



Ireland

Introduction

An individual's liability for Irish income tax depends on:

- Whether the individual is resident in Ireland
- Whether the individual is ordinarily resident in Ireland
- Whether the individual is domiciled in Ireland

An individual's liability for Irish tax will also depend on the source of income derived by the individual.

Irish income tax is levied at progressive rates on an individual's taxable income for the year and is calculated by subtracting allowable deductions/credits from the total assessable income.

Contact

John Bradley

KPMG in Ireland

Partner

T: +353 (1) 410 1798

E: john.bradley@kpmg.ie

Key messages

The number of days spent in Ireland by an extended business traveler will determine whether or not the individual will be taxable on employment income relating to Irish workdays, subject to the terms of the relevant double taxation agreement (if applicable).

Income tax

Liability for income tax

An individual's liability for Irish income tax is dependent on whether the individual is resident, ordinarily resident, and/or domiciled in Ireland.

An individual will be considered resident in Ireland if the individual is present in Ireland:

- For 183 days or more
- For 280 days or more in the tax year (i.e., the calendar year)

A day is counted if an individual is present in Ireland for any part of the day. An individual must be present in Ireland for at least 30 days in any year to be considered resident in Ireland for that year.

An individual will be ordinarily resident in Ireland if the individual is resident in Ireland for three consecutive tax years.

Domicile is a legal concept based on the notion of an individual's permanent home. An extended business traveler in Ireland will be considered nondomiciled in Ireland when the individual retains a domicile of choice in the individual's home country.

An individual who is resident and domiciled in Ireland or (from 2010) an individual who is resident, but not ordinarily resident, in Ireland is liable for Irish income tax on the individual's worldwide income.

An individual who is resident but not domiciled in Ireland will be liable for Irish income tax on the individual's Irish-sourced income, including income relating to an Irish employment or work duties performed in Ireland. The individual will be taxable on any foreign income to the extent that the income is remitted to Ireland.

A nonresident, nondomiciled individual will be liable for Irish income tax on Irish-sourced income only, including income related to Irish employment duties.

Tax trigger points

If an individual spends 183 days or more in Ireland in the tax year, the individual is liable for paying income tax on any Irish-sourced income and also on any employment income related to Irish duties.

Relief may be available under the relevant double taxation agreement (DTA) if the individual travels to Ireland from a country with which Ireland has concluded a DTA.

Types of taxable income

For extended business travelers, the types of income that are generally taxed in Ireland are employment income related to Irish employment duties, Irish-sourced income, and gains from Irish specified assets (such as Irish land and buildings).

Tax rates

Taxable income is taxed in Ireland at graduated rates ranging from 20 percent to 41 percent depending on the level of income earned by the individual.

Individuals resident in Ireland are subject to tax at 20 percent on the first 36,400 euros (EUR) of income and are subject to tax at the rate of 41 percent on income above this level. An income levy at graduated rates of 2 percent, 4 percent, and 6 percent on gross income may also apply depending on the level of income earned by the individual.

A Universal Social Charge is payable at rates of 2 percent on income up to EUR 10,036; 4 percent on income up to EUR 16,016; and 7 percent on income above this level.

Social security

Liability for social security

Social security is payable in Ireland at a rate of 4 percent.

An individual who is employed in Ireland is liable for paying social security on employment income and on any nonemployment income that is taxable in Ireland.

If the individual is seconded to work in Ireland from a country with which Ireland has concluded a totalization agreement or from another EEA country and is in possession of a valid certificate of coverage or A1 certificate, the individual will not be liable for paying Irish social security contributions for up to the first five years of the individual's secondment to Ireland.

Compliance obligations

Employee compliance obligations

Tax returns are due for filing by October 31 following the tax year-end, which is December 31. Individuals may use the extended deadline of November 16 if they file the tax return online using the Revenue online facility.

Tax returns must be filed by nonresidents who derive any Irish-sourced income (other than Irish dividend income or interest income, which are subject to final withholding tax).

Employer reporting and withholding requirements

Withholdings from employment income are covered under the Pay-As-You-Earn (PAYE) system. If an individual is taxable on employment income, the employer has a PAYE withholding requirement.

Where an employee performs duties in Ireland on behalf of a nonresident employer, an obligation is imposed on the nonresident employer to handle PAYE withholdings on compensation paid to employees carrying out employment duties in Ireland.

Where an employee works for an entity based in Ireland (a relevant person), is employed by a nonresident employer, and PAYE is not applied by the employer, the relevant person will be held accountable for the PAYE withholdings due. Where the compensation covers the performance of duties both in Ireland and in the home country, PAYE withholdings need only be applied to the compensation that relates to the duties carried out in Ireland.

If an individual spends less than 60 workdays in Ireland in the year (and a number of other conditions are met), it is possible that the individual will be exempt from PAYE withholdings on employment income.

If an individual is present in Ireland for more than 60 days but less than 183 days (and a number of other conditions are met), it is possible that the individual will be exempt from PAYE withholdings on employment income. In order for this to apply, foreign withholding tax must be withheld in the home country of the employee.

The above 60-/183-day exemptions apply to individuals coming to Ireland from a country with which Ireland has a double taxation agreement.

Other

Work permit/visa requirements

Individuals from certain countries must apply for a visa before entering Ireland.

Broadly speaking, non-EU/EEA individuals must apply for a work permit before commencing employment in Ireland.

Double taxation treaties

In addition to Ireland's domestic arrangements that provide relief from international double taxation, Ireland has entered into double taxation treaties with 54 countries and is presently in the process of negotiating a number of additional treaties.

The aim of the double taxation treaties is to prevent double taxation and allow cooperation between Ireland and overseas tax authorities in enforcing their respective tax laws.

Permanent establishment implications

There is the potential that a permanent establishment could be created as a result of extended business travel, but this will be dependent on the types of services performed and the level of authority the employee has.

Indirect taxes

Value-added tax (VAT) is applicable at a rate of 21 percent on the supply of taxable goods or services above certain thresholds. VAT registration may be required in certain circumstances.

Transfer pricing

Ireland introduced a transfer pricing regime on January 1, 2011.

Local data privacy requirements

Ireland has data privacy laws.

Exchange control

Ireland does not restrict the flow of Irish or foreign currency into or out of the country. Certain reporting obligations are imposed, however, to control tax evasion and money laundering.

Financial institutions are obliged to take certain special measures to prevent money laundering. One of these measures is the requirement that financial institutions establish the identity of customers and report any suspicion of money laundering directly to the police.

Nondeductible costs for assignees

There are provisions in place to allow for a deduction from employment income taxable in Ireland for contributions made by an individual to a pension scheme in another EU member state or country with which Ireland has a double tax agreement, provided a number of conditions are met.

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