

Report of the Office of the Revenue Commissioners

Analysis of Special Assignee Relief Programme 2014¹

1. General

The 2012 Finance Act introduced, with effect from 1 January 2012, income tax relief for certain individuals assigned² during any of the tax years 2012, 2013 or 2014³ to work in the State. The relief is commonly known as SARP.

The aim of the relief is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in the Irish-based operations of their employer or an associated company, thereby facilitating the creation of jobs and the development and expansion of businesses in Ireland.

For the tax years 2012, 2013 and 2014, SARP provides for relief from income tax on 30% of salary between €75,000 and €500,000. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 per annum and expenses incurred on one trip home per year, where they are paid for by the employer, are not subject to tax.

A brief summary of the conditions to be satisfied in order to qualify for SARP for the years 2012 to 2014 is included in **Annex 1**. **Annex 2** contains a brief note on the operation of the relief in those years.

2. Outturn for 2014

This report covers the uptake and cost of SARP in respect of the tax year 2014, based on actual returns received by the Revenue Commissioners as at 16 March 2016. Details are set out in **Annex 3**, including comparison with the years 2012 and 2013. The relevant returns are the SARP 1 Form, which is completed in respect of each SARP employee claiming the relief, and the Annual Employer SARP Return.

April 2016

¹ The report includes comparative figures for 2012 and 2013.

² Employees may either be assigned to work for their employer or employed by an associated company of their employer.

³ Following a review of SARP, section 15 of Finance Act 2014 extended the relief to include individuals assigned to work in the State during any of the tax years 2015, 2016 and 2017. A number of enhancements were made for those years, including removal of the upper income threshold of €500,000.

ANNEX 1

Conditions for relief - 2012 to 2014

The relief can be claimed by an individual who:

- (a) arrives in the State (Ireland) in any of the tax years 2012, 2013 or 2014, at the request of his or her relevant employer to perform in the State duties of his or her employment for that employer or to take up employment in the State with an associated company of that employer and to perform duties in the State for that company. A relevant employer is a company that is incorporated and tax resident in a country with which the State has a double taxation agreement or a tax information exchange agreement;
- (b) immediately before being assigned to work in the State, worked outside the State for a minimum period of 12 months for the relevant employer who assigned him or her to work in the State;
- (c) performs duties referred to in (a) above for a minimum period of 12 consecutive months from the date he or she takes up residence in the State. In determining whether the duties of an employment are performed in the State, any incidental duties performed outside the State that relate to the employment can be ignored;
- (d) was not tax resident in the State for the 5 tax years immediately preceding the year of his or her arrival in the State to take up employment;
- (e) for each of the tax years in respect of which relief is claimed, was tax resident in the State and not also tax resident elsewhere;
- (f) earns a minimum basic salary of €75,000 per annum excluding all bonuses, commissions or other similar payments, benefits, or share based remuneration.

Further details are available on www.revenue.ie

ANNEX 2

Operation of SARP - 2012 to 2014

€75,000 thresholds

For clarification, there are two separate and distinct €75,000 thresholds that must be considered for SARP–

- (a) the €75,000 threshold for the purposes of determining eligibility for the relief;
and
- (b) the €75,000 threshold used in calculating the tax relief.

Eligibility for relief

Before an individual is eligible to claim the relief, he or she must earn “relevant income” of not less than €75,000 per annum. This means that his or her basic salary before benefits, bonuses, commissions, share based remuneration, etc. must be not less than €75,000.

Calculating the relief

The tax relief is granted by calculating what is known as the “specified amount” and relieving that specified amount from the charge to income tax. The specified amount is determined by the following formula:

$$(A-B) \times 30\%$$

where –

- A is the amount of the relevant employee’s income, profits or gains from his or her employment in the State with a relevant employer or associated company, excluding expenses and amounts not assessed to tax in the State and net of any superannuation contributions. In addition, where the relevant employee is entitled to double taxation relief in relation to part of the income, profits or gains from the employment, that part of the income is also excluded from ‘A’.

Where this amount exceeds €500,000, ‘A’ is capped at €500,000 (the “upper threshold”), and

- B is €75,000.

The specified amount is 30% of the individual’s income between €75,000 and €500,000 (upper threshold). The specified amount is exempt from income tax.

The specified amount is not exempt from the USC. In addition, the specified amount is not exempt from PRSI unless the employee is relieved from paying Irish PRSI under either an EU Regulation or under a bilateral agreement with another jurisdiction.

For the purposes of calculating 'A' in the definition of specified amount, all income from the employment is included (e.g. bonuses, commission or other similar payments, benefits in kind and share based remuneration). However, as noted above, any amount on which relief for pension contributions has been obtained is excluded as are amounts paid in respect of expenses. In addition, where an individual is entitled to double taxation relief for foreign tax, that part of the income on which such relief is claimed should be excluded in calculating the specified amount.

ANNEX 3

Table 1: cost of SARP

Tax cost of SARP in respect of 2012	€0.1 million
Tax cost of SARP in respect of 2013	€1.9 million
Tax cost of SARP in respect of 2014	€5.9 million

Table 2: salary ranges of employees who availed of SARP

Salary range	€75,000 - €150,000	€150,001 - €225,000	€225,001 - €300,000	€300,001 - €375,000	> €375,000	Total
Number of employees 2012	-	-	-	-	-	11⁴
Number of employees 2013	35	36	28	12	10	121
Number of employees 2014	88	79	63	29	43	302

Table 3: increase in number of employees, as reported by employers, as a result of the operation of the relief

Increase in number of employees in 2012 as a result of SARP	6
Increase in number of employees in 2013 as a result of SARP	49
Increase in number of employees in 2014 as a result of SARP	126

⁴ In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Table 4: number of employees retained, as reported by employers, as a result of the operation of the relief

Number of employees retained in 2012 as a result of SARP	6
Number of employees retained in 2013 as a result of SARP	215
Number of employees retained in 2014 as a result of SARP	708

Table 5: sector of employer whose employees availed of SARP

Industry	IT	Financial Services	Pharma & Medical	Consumer Industrial Products & Services	Other Services	Other	Total
Number of cases in 2012	-	-	-	-		-	11⁵
Number of cases in 2013	36	31	17	13	13	11	121
Number of cases in 2014	79	101	35	9	26	52	302

⁵ In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.