
- HR policy benchmarking, design & implementation
- Salary, pension & benefits package design
- Payroll services
- Workforce reduction services
- Inbound employee support services including:

  - tax & social security assistance, registration, tax return preparation, social security clearances etc
  - employee fiscal orientation meetings
  - immigration clearances

pwc.com/ie

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers, its Partners, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2011 PricewaterhouseCoopers. All rights reserved. "PricewaterhouseCoopers" refers to the Irish firm, PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin1 which is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business. As the context requires, "PricewaterhouseCoopers" may also refer to one or more member firms of the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate legal entity. PricewaterhouseCoopers does not act as agent of PwCIL or any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way. Designed by PwC Design Studio 03226.