

# Remote work from abroad: taxation from an Irish perspective

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**Geraldine Hegarty**  
**Personal Taxes Policy and Legislative Division**  
**Revenue**

# Introduction

## Moving to Ireland or returning from abroad?

Broadly, the amount of Irish tax you pay on your income depends on:

- your residence and domicile status
- the sources of your income
- the place where you carry out the duties of your trade, profession or employment.

# Irish Tax Residency Rules

- You are **tax resident** in Ireland if you are present in Ireland for a total of:
  - **183 days** or more in a tax year **or**
  - **280 days** or more in a tax year plus the previous tax year taken together, with a minimum of 30 days in each year.
- You can **elect** to be tax resident in Ireland for the year you arrive if you intend to be tax resident in the following year.
- **Ordinarily resident:** where an individual is tax resident in Ireland for three consecutive years
- **Domicile:** legal concept broadly defined as a person's natural home. Every individual is born with a domicile of origin. Can change if there is an intention to live on a permanent basis in another country.
- A combination of your residency and domicile status will determine what income is taxable in Ireland, subject to any relief being provided by the terms of a DTA.

# Overview of Irish Residency Rules

STATUS	LIABILITY TO INCOME TAX ON:
Resident and Irish Domiciled	<ul style="list-style-type: none"><li>Worldwide Income</li></ul>
Resident and not Irish Domiciled	<ul style="list-style-type: none"><li>Irish source Income</li><li>Foreign employment income to extent relates to Irish duties regardless where paid</li><li>Foreign income to extent remitted to Ireland</li></ul>
Not Resident, Ordinarily Resident and Irish Domiciled	<ul style="list-style-type: none"><li>Worldwide Income except:<ul style="list-style-type: none"><li>Income from trade, profession, employment all the duties of which exercised outside Ireland</li><li>Other foreign income <b>under €3,810</b></li></ul></li></ul>
Not Resident, Ordinarily Resident and not Irish Domiciled	<ul style="list-style-type: none"><li>Irish source income</li><li>Foreign income to extent remitted to Ireland</li><li>Exceptions [not subject to Irish Income Tax even if remitted]<ul style="list-style-type: none"><li>Income from a trade, profession, employment duties of which are exercised outside of Ireland</li><li>Other foreign income provided it does not exceed €3,810</li></ul></li></ul>
Not Resident, Not Ordinarily Resident	Irish Source Income only

# Employed vs Self Employed

	Employed	Self-Employed
<b>Factors may include (but not exhaustive)</b>	Employer <ul style="list-style-type: none"><li>- controls how, when and where the work is to be carried out.</li><li>- Set working hours.</li><li>- No financial risk.</li></ul>	Individual <ul style="list-style-type: none"><li>- controls how, when and where the work is carried out.</li><li>- Controls working hours.</li><li>- Takes on financial risk.</li></ul>
<b>Obligation to file tax return</b>	Employer files tax return in real time under Pay As You Earn (PAYE) system	Individual must self assess and file income tax return by 31 October following year end
<b>Payment of Tax</b>	Employer deducts payroll taxes at source	<ul style="list-style-type: none"><li>- Preliminary tax due by 31 October</li><li>- Balance of tax due by 31 October following year end</li></ul>

# Employer obligations

- **Employers** must register with Revenue as an employer and deduct Income Tax and Universal Social Charge (USC) under the PAYE system on salary and benefits to employees. This includes foreign employers whose employees are carrying out duties in Ireland.
- Irish Revenue may relieve employers from the obligation to deduct payroll taxes where certain conditions are satisfied e.g.
  - PAYE Exclusion order
  - PAYE Dispensation Order for temporary assignees/short term business visitors to Ireland

# Relaxation of employer PAYE obligations

- **PAYE Exclusion order** - A PAYE Exclusion order may be issued where an individual:
  - is in receipt of Irish 'private sector' employment income,
  - is **not resident** in Ireland for tax purposes for the relevant tax year, and
  - exercises the duties of the employment wholly outside Ireland.
  
- **Relaxation of PAYE obligations for temporary assignees to Ireland**

Tax and duty manual [Part 42-04-65](#) outlines certain measures which relieves the payroll obligations of the employer where certain conditions are satisfied.

Category	DTA countries	Non-DTA countries
Less than 30 workdays in the tax year	No PAYE obligation	No PAYE obligation
Between 30 and 60 workdays in the tax year	No PAYE obligation	PAYE obligation
More than 60 workdays but less than 183 days present in the tax year	PAYE obligation in the absence of a PAYE Dispensation	PAYE obligation
More than 183 days present in the tax year	PAYE obligation	PAYE obligation

# Employee considerations

- **Employees** need to:
  - Obtain a Personal Public Service Number (PPSN)
    - Issued by Department of Social Protection Client Identity Service
    - Can be issued to non-residents who do not intend to relocate to Ireland – must show evidence of why PPSN is needed
  - Apply to Revenue for a Tax Credit Certificate (TCC) by registering their new job online through the Revenue website.

## Exception

In certain circumstances, a non-resident employee recruited abroad, who carries out all of their duties abroad and who has no intention of moving to Ireland, may not be required to obtain a PPSN number and the employer will not be required to deduct PAYE. Please see Tax and Duty manual Part42-04-01.

# Relocation expenses / E-working

An employer can repay certain **removal and relocation expenses** of the employee tax-free if:

- there are actual removal and relocation expenses
- the expenses are for a reasonable amount
- the payment of the expenses is properly controlled
- moving house is necessary.

**Subsistence** - You may pay your employee subsistence expenses tax-free, subject to certain conditions e.g.

[Part 05-02-03](#) allows for temporary subsistence allowance while looking for accommodation at the new location (maximum of 10 nights at the appropriate subsistence rate) and followed by vouched rent of temporary accommodation (not exceeding 3 months).

[Part 05-01-06](#) outlines what subsistence may be paid / reimbursed to temporary assignees coming into and leaving Ireland for work. E.g. for temporary assignees from abroad working in Ireland, subject to conditions, tax-free subsistence may be paid or reimbursed for the first 12 months of a temporary assignment provided that the period of assignment in the State does not exceed 24 months.

**E-working:** [Part 05-02-13](#) outlines details of tax relief for e-working. Where conditions are satisfied

- (i) the employer can choose to make a contribution of **€3.20 per day tax free** to employees to reimburse him or her for the costs incurred in working from home **or**
- (ii) the employee can make a claim directly to Revenue at the end of the year for such costs (e.g. % of electricity, heat, broadband).

# Reliefs available for Employees

## **Split Year Treatment (SYT) – in year of arrival**

- If you are going to be resident in Ireland for the next calendar year, you can request split-year treatment the year you arrive.
- Split-year treatment means that you are treated as resident in Ireland from the date you arrive. All your employment income from that date is taxed in the normal way. Generally, full tax credits are allowable on a cumulative basis.
- Split-year treatment applies to employment income only.

Employee can apply for SYT in writing online through MyEnquiries to your Revenue office.

Similar treatment available if leaving Ireland.

## **Double Taxation Relief**

- If you work and pay tax abroad, you may be entitled to relief under a Double Taxation Agreement (DTA). If so, you may be entitled to a credit for non-refundable tax paid in the other country. Ireland has several DTAs with other countries.

# Reliefs available for Employees

## 1. Transborder relief

Relief for Irish tax residents who travel weekly to another country for work and pay tax there.

The relief effectively removes the earnings from a qualifying foreign employment from liability to Irish tax where foreign tax has been paid on those earnings.

- The taxpayer must be tax resident in Ireland,
- Be present at least one day of each week in Ireland
- The host country must have a Double Taxation Agreement (DTA) with Ireland, and
- The foreign employment income must have been taxed in the other country and not due a refund.

You must apply in writing to Revenue for this relief. In your application you must include a final statement of Income Tax liability from the other country.

# Reliefs available for Employees

## 2. Foreign Earnings Deduction (FED)

Irish tax residents who spend time working abroad in specific qualifying countries may be able to claim FED.

This allowance is based on the number of qualifying days worked abroad and the total income earned. The amount of the income tax relief allowance cannot exceed €35 000 per annum.

One must work in a relevant State for at least 30 qualifying days in twelve months and only postings to certain countries qualify for this relief.

# Reliefs available for Employees

## 3. Special Assignee Relief Programme (SARP)

Income Tax relief for qualifying individuals who are assigned to work in Ireland from abroad.

- Assigned by a relevant employer to work in Ireland for that employer (or an associated company of your relevant employer).
- Must have worked for the employer outside of Ireland for at least 6 months before being posted to Ireland
- Must not have been tax resident in Ireland for the previous 5 years.
- Must earn a minimum salary of €75,000
- The relief can be claimed for a maximum period of five consecutive years

Employers must send a [Form SARP 1A](#) for each employee to their Revenue Office within 90 days of the employee arriving in Ireland to take up duties.

The employer must file a SARP annual return by 23 February after the end of each tax year.

## Scenario 1

Charles lives in Germany, where he is tax resident, and has accepted a job with an Irish company. He will carry out all of the duties of his employment in Germany but may have to travel to Ireland for some business trips (not expected to exceed 30 days).

Charles can apply for a PPSN (Irish tax number) from Germany.

Given that Charles' employer is Irish, they will be obliged to operate PAYE. However given that Charles is not resident in Ireland and is carrying out the employment duties wholly abroad, his employer may apply for a PAYE Exclusion Order relieving them of the obligation to deduct PAYE.

## Scenario 2

Sophie works for an Irish company and during the COVID 19 pandemic, she was facilitated in working remotely in her home country of France. Both Sophie and her employer need to be mindful of the potential consequences which will arise if Sophie works in France for an extended period.

Sophie may trigger tax residency in France which may result in personal tax filing and reporting considerations.

Her employer may have foreign payroll reporting obligations as well as Irish payroll obligations.

It is important that the employer and Sophie consider the tax obligations of the foreign jurisdiction as well as the Irish tax obligations.

# Further Information

## Useful website links

- [www.revenue.ie](http://www.revenue.ie)
- <https://www.revenue.ie/en/life-events-and-personal-circumstances/moving-to-or-from-ireland/moving-or-returning-to-ireland/the-tax-system-in-ireland.aspx>
- <https://www.revenue.ie/en/employing-people/becoming-an-employer-and-ongoing-obligations/registration-of-employers-for-payee-purposes/how-to-register.aspx>
- <https://www.revenue.ie/en/employing-people/what-constitutes-pay/irish-employment-carried-on-outside-the-State/index.aspx>
- <https://www.revenue.ie/en/corporate/communications/covid19/index.aspx>

## Useful Tax and Duty Manuals

- **Part 42-04-35A - The Employers' Guide to PAYE**
- **Part 42-04-01 PAYE Exclusion Order**
- **Part 42-04-65 Employee payroll tax deductions in relation to non-Irish employments exercised in the State**
- **Part 34-00-01 Provisions Relating to Residence of Individuals**
- **Part 34-00-06 Transborder Relief**