

Tax treatment of travel and subsistence expenses

**for temporary
assignees from abroad
working in the State**

RESOURCE DOCUMENT - MARCH 2015



This document sets out the income tax treatment of the reimbursement of expenses relating to travel and subsistence in the case of temporary assignees from abroad working in the State.

Away from normal place of work

One of the main conditions under which the reimbursement (within certain limits) to office holders and employees of travel and subsistence expenses may be made tax-free is that the employee is temporarily away from his/her normal place of work in the performance of the duties of his/her employment;

Temporary assignment

A temporary assignment is one where:

1. an employee resides temporarily in the State for the purposes of the performance of the duties of his/her foreign employment; and
2. there is the intention that the employee will, at the end of the assignment, return to work at the foreign location from which he/she was assigned.

Temporary assignee

A temporary assignee is an employee who:

1. holds an employment with a non-resident employer and, prior to coming to work in the State, was employed outside the State for a period of not less than 3 months by that employer; and
2. holds a temporary assignment (as defined above) in the State on behalf of his/her non-resident employer; and
3. actually performs the duties of the employment in the State for the period of the temporary assignment; and
4. remains an employee of that employer while on temporary assignment in the State.

Subsistence Expenses

Tax-free subsistence may be paid or reimbursed for the first twelve months of a temporary assignment provided that the period of assignment in the State does not exceed 24 months.

The reimbursement of expenses may be by way of either:

- vouched expenses or
- a flat rate

Vouched Expenses

Reimbursement of vouched expenses free of tax must not exceed the cost of reasonable accommodation and meals while on temporary assignment for twelve months.

Hotel Accommodation

Reasonable accommodation includes hotel accommodation for an assignee for a twelve month period.

Where a spouse and children accompany an assignee to the State during the period of the temporary assignment, reasonable accommodation includes hotel accommodation for the spouse and children for the first month only of the assignment to facilitate the procurement of rented accommodation.

Rented Accommodation

Reasonable accommodation includes vouched rent, rental of furniture and payment of utilities which would normally be payable by a tenant. Where an assignee is accompanied by a spouse and children in the State during the period of the temporary assignment, reasonable accommodation includes rental of residential accommodation which is suitable for an assignee and his / her spouse and children.

Flat Rate

Flat rate reimbursement of expenses free of tax for a temporary assignee only on the basis of the Civil Service schedule of rates must not exceed the amounts provided for in the tables below.

| Period of Assignment | Allowable Tax Free Subsistence |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| First 14 nights of the assignment | Up to the Normal Rate Civil Service Rates as per Revenue Leaflet IT54 – Appendix 1 |
| Next 14 nights of the assignment | Up to the Reduced Rate Civil Service Rates as per Revenue Leaflet IT54 – Appendix 1 |
| Next 28 nights of the assignment | Up to the Detention Rate Civil Service Rates as per Revenue Leaflet IT54 – Appendix 1 |
| Remainder of the assignment (up to a maximum of twelve months) | Vouched expenses subject to a maximum of three nights subsistence per week at the normal rate |

IT54 link below:

<http://www.revenue.ie/en/tax/it/leaflets/it54.html#appendix>

Travel Expenses

Expenses which may be paid or reimbursed free of tax include the vouched cost of the journeys to and from the State at the commencement and cessation of the temporary assignment.

In the case of an assignee whose spouse and children do not accompany him / her on temporary assignment, the cost of one return trip per year to the State for the spouse and children may be paid or reimbursed free of tax.

If you need any assistance with tax treatment of travel and subsistence expenses for temporary assignees from abroad working in the State please contact us at **www.squires.ie**

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

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