

Trans-Border Workers Relief for Cross-Border Workers

An increasing number of Irish-resident individuals are commuting weekly to employment outside of Ireland, whether in Northern Ireland, the rest of the UK or further afield. Irish-resident and -domiciled individuals are taxable in Ireland on worldwide income. However, individuals commuting to jobs outside of Ireland may be able to claim Trans-border Workers Relief in respect of their employment income. This relief generally means that an individual will not pay any Irish tax on the employment income – they will usually only pay tax in the foreign country or countries where they are working.



Conditions of Trans-border Workers Relief

To qualify for Trans-border Workers Relief an Irish-resident individual must hold a “qualifying employment”. A “qualifying employment” is an office or employment that is held:

- In a country with which Ireland has a double tax treaty and
- For a continuous period of not less than 13 weeks in the tax year, excluding any State employment.

In addition, the income must not have benefited from split-year treatment, the remittance basis of assessment or have been paid by a company to one of its proprietary directors or to the spouse of one of its proprietary directors and each of the following conditions needs to be satisfied:

01. The duties of the qualifying employment must be exercised wholly in a country with which Ireland has a double taxation agreement. In determining whether the duties of a qualifying employment are performed wholly in the other country, any duties performed in Ireland which are merely incidental to the performance of the duties abroad will be regarded as having been performed in the other country
02. The full amount of the income, profits or gains from that employment (i.e. the qualifying employment) must be, under the laws of the territory in which the qualifying employment is held or of the territory or territories in which the duties of the qualifying employment are performed, subject to tax in the other country and must not be exempt or otherwise relieved from tax in that country
03. The foreign tax due on the income must have actually been paid to the relevant authorities and must not be repaid or be eligible to be repaid and
04. For every week during which an individual works abroad he or she must be present in the Republic of Ireland for at least one day in that week.

What is the relief?

Where the conditions outlined above are met, an individual can have his/her income tax liability for a particular tax year reduced to what is known as the **specified amount**.

The specified amount is calculated as follows:

05. Calculate the income tax that would be payable for a tax year under normal rules, excluding credit for any foreign tax paid and
06. Reduce this amount by the proportion that your total income (excluding the income from the qualifying employment) bears to total income (including the income from the foreign employment).

The specified amount can best be expressed by way of the following formula:

Total tax liability under normal Irish rules (ignoring Trans-border Workers Relief) (A)	X	Total income, excluding income from qualifying employment (B)	=	Total income (C)
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For example, an individual, single and tax resident in Ireland, who qualifies for Trans-border Workers, relief, has employment income of €50,000 and investment income of €10,000. His total tax liability under normal Irish rules is €13,940. Trans-border Workers Relief is calculated as follows:

$$€13,940 \times €10,000 / €60,000 = €2,323$$

Therefore, the individual's income tax liability is reduced from €13,940 to €2,323 under Trans-border Workers Relief.

Contacts

When and how do you claim the relief?

If an individual is satisfied that they meet all of the conditions for Trans-border Workers Relief, they should make the claim for the relief on their annual income tax return. The relief can be claimed on either a Form 12 or Form 11, as appropriate.

Important considerations

It is important that a record is kept of travel into and out of Ireland and of any Irish workdays. Only incidental Irish workdays are permitted and this is generally understood to be no more than 30 workdays per annum of an incidental nature. Irish Revenue can request evidence of travel in support of a Trans-border Workers Relief claim, so it is important to retain documentation such as train tickets, flight tickets, hotel receipts, etc.

Employers need to ensure they are aware of the number of days worked in Ireland as Irish PAYE withholding can apply where the workdays are not incidental or the conditions for Trans-border Workers Relief are not met.

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