

Special Assignee Relief Programme

(SARP)



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Special Assignee Relief Programme (SARP)

SARP scheme provides for income tax relief on a proportion of income earned by employees who are assigned to work in Ireland.

The following conditions must be met to avail of SARP:

1. Employees must be assigned by their relevant employer to work in the State for that employer (or for an associated company of that relevant employer) and who previously worked for that relevant employer for a minimum period of 12 months. From 1 January 2015 this minimum period has been reduced to 6 months.
2. Relevant employer must be a company incorporated and tax resident in a country with which the State has a double taxation agreement or has a tax information exchange agreement.
3. Immediately before his or her arrival in the State to take up employment here, was not tax resident in the State for the previous 5 tax years.
4. Employee must work in the State for a minimum period of 12 months for the relevant employer.
5. Employee must earn a minimum basic salary of €75,000 per annum excluding all bonuses, benefits or share based remuneration.
6. The relief can be claimed for maximum period of 5 years
7. There is no condition as to domicile. Accordingly, Irish citizens may avail of the relief providing all other conditions are fulfilled.

When the above conditions are satisfied an employee can make a claim to have 30% of his or her income between €75,000 (lower threshold) and €500,000 (upper threshold) disregarded for income tax purposes. The 2015 Budget has since eliminated the upper threshold ceiling leaving the amount of tax relief unrestricted from 1 January 2015.

This disregarded income is not exempt from PRSI or USC it is only exempt from income tax.

The Relief

The tax relief is granted by way of calculating what is known as the “specified amount” and relieving that specified amount from the charge to income tax.

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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, net of any superannuation contributions, but where this amount exceeds €500,000, it is capped at €500,000. From 1 January 2015 no maximum threshold applies.

B is €75,000

In addition, employees who qualify for relief under this section may also receive free of tax certain expenses of travel and certain costs associated with the education of their children in the State (up to €5,000 per child).

The individual is required to submit an annual tax return in order to claim the relief. However, relief may be granted at source through payroll provided that prior approval has been received from the Revenue Commissioners to do so.

Squires Gilbride - Chartered Accountants & Advisors are located in Dublin, Ireland.

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