

# Report of the Office of the Revenue Commissioners

## **Analysis of Special Assignee Relief Programme 2015<sup>1</sup>**

### **1. General**

The 2012 Finance Act introduced section 825C to the Taxes Consolidation Act 1997. This section, as amended, provides income tax relief for certain individuals assigned<sup>2</sup> during any of the tax years 2012 to 2020<sup>3</sup> 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. For the tax years 2015 to 2020, the upper limit of €500,000 has been abolished. 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 is included in **Annex 1**. **Annex 2** contains a brief note on the operation of the relief.

### **2. Outturn for 2015**

This report covers the uptake and cost of SARP in respect of the tax year 2015, based on returns received by the Revenue Commissioners as at 7 April 2017. Details are set out in **Annex 3**, including comparison with the years 2012, 2013 and 2014. 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 2017*

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<sup>1</sup> The report includes comparative figures for 2012, 2013 and 2014.

<sup>2</sup> Employees may either be assigned to work for their employer or an associated company of their employer.

<sup>3</sup> 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. Section 10 of Finance Act 2016 has further extended the relief to the tax year 2020.

## ANNEX 1

### Conditions for relief

The relief can be claimed by an individual who:

- (a) arrives in the State (Ireland) in any of the tax years 2012 to 2020, at the request of his or her relevant employer to perform 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 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 6 months<sup>4</sup> 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;
- (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, is tax resident in the State<sup>5</sup>;
- (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](http://www.revenue.ie)

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<sup>4</sup> In the case of an individual arriving in the State in tax years 2012, 2013 or 2014, a minimum period of 12 months applied.

<sup>5</sup> For the tax years 2012, 2013 and 2014, the individual could not be tax resident elsewhere.

## ANNEX 2 Operation of SARP

### €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’.

For the years 2012, 2013 and 2014, where this amount exceeds €500,000, ‘A’ was capped at €500,000 (the “upper threshold”), and

B is €75,000.

The specified amount is 30% of the individual’s income that exceeds €75,000. For 2012, 2013 and 2014, 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 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**

<b>Tax cost of SARP in respect of 2012</b>	€0.1 million
<b>Tax cost of SARP in respect of 2013</b>	€1.9 million
<b>Tax cost of SARP in respect of 2014</b>	€5.9 million
<b>Tax cost of SARP in respect of 2015</b>	€9.5 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	-	-	-	-	-	<b>11<sup>6</sup></b>
Number of employees 2013	35	36	28	12	10	<b>121</b>
Number of employees 2014	88	79	63	29	43	<b>302</b>
Number of employees 2015	224	155	81	34	92	<b>586</b>

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

<b>Increase in number of employees in 2012 as a result of SARP</b>	6
<b>Increase in number of employees in 2013 as a result of SARP</b>	49
<b>Increase in number of employees in 2014 as a result of SARP</b>	126
<b>Increase in number of employees in 2015 as a result of SARP</b>	591

<sup>6</sup> 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**

<b>Number of employees retained in 2012 as a result of SARP</b>	6
<b>Number of employees retained in 2013 as a result of SARP</b>	215
<b>Number of employees retained in 2014 as a result of SARP</b>	708
<b>Number of employees retained in 2015 as a result of SARP</b>	603

**Table 5: sector of employer whose employees availed of SARP**

<b>Industry</b>	<b>IT</b>	<b>Financial Services</b>	<b>Pharma &amp; Medical</b>	<b>Consumer Industrial Products &amp; Services</b>	<b>Other Services</b>	<b>Other</b>	<b>Total</b>
<b>Number of cases in 2012</b>	-	-	-	-	-	-	<b>11<sup>7</sup></b>
<b>Number of cases in 2013</b>	36	31	17	13	13	11	<b>121</b>
<b>Number of cases in 2014</b>	79	101	35	9	26	52	<b>302</b>
<b>Number of cases in 2015</b>	167	168	50	69	72	60	<b>586</b>

<sup>7</sup> In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.