Transborder Workers Relief

Part 34-00-06

This document should be read in conjunction with section 825A TCA 1997

Document last reviewed June 2025

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Table of Contents

1. Introduction

This manual provides details of the relief contained in section 825A TCA 1997, which is commonly referred to as Transborder Workers Relief. This relief may apply to individuals who are resident in the State but who commute to their place of work outside the State.

2. Reduction in income tax for certain income earned outside the State

Section 825A TCA 1997 is designed to give income tax relief to individuals who are resident in the State but who work outside the State. It may apply to individuals who commute daily or weekly to their place of work outside the State and who pay tax in the other country on the income from this foreign employment. Individuals who travel to the UK and Northern Ireland typically benefit from this relief, but the relief is not confined to such cases as it applies to transborder workers as well as cross-border workers.

The relief effectively removes the earnings from a qualifying foreign employment from liability to Irish tax where foreign tax has been paid on those earnings (which is not refundable). In simple terms, the effect of the measure when claimed is that Irish tax will generally only arise where the individual has income other than income from a foreign employment.

In the case of married couples/civil partners, depending on the particular circumstances, a tax bill may still arise - see section 7 below for further details.

3. The relief - Section 825A(3)

Subject to meeting certain conditions, an individual may have his or her income tax liability for a particular tax year reduced to the specified amount where liability would otherwise exceed that amount.

Specified Amount

The specified amount is the income tax which would be payable for a tax year, before credit for any foreign tax paid, reduced in the proportion that the total income excluding income from a qualifying employment bears to the total income. This can be expressed by way of the following formula:

$$\frac{\text{Total tax liability under Irish rules} \times \text{Income other than foreign employment income}}{\text{Total Income}}$$

Note - where relief is granted under section 825A, no credit is given for the foreign tax paid on the income of the qualifying employment.

Legislation does not permit the apportionment of the income from the qualifying employment where the conditions are only satisfied for part of the relevant tax year.

If an individual fails to satisfy all of the conditions to claim this relief, he/she may be eligible for tax relief under the provisions of a Double Taxation Agreement. Depending on the circumstances, the relief for double taxation may, in some cases, result in a credit for foreign tax paid being allowable when determining the Irish tax liability. However, each case should be reviewed in light of the particular facts and circumstances applying.

Conditions for the relief

The required conditions are:

- The individual must have earnings from a qualifying employment;
- The duties of the qualifying employment must be exercised wholly outside the State in a country with which Ireland has a Double Taxation Agreement. In determining whether the duties of a qualifying employment are performed wholly outside the State, any duties performed in the State which are "merely incidental" to the performance of the duties outside the State are regarded as performed outside the State;
- The income from that employment must be subject to tax in the other country and must not be exempt or relieved from tax in that country;
- The foreign tax due on the income must have actually been paid to the relevant authorities and must not be repaid or be eligible to be repaid;
- For every week during which the individual works outside the State in a qualifying employment, he or she must be present in the State for at least one day in that week; and
- For 2010 and subsequent tax years, an individual is regarded as being present in the State for a day if he or she is present in the State at any time during the day.

4. Qualifying employment

A qualifying employment is defined as an office or employment held outside the State in a country with which Ireland has a Double Taxation Agreement and which is held for a continuous period of at least 13 weeks in a tax year.

The definition includes an office of director of a company which would be within the charge to corporation tax if it were resident in the State, and which carries on a trade or profession [see section 5 below regarding exclusions for proprietary directors]. Excluded from the definition are all State employments as are employments with any statutory bodies established in the State.

5. Exclusions - section 825A(2) and 825A(5) TCA 1997

The relief does not apply where the income from the qualifying employment:

- is subject to the ‘remittance basis’ of taxation (section 71(3) TCA 1997) - the ‘remittance basis’ of taxation applies to individuals who are not domiciled in the State. An Irish tax resident but non-domiciled individual is subject to the remittance basis of taxation in relation to duties of a foreign employment which are exercised outside the State;

- is subject to ‘split year’ treatment (section 822 TCA 1997) - split year treatment applies where a taxpayer in the year of arrival, or departure from the State, on making a claim for this treatment is regarded as resident for part of the year only for the purposes of assessing employment income (as he/she is already entitled to favourable tax treatment in respect of employment income this relief is not available);

- is income paid by a company to one of its proprietary directors or to the spouse/civil partner of one of its proprietary directors;

- is subject to a claim for relief under the foreign earnings deduction provisions (section 823A TCA 1997);

- is subject to a claim for relief in respect of the seafarer’s allowance (section 472B TCA 1997).

Proprietary director

A proprietary director is defined in section 472 TCA 1997. It means, a director of a company who is either the beneficial owner of, or able, either directly or through the medium of other companies or by any other indirect means, to control, more than 15% of the ordinary share capital of the company.

For the purposes of this definition, ordinary share capital which is owned or controlled by a spouse, a civil partner, a minor child, or a minor child of the civil partner, of a director, or by a trustee of a trust for the benefit of a person or persons, being or including any such person or such director, shall be regarded as being owned or controlled by such director and not by any other person.

6. Foreign Income is still assessable

The effect of this relief is to reduce the amount of tax payable in respect of the individual's total income to the specified amount. It is important to note that the income from the foreign employment remains assessable and that the legal obligation to return such income on the annual return of income remains. Income from a foreign employment is assessable under Case III of Schedule D (where the duties are performed outside the State) and, therefore, the provisions of self-assessment, including the payment of sufficient Preliminary Tax to avoid interest charges apply.

7. Tax liability may still arise

Married couples/civil partners, one of whom has income from a qualifying employment and the other has income assessable in the State under PAYE, may decide to allocate the full married personal tax credit/civil partner tax credit and increased rate bands against the income of the spouse/civil partner with Irish source income. In that case, the amount of tax deducted under the PAYE system on the Irish income may fall short of the couple's ultimate liability (the specified amount) even taking account of the relief. In such cases, a tax liability may arise.

8. Universal Social Charge

The Universal Social Charge (USC) does not apply to the part of the income to which this relief applies.

9. Pay Related Social Insurance

Transborder workers do not typically pay PRSI in the State as they are subject to employment tax in another country.

The EU Regulation (EC) No. 883/2004 sets out the rules that apply to social insurance payments by frontier workers in Europe.

Article 1(f) defines a frontier worker as:

> "any person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he returns as a rule daily or at least once a week".

Therefore, these regulations may typically apply to individuals claiming Transborder Workers Relief for Irish tax purposes, where the individual falls within this definition of a "frontier worker".

10. Duties performed in the State - “merely incidental”

The duties of the qualifying employment must be exercised wholly outside the State in a country with which Ireland has a Double Taxation Agreement. In determining whether the duties of a qualifying employment are performed wholly outside the State, any duties performed in the State which are “merely incidental” to the performance of the duties outside the State, are effectively regarded as performed outside the State for the purposes of the relief.

The question of whether the performance of duties in the State is “merely incidental” to the exercise of the duties of the office or employment abroad is one of fact. To determine whether duties performed in the State are “merely incidental” to duties performed outside the State, it is necessary to consider both the nature of the duties performed in the State and their relationship to the duties performed outside the State.

Having regard to the requirement that the employment must be held for at least 13 weeks, it is not simply a matter of applying a days test when examining the merely incidental condition (i.e. say allowing 30 days to be regarded as merely incidental). The correct approach is to examine the precise nature of the duties performed in the State, which must be subservient or ancillary in nature, to be regarded as “merely incidental” for the purpose of section 825A TCA 1997.

Ultimately each case will depend on its particular facts, but the types of activities, if performed in the State in relation to the duties of a foreign employment, which could potentially be regarded as “merely incidental” duties, may include administration type activities which are ancillary to the overall role. For example, arranging meetings and business travel and providing feedback on employee performance.

Where an individual is carrying out duties of his/her foreign employment in the State, detailed records should be kept on the frequency and nature of duties performed in the State.

Director duties

The general principle in relation to a company director is that the management of a company is vested collectively in the Board of Directors. Therefore, when a director attends a Board meeting it is very difficult to see how such duties could fall within the category of “merely incidental” based on the above (i.e. the duties being subservient in nature) to other duties.

Consequently, a director who in substance performs his or her duties abroad, except for visits to the State to attend company meetings (whether as part of a formal board meeting or otherwise) cannot be regarded as performing duties of the qualifying employment exercised wholly outside the State.

Attendance at board meetings is part and parcel of a director's core duties and therefore, if performed in the State cannot be incidental to duties performed abroad. A director's attendance at other meetings (e.g. finance, strategy, personnel) is also likely to represent a substantive duty, because the director would not attend these meetings unless participation was deemed necessary.

11. Covid-19 concessional measure

Due to the unprecedented situation facing individuals as a result of the COVID-19 pandemic, Revenue published concessionary treatment for certain tax arrangements during 2020. Transborder Workers' Relief came within the concessionary treatment.

By way of background, on 23 March 2020, Revenue issued updated guidance on the COVID-19 hub of the Revenue website, and notified by eBrief No. 046/20, to provide for a concession in respect of the relief as follows - **"where employees are required to work from home in the State due to COVID-19, such days spent working at home in the State will not preclude an individual from being entitled to claim this relief, provided all other conditions of the relief are met. For example, the employment income must be fully subject to non-refundable foreign tax."**

This concession initially applied in respect of the 2020 tax year and was later extended (on 21 December 2020) to the 2021 tax year.

Position for 2022

The concessionary treatment that applied for Transborder Workers' Relief for 2020 and 2021 will continue to apply for the period of time in 2022 during which public health guidance in the State, or in the country where the duties of employment are normally performed, requires individuals to work from home.

It should be noted that the income of a non-Irish sourced employment which is attributable to the performance in the State of the duties of that employment is chargeable to income tax under Schedule E and is subject to deduction through the Irish PAYE system by the foreign employer. Where public health measures require a transborder worker to work from home in the State in 2022, Revenue will temporarily dispense with the requirement for the foreign employer to operate the Irish PAYE system by reference to the transborder worker's Irish workdays for this period.

While it is fully acknowledged that some transborder workers are in a position to carry out the full range of their duties remotely, some workers, particularly those in the services sector like public health, personal services, local authority workers, are required to attend their place of work to carry out their duties. In the case of workers required to attend their place of work to carry out their duties, it is not expected that these workers will claim the transborder workers' concession.

The transborder worker and foreign employer will be required to maintain records to support the claiming of the concession for 2022, should these be requested by Revenue. Such records will include evidence of the restrictions imposed by the public health authorities in the relevant jurisdiction, which should be publicly available.

Position from 1 April 2022

On 21 January 2022, the Government announced a plan for the easing of COVID-19 restrictions. Under this plan, employees are in a position to begin returning to their workplaces on a phased basis from 24 January 2022. As public health guidance does not require an employee to work from home from this date, the basis for the concession does not now exist. However, to support the gradual return of employees to their places of work, Revenue will allow employees to avail of the concession up to and including 31 March 2022, subject to all other conditions of the relief being met. Revenue will also temporarily dispense with the requirement for the foreign employer to operate the Irish PAYE system by reference to the transborder worker's Irish workdays up to this date.

With effect from 1 April 2022, individuals who wish to claim Transborder Workers' Relief for the remainder of 2022 (and future years) will be required to satisfy all qualifying conditions attaching to the relief, including the requirement that the duties of the qualifying employment must be exercised wholly outside the State in a country with which Ireland has a Double Taxation Agreement. It should be noted that this requirement does not prevent an individual from exercising duties in the State which are "merely incidental" to the performance of the duties of the foreign employment abroad (e.g., administrative activities which are ancillary to the overall role) – please see section 10 above for further details.

12. How to claim the relief

An individual must make a claim in writing to Revenue in order to avail of Transborder Workers Relief. Individuals who do not make a written claim are not entitled to avail of the relief.

Relief can be claimed by either completing an end of year Income Tax Return or by writing to Revenue via myEnquiries. Written applications should include a final statement of income tax liability from the other country.

13. Mandatory fields added to Form 11

In relation to tax returns for 2019 and subsequent years, when an individual claims Transborder Workers Relief, they must complete the following fields on the Form 11:

- Country where the foreign employment is held,
- Name and address of the foreign employer,
- Employer's tax reference number in the jurisdiction where the employment is held,

- Individual’s tax reference number in the foreign jurisdiction,
- Amount of foreign tax paid (and not refundable), and
- Number of weeks foreign employment held continuously in the year of assessment.

14. Examples

The following examples illustrate generally how the relief works. Example 2B, in particular, illustrates the effects of allocating the full married person’s personal tax credits/civil partner tax credits and rate bands against the income of the spouse/civil partner subject to tax under the Irish PAYE system.

Where the only other source of income is income subject to PAYE, such tax liabilities can be avoided by allocating only the single tax credits and single rate bands against the income of the spouse/civil partner with the Irish income.

Example 1

Single person resident in the State in 2020, employed in Northern Ireland earning £20,000 sterling with Irish rental income of €5,000.

Pre-Section 825A liability

N.I. employment income	(Stg £20,000)	€23,360
Irish rental income		€5,000
Total Income		€28,360
Taxable @ 20%		€5,672
Tax Credits		
Personal	€1,650	
Employee Tax Credit	€1,650	
	€3,300	€3,300
Irish tax liability		**€2,372**
Credit for UK tax paid (Stg £1,530)		€1,787
Tax Due		€ 585

Operation of 825A

The specified amount is -

$$\frac{\text{Irish tax liability} \times \text{Income other than NI employment income}}{\text{Total Income}}$$

$$\frac{€2{,}372 \times €5{,}000}{€28{,}360} = \quad €418 \text{ (specified amount)}$$

Effect of Section 825A

The taxpayer’s Irish tax liability is reduced from €2,372 to the specified amount of €418 yielding a saving of €1,954.

Note

- If the taxpayer had no rental income, the specified amount would be zero.
- To avoid interest charges, a preliminary tax payment, if based on the 90% rule, of €376 is required (€418 x 90% = €376).

Example 2

Married couple/civil partners resident in the State in 2020 with both spouses/civil partners earning. Individual A is employed in the State and earns €40,000. Individual B is employed in Northern Ireland and earns £20,000 sterling.

Pre-Section 825A liability

Income Individual A		€40,000
Individual B (Stg £20,000)		€23,360
Total Income		€63,360
Tax €63,360 @ 20%		€12,672
Married Persons/ Civil Partner Credit	€3,300	
Employee Tax Credit x 2	€3,300	€6,600
Irish tax liability		**€6,072**
(Credit for UK tax paid)		€1,787
Tax due		€4,285

Operation of Section 825A

The specified amount is -

$$\frac{\text{Irish tax liability X Income other than N.I. Employment Income}}{\text{Total Income}}$$

$$\frac{€6{,}072 \times €40{,}000}{€63{,}360} = €3{,}833 \text{ (Specified amount)}$$

The couple's Irish tax liability is reduced from €6,072 to the specified amount of €3,833 yielding a saving of €2,239.

Note – Section 825A may not rule out a tax bill

In cases where a couple decides to use the full married personal tax credit/civil partner tax credit and increased rate bands in the calculation of the tax of the spouse/civil partner with the Irish income, the specified amount will exceed the amount of Irish tax deducted through the PAYE system, from the spouse/civil partner with the Irish income, during the year. In such cases, Irish liability will only be discharged on the payment of a further amount of tax to bring the total tax for the year up to the specified amount. Example 2B illustrates the position.

Example 2A

Assume individual A uses the single personal tax credit and rate bands for the purposes of paying PAYE on the Irish income of €40,000.

Income Individual A			€40,000
Tax €35,300 @ 20%	€7,060		
€ 4,700 @ 40%	€1,880		€ 8,940
Credits			
Single Persons Credit		€1,650	
Employee Tax Credit		€1,650	
		€3,300	€3,300
Liability to Irish tax/Paid PAYE			€5,640

In this case, the tax of €5,640 paid under the PAYE system exceeds the specified amount of €3,833 giving the individual an entitlement to a refund of €1,807. In these circumstances, a payment of Preliminary Tax would not be necessary for 2020.

Example 2B

Assume individual A uses the married personal tax credit/civil partner tax credit and rate bands for the purpose of paying PAYE on the Irish income of €40,000.

Income individual A			€40,000
Tax	€40,000 @ 20%		€8,000
Credits			
Married Persons Credit/			
Civil partner Credit		€3,300	
Employee Tax Credit		€1,650	
		€4,950	€ 4,950
Liability to Irish tax/Paid PAYE			€ 3,050

In this case, the tax of €3,050 paid under the PAYE system falls short of the specified amount of €3,833 leaving a net liability of €783 to be made up. In these circumstances, a payment of Preliminary Tax of €3,449 (assuming the 90% rule applies) is necessary.

Example 3

An individual commenced an employment with an overseas company in November 2018 and ceased that employment in February 2020.

As the employment was held for a continuous period of less than 13 weeks in both the 2018 and 2020 years of assessment, the individual is not eligible to claim Transborder Workers Relief in those years. Subject to satisfying all other qualifying conditions, the individual may claim relief for the 2019 tax year.

Example 4

A director of a company based in the Czech Republic is required to attend four board meetings per year. In 2019 all of the board meetings are held in the Czech Republic. In 2020 the director was required to attend a board meeting in Brazil as part of her duties. The Czech Republic has a double taxation agreement with Ireland. Brazil did not have a double taxation agreement with Ireland in 2019.

Subject to satisfying all other qualifying conditions, the individual may claim relief for the 2019 tax year. As the director did not carry out the duties of her office wholly outside of the State in 2020 in countries with which Ireland has a double taxation agreement, she may not claim this relief in respect of her 2020 directorship income.

Example 5

An employee of a UK company is required to travel to Australia as part of the duties of her employment. She travels from the UK to Australia for three working weeks and returns to the UK directly. She is not present in the State during this period.

For every week during which the individual works outside the State in a qualifying employment, he or she must be present in the State for at least one day in that week. As this condition has not been satisfied, the individual is not entitled to claim Transborder Workers Relief for the year.

Note: individuals are not required to be present in the State during weeks in which no duties of the qualifying employment are carried out, for example, during weeks the person is on holiday or annual leave. If the person is on annual leave for part of the week but carries out work duties in the remainder of the week, then he or she must be present in the State for at least one day in that week.

Example 6

An individual who is Irish tax resident and living in Dublin commutes each day to his place of work in Northern Ireland. His income is fully subject to UK tax and he is not entitled to a refund of that tax. He performs all of his work duties in Belfast.

He may claim Transborder Workers Relief on his UK employment income.

If in 2020 this individual was required to work from home (i.e. in Dublin) due to the COVID-19 pandemic, he will continue to be eligible for relief. This is subject to him continuing to satisfy all other conditions for relief, including the requirement that his employment income is fully liable to non-refundable tax in the UK.

Example 7

An employee of a German company works four days per week for her employer in Germany and one day per week in Austria. She returns to the State at weekends and is tax resident in the State. Four-fifths of her income is liable to tax in Germany and the balance is taxed in Austria. She is not entitled to a refund of foreign tax.

She may claim Transborder Workers Relief on her German employment income.

Example 8

An employee of a German company works four days per week for her employer in Germany each Monday to Thursday. She flies to Dublin Thursday evenings and works each Friday from her home in the State. The work she performs in Ireland is the same as the work she performs in Germany and is not considered merely incidental to the performance of the duties of her employment.

As the duties of her employment are not performed wholly outside the State, she may not claim Transborder Workers Relief on her German employment income. Her employer should deduct Irish tax under the PAYE system in relation to income attributable to the Irish workdays.

Example 9

An individual’s employment contract is held in Country A. His employer deducts tax from his wages through payroll. As part of his role, the individual is required to travel to a number of countries with which Ireland has a double taxation agreement to carry out different work projects. The individual is not present in any other country long enough to trigger a tax liability in those jurisdictions. At the end of the year Country A issues a refund of tax to the individual, relating to earnings from duties he performed outside of Country A.

The full amount of the employee’s earnings has not been charged to tax. The foreign tax on his earnings that was deducted through payroll has been refunded. The individual has therefore not satisfied all of the conditions to claim Transborder Workers Relief.

Example 10

An employee commutes every week to work for a company in France. His husband is a director of the same company and owns and controls 10% of the ordinary share capital of that company.

As the spouse owns or controls less than 15% of the ordinary share capital the spouse is not considered a proprietary director. Subject to satisfying all other qualifying conditions, the employee may claim relief on his French employment income.