



Special Assignee Relief Programme (SARP) explained

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Revenue will rigorously apply the conditions to be met to avail of SARP and will deny claims. Are you aware of the conditions? Many employees and employers fall foul of the rules and a subset of rules. Substantial tax savings are lost.

What is Special Assignee Relief Programme (SARP)

SARP was introduced in 2012 as a key component of Ireland's Foreign Direct Investment (FDI) strategy. The relief aims 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, thereby potentially creating more jobs and facilitating the development and expansion of businesses in Ireland.

Since its introduction, Revenue has amended the legislation several times and clarified conditions where uncertainty was present. Employers should ensure they are aware of potential pitfalls and professional advice is recommended well before an employee comes to Ireland. One particular issue to be conscious of is the number of days the employee has spent in Ireland before coming to Ireland on a full-time basis.

Overview of the SARP

SARP provides income tax relief on a proportion of income earned by an employee whose relevant employer assigns them to work in Ireland for that employer or for an associated company of that relevant employer.

Where certain conditions are satisfied, an employee can claim to have a proportion of his or her earnings from employment with the relevant employer or with an associated company disregarded for income tax purposes.

For 2023 and subsequent years, the proportion is 30% of an employee's income over €100,000. An upper-income threshold of €1 million applies for all claimants.

Income that is disregarded for income tax purposes is not exempt from the charge to USC or PRSI.

What are the main conditions that must be satisfied to avail of SARP?

Please note that the following are "headline" conditions only and are not exhaustive. For example, under 2) below, where an employee performed some duties of their employment in Ireland prior to the date they arrive to perform their duties continuously in Ireland, then they would not qualify for SARP. However, Revenue does allow a minor number of days for work purposes and for personal purposes in the six-month pre-arrival period. Forvis Mazars can advise on this further.

Please also note that when an individual comes to work in Ireland for an associated company, the employee should take up employment in Ireland without delay when the Irish employment contract is signed.

1. Employees must be assigned by their overseas employer to work for that employer or an associated company in Ireland.
2. The employee must previously have worked for their overseas employer for a minimum period of 6 months immediately before arriving in Ireland.
3. The foreign employer must be a company incorporated and tax resident in a country with which Ireland has a double taxation agreement or a tax information exchange agreement.
4. Before arriving in Ireland, the employee must not have been a tax resident in Ireland for the previous five tax years.
5. The employee must be a tax resident in Ireland for all years for which the relief is claimed.
6. The employee must work in Ireland for a minimum of 12 months. If an assignee does not perform any employment duties in Ireland in any one of the individual months in this period, they will fail to fulfil this requirement and will not trigger their first entitlement to the relief.
7. The employee must earn a minimum basic salary of €100,000 per annum, excluding all bonuses, benefits, or share-based remuneration.
8. The individual's relevant employer or associated company must certify, within 90 days of the employee's arrival in Ireland to perform duties of their employment, that the individual satisfies the conditions above.
9. The employee must obtain a Personal Public Service Number (PPSN).

In addition to international assignees, returning Irish citizens may also avail of the relief provided all other conditions are fulfilled.

Certain other tax reliefs, such as the remittance basis for foreign-sourced employment income and the Foreign Earnings Deduction (FED), may not be claimed if SARP relief is claimed.

How is the SARP relief calculated?

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, for example:

Elaine is a relevant employee who earns **€180,000** in **2024**. Relief is calculated as follows:

$$A - B \times 30\% = \text{relief due}$$

$$A = \text{€180,000} \quad B = \text{€100,000 (annual threshold)}$$

$$\text{€180,000} - \text{€100,000} \times 30\% = \text{€24,000}$$

While **€24,000** of Elaine's income is relieved from tax, it remains liable to the USC and, depending on Elaine's circumstances, may also be liable to PRSI.

Elaine's marginal tax rate is **40%**.

€24,000 x 40% = €9,600.

Relief due for **2024** is **€9,600**

What are the application and reporting requirements to avail of SARP?

Employers must certify to Revenue that an employee meets certain conditions on the approved form within 90 days of arrival in Ireland; otherwise, the relief will be denied.

Employees making a claim will automatically become chargeable persons for the year of the claim, resulting in a tax return filing requirement for the individual.

The relief also requires an employer to submit an annual SARP employer return to Revenue by 23 February of the following year.

If you have any questions about the above, or if you would like to discuss this topic further, please get in touch with a member of the Forvis Mazars employment tax team below:

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