

Special Assignee Relief Programme ("SARP")

Update for those arriving post 1 January 2017



The Special Assignee Relief Programme ("SARP") was introduced in Finance Act 2014 and applied with effect from 1 January 2015. The regime seeks to encourage the relocation of key talent within organisations to Ireland and originally applied to those arriving in Ireland in any of the three tax years 2015, 2016 and 2017. This was extended in Finance Act 2016 to also include those arriving during the tax years 2018, 2019 and 2020. The relief is available for up to five consecutive tax years from first arrival in Ireland subject to meeting the conditions outlined below.

How does an employee qualify for the relief?

In order to qualify for SARP, the following conditions must be satisfied:

- The individual must be an employee of:
 - a. company incorporated and tax resident in a country with which Ireland has a Double Taxation Agreement or an Exchange of Information Agreement (a "relevant employer") or
 - b. an associated company of a relevant employer.
- The employee must have been employed by a relevant employer for 6 months prior to arriving in Ireland.
- The employee must not have been tax resident in Ireland for the 5 tax years preceding the year of arrival.
- The employee must arrive in Ireland to work in any of the tax years 2015 to 2020, inclusive.
- The employee must be Irish resident but may be resident elsewhere. If not Irish resident in the year of arrival relief may start from the following year.
- The employee must have a minimum base salary of €75,000 per annum.
- The employer must certify within 30 days of the employee's arrival in Ireland that certain conditions to qualify for the relief are met.

How does the relief work?

The relief operates on the basis of providing a deduction from remuneration based on a formula as follows:

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

Where:

A = Total remuneration of the employee

B = €75,000

Where an employee arrives or leaves Ireland mid year, "B" is reduced proportionately.

The relief only applies to income tax, ie. no relief from USC or PRSI is available. Employees who qualify for the new regime can recover the cost of one return trip for their family to their home country from their employer tax free and can also have Irish school fees (of up to €5,000 per annum for each child) paid by the employer tax-free.

SARP relief can be claimed either by:

- i) The employee making a claim for the relief after the end of the relevant tax year by filing a tax return to the relevant local tax district, or
- ii) An employer can make an application to Revenue so that the relief is to be given at source via the payroll system.

Reporting

An employer must provide by 23 February following the tax year an annual return setting out a qualifying employee's PPS number, nationality, prior country of residence, job title and role. In addition, the annual return must set out the increase in number of employees employed or retained as a result of qualifying employees working in Ireland.

Possible hurdles in qualifying for the relief

There can be some difficulties in practice for an individual to meet all of the conditions to qualify for SARP.

1. Direct New Hires

The SARP regime does not apply to new hires with no previous group employment history. This can impose practical difficulties whereby a company wishes to directly recruit key employees to develop its Irish business.

2. Income Threshold

The employee must have a minimum income level of

€75,000 p.a. to qualify. This deminimus cannot include bonuses, benefit in kinds or share options. This can make it difficult for certain employees to benefit from the relief especially if their pay is variable or equity forms a large component.

Next steps for posted workers

- Review your assignment policy in light of the extension of the relief for arrivals up to 2020
- Consider the make-up of the compensation packages to be delivered to an assignee.
- Review contracts and policies from an employment law perspective.
- Prepare cost projections for employees on the likely net impact of moving to Ireland incorporating SARP relief. This would be especially relevant for employees responsible for their own taxes.

If you would like further information on the SARP regime, please contact a member of our Global Mobility team.

Contact us



Rachel Dillon

Director

KPMG in Ireland

t: +353 1 700 4856

e: rachel.dillon@kpmg.ie



Thalia O'Toole

Director

KPMG in Ireland

t: +353 1 410 2745

e: thalia.otoole@kpmg.ie



kpmg.ie

© 2017 KPMG, an Irish partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Ireland.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.

If you've received this communication directly from KPMG, it is because we hold your name and company details for the purpose of keeping you informed on a range of business issues and the services we provide. If you would like us to delete this information from our records and would prefer not to receive any further updates from us please contact leona.crean@kpmg.ie or phone +353 1 700 4868.

Produced by: KPMG's Creative Services. Publication Date: March 2017. (2631)