



## Attracting overseas talent to Ireland

### The Special Assignee Relief Programme has been amended for workers coming to Ireland between 2015 and 2020

The Special Assignee Relief Programme (SARP) was first introduced in 2012 to encourage key personnel to relocate to Ireland. Individuals coming to Ireland on an assignment or as a local hire can qualify for this relief.

A qualifying employee may make a claim for 30% of their total compensation (including bonuses, BIKs and share remuneration) to be excluded from PAYE. The exempt amount is still liable to USC and PRSI, however.

In addition, employers will be able to provide one return trip for the employee and family to the overseas country they are connected with, as well as school fees of up to €5,000 per annum per child, without creating an additional tax cost.

The relief was amended for new arrivals from 2015. The rules for calculating the

relief were amended to increase the value, and therefore the attractiveness, of the relief. The conditions were also softened to allow more individuals to qualify for the relief.

#### **Pre-2015 Arrivals – Old SARP Rules Conditions for the relief**

The employee's employer (or associated company) must be resident in a country with which Ireland has a Double Taxation Agreement or Information Exchange Agreement.

In determining whether an employee qualifies for the relief, his/her basic compensation must exceed €75,000. Income in excess of €500,000 does not qualify for the relief.

The employee must have been working for their employer (or associated company) outside of Ireland for the 12 months

immediately prior to arrival in Ireland.

The employee must work in Ireland for a minimum of 12 consecutive months from the date they take up residence in Ireland, and they must not have been resident in Ireland in the five years prior to their arrival.

The individual claiming the relief must be tax resident in Ireland in the year of claim and must not be tax resident elsewhere.

#### **Arrivals from 2015 – New SARP Rules Conditions for the relief**

The condition specifying the length of time for which the employee must have been working for their employer (or associated company) outside of Ireland immediately prior to arrival in Ireland is reduced to six months.

The requirement for the individual not to be tax resident in any country outside

of Ireland no longer applies. However, the individual must still be tax resident in Ireland.

An employer Certification of Eligibility for the relief must be submitted to the Irish Revenue within 30 days of the claimant's arrival in Ireland.

All other conditions remain unchanged from the pre-2015 rules.

### How is the relief calculated?

The upper threshold of €500,000 has been removed for the calculation of the relief. This applies to all individuals claiming SARP in the tax years 2015 to 2020. The lower threshold of €75,000 remains the same.

For example, assuming an employee who arrives in 2016 has a compensation package of €300,000 the amount excluded from tax would be €67,500 (i.e. €300,000 - €75,000 = €225,000 @ 30%). Assuming a marginal rate of 40% applies, this would result in a tax saving of €27,000 (i.e. €67,500 at 40%).

Special rules apply where an individual arrives in Ireland during a tax year.

Relief can be obtained through the PAYE system or via a tax return. Employees will need to file a tax return for the tax year in which they claim SARP.

Employers must also complete an annual return after the year end providing details of the employee and the income relieved under SARP.

The relief is available for an individual for up to five consecutive tax years.

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Contact us:

**Daryl Hanberry**  
Partner, Global Employer Services

T: +353 1 417 2435  
E: [dhanberry@deloitte.ie](mailto:dhanberry@deloitte.ie)

**Sarah Conry**  
Director, Global Employer Services

T: +353 1 417 2374  
E: [sconry@deloitte.ie](mailto:sconry@deloitte.ie)

**Colin Forbes**  
Director, Global Employer Services

T: +353 1 417 2993  
E: [cforbes@deloitte.ie](mailto:cforbes@deloitte.ie)

**Annette Kelly**  
Director, Global Employer Services

T: +353 1 417 2299  
E: [annkelly@deloitte.ie](mailto:annkelly@deloitte.ie)

**Breda Mullaney**  
Director, Global Employer Services

T: +353 1 417 3622  
E: [brmullaney@deloitte.ie](mailto:brmullaney@deloitte.ie)

**Jonathan Warnes**  
Director, Global Employer Services

T: +353 1 417 2477  
E: [jwarnes@deloitte.ie](mailto:jwarnes@deloitte.ie)

[www.deloitte.ie](http://www.deloitte.ie)