Special Assignee Relief Programme (SARP)

Part 34-00-10

This document should be read in conjunction with section 825C Taxes Consolidation Act 1997

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Please consult the COVID-19 pages on the Revenue website for further information in relation to the subject matter of this manual.

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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1. Executive Summary

This manual provides guidance on the tax relief available for certain employees assigned to work in the State and the main conditions that must be satisfied to avail of the Special Assignee Relief Programme (SARP).

2. Introduction

Section 14 of Finance Act 2012 inserted section 825C (Special Assignee Relief Programme) into the Taxes Consolidation Act 1997 (TCA 1997). The section provided income tax relief for certain individuals assigned during any of the tax years 2012, 2013 and 2014 to work in the State.

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.

Section 10 of Finance Act 2016 extended the relief to include individuals assigned to work in the State up to the end of 2020.

The relief was then further extended by section 8 of Finance Act 2019 to include individuals assigned to work in the State up to the end of 2022.

SARP provides for income tax relief on a portion of income earned by certain employees assigned from abroad to work in the State by their relevant employer, or to work for an associated company in the State of that relevant employer, during any of the tax years 2012 to 2022.

For the years 2012, 2013 and 2014, SARP provided for relief from income tax on 30% of the employee's income between €75,000 (lower threshold) and €500,000 (upper threshold). The upper income threshold of €500,000 was removed for the years 2015, 2016, 2017 and 2018.

For the year 2019, an upper income threshold of €1 million applies for new entrants and for the year 2020 and subsequent years this threshold applies to all claimants.

The income which is disregarded for income tax purposes is **not** exempt from the charge to Universal Social Charge (USC) or PRSI.

The relief can be claimed for a maximum period of five consecutive years commencing with the year of first entitlement. Employees who qualify for relief under section 825C TCA 1997 may also receive, free of tax, certain expenses of travel and certain costs associated with the education of their children in the State.

Where conditions for the relief are satisfied, an employer must file a Form **SARP 1A** for each employee availing of SARP relief. The form must be submitted to Revenue within **90 days** (previously 30 days) of the employee's arrival in the State to perform the duties of his or her employment in the State. An employee who claims SARP is deemed to be a chargeable person for income tax purposes and must file an annual income tax return.

3. Definitions

"Relevant employer" means a company that is incorporated and tax resident in a country with which Ireland has a double taxation agreement or a tax information exchange agreement.

"Associated company" means a company that is associated with the relevant employer. Under section 432 TCA 1997, a company shall be treated as another company's associated company at a particular time if, at that time or at any time within the previous year, either company has control over the other, or both companies are under the control of the same person or persons.

"Relevant income" includes all the relevant employee's income, profits and gains from the employment, but excludes the following:

1. benefits in kind and perquisites;
2. any bonus, commission or other similar payments;
3. termination payments;
4. shares or share-based remuneration; and
5. payments in relation to restrictive covenants.

"Relevant employee" is a person who fulfils the conditions set out below in Paragraph 4.

4. Conditions

The relief can be claimed by an individual who is a relevant employee and meets all of the following conditions:

(a) Immediately before being assigned to work in the State, he or she worked outside the State for a minimum period of 6 months (12 months for employees who were assigned in 2012, 2013 or 2014);

(b) He or she arrives in the State in any of the tax years 2012 to 2022, at the request of his or her relevant employer to perform, in the State, duties of his or her employment for that employer or to take up employment in the State with an associated company of that relevant employer and to perform duties in the State for that company;

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[...]

He or she performs duties referred to in (b) above for a minimum period of 12 consecutive months from the date he or she first performs those duties in the State. An employer should only certify that the employee will meet this condition, where the contractual arrangements are such that the individual will perform such duties for the 12-month minimum period;

(d) He or she 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 in the State;

(e) He or she is tax resident in the State for all tax years for which the relief is claimed. However, for each of the tax years 2012, 2013, and 2014, an individual must be tax resident in the State and not also tax resident elsewhere.

(f) He or she earns a minimum basic salary of €75,000 per annum, excluding all bonuses, commissions or other similar payments, benefits or share based remuneration;

See Paragraph 14.1 regarding the employer certification requirement.

Some points to note:

- There is no condition under SARP as to domicile. Accordingly, Irish citizens may avail of the relief where all other conditions are fulfilled.
- For the tax years 2012, 2013 and 2014, where under its domestic tax legislation a jurisdiction imposes taxation based on citizenship rather than on residence, then a citizen of that jurisdiction may claim relief under SARP, provided that, for the relevant tax year, he or she is tax resident in the State (subject, of course, to all other SARP conditions being satisfied).

Examples showing the operation of the various provisions of SARP are set out in Appendix 1 of this manual.

Summary of Conditions

Date of Arrival	**2012-2014**	**2015-2018**	**2019-2022**
Period of employment with 'relevant employer' prior to arrival in State	12 Months	6 Months	6 Months
Employment terms	Arrive in the State at the request of the relevant employer or to take up employment in the State with an associated company	Arrive in the State at the request of the relevant employer or to take up employment in the State with an associated company	Arrive in the State at the request of the relevant employer or to take up employment in the State with an associated company
Performance of duties in State	Performance of duties in the State for 12 months from date of first becoming **resident** in the State.	Performance of duties with relevant employer/associated company for 12 months from date of first **arrival** in the State.	Performance of duties with relevant employer/associated company for 12 months from date of first **arrival** in the State
Incidental Duties	Any incidental duties performed outside the State that relate to the employment can be ignored	No restriction on the performance by the relevant employee of duties outside the State.[1]	No restriction on the performance by the relevant employee of duties outside the State.
Residence Position	Resident in the State and not resident elsewhere	Resident in the State (no restriction on other residence)	Resident in the State (no restriction on other residence)
Relevant Income	€75,000 lower threshold €500,000 upper threshold	€75,000 lower threshold No upper threshold	€75,000 lower threshold €1,000,000 upper threshold – (applicable from 2019 for new entrants and applies to all claimants for 2020 and subsequent years)
Entitlement to claim relief	First tax year in which resident in the State and not resident elsewhere	First tax year in which resident in the State	First tax year in which resident in the State

[1] This applies to relevant employees who first qualified for the relief in 2012, 2013 or 2014 in addition to employees who first qualify in any of the years 2015 to 2022

	(2014 arrivals can claim if resident in the State in 2015 even if resident elsewhere)		
Certification by Employer	Yes – Form SARP 1	Yes – From SARP 1A within 30 days of arrival	Yes – From SARP 1A within 90 days of arrival

5. 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.

As regards eligibility for the relief, as noted in Paragraph 4, before an individual is eligible to claim the relief, he or she must earn "relevant income" of not less than €75,000 per annum (i.e. his or her basic salary before benefits, bonuses, commissions, share based remuneration, etc. must not be less than €75,000).

See example 1 in Appendix 1.

6. Calculation of the Relief

Where, for a tax year, a relevant employee satisfies the conditions at Paragraph 4 and makes a claim for the relief, he or she will be entitled to have the tax relief granted by way of 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 formula:

$(A\text{-}B) \times 30\%$

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' is capped at €500,000 (the "upper threshold").

For the years 2019 (for new entrants only) and 2020 (for all claimants), where this amount exceeds €1,000,000, 'A' is capped at €1,000,000 (the "upper threshold")

B: is €75,00

The specified amount is exempt from income tax but is not exempt from the 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 relief is claimed should be excluded in calculating the specified amount.

See examples 2 - 8 in Appendix 1.

7. Expenses

Income from the relevant employment is deemed not to include any amount paid in respect of expenses incurred in the performance of the duties of the relevant employment. Expense amounts are not included for the purposes of eligibility for SARP or for calculating the SARP tax relief.

See example 9 in Appendix 1.

8. Year of First Entitlement to Relief

a) Employees who arrive in 2012, 2013 or 2014

A relevant employee's first year of entitlement to SARP relief will in general be the year he or she arrives in the State to carry out the duties of employment. However, where a relevant employee who arrives in the State in the tax year 2012, 2013 or 2014 is either:

- not tax resident in the State in the year of arrival, or
- tax resident in the State in that year and also tax resident elsewhere in that year,

that employee is first entitled to claim relief in the year following the year of arrival into the State to carry out the duties of the employment.

This is provided that he or she is tax resident in the State in that following tax year and, for the years 2012, 2013 and 2014, as appropriate, is not also resident elsewhere in those years.

See examples 10 - 12 in Appendix 1.

b) Employees who arrive in the State in any of the tax years 2015 to 2022

Where a relevant employee arrives in the State in any of the tax years 2015 to 2022, he or she is entitled to SARP in the first tax year he or she arrives in the State to carry out the duties of the employment, provided he or she is resident in the State in that year. That is notwithstanding the fact that he or she may also be resident elsewhere.

See example 13 in Appendix 1.

Note: Election to be Resident

Where an individual is not tax resident in the State in the year of arrival, he or she may elect to be resident in the State in that year provided he or she satisfies the conditions set out in section 819(3) TCA 1997. However, that individual should bear in mind the consequences of such election. For example, an election to be resident in the State may bring some or all of the individual's foreign income for that year within the charge to tax in the State.

In practice, many employees availing of SARP elect to be resident during the tax year of arrival so that SARP relief can be granted on a real-time basis, by way of non-deduction of tax under the PAYE system. Alternatively, the employee can elect to be tax resident when filing their Income Tax Return Form 11. However, in that scenario, there will be an inevitable timing difference in the employee obtaining the SARP relief.

9. Part Year Apportionment

Where, in the year of arrival or year of departure, a relevant employee holds an employment for less than an entire tax year, the tax relief will be reduced proportionately.

Treatment for 2012, 2013 and 2014

For the tax years 2012, 2013 and 2014, the reduction in tax relief is achieved by adjusting the upper and lower thresholds based on the time spent in the State.

See example 14 in Appendix 1.

Treatment for 2015 and Subsequent Years

For the year 2015 and subsequent years, where in the year of arrival or departure from the State, a relevant employee holds an employment for less than an entire tax year; 'B' in the definition of specified amount must be reduced proportionately.

See examples 15 - 18 in Appendix 1.

10. Duties Performed Outside the State

For the years 2012, 2013 and 2014, where an individual is outside the State performing duties of the employment that are regarded as non-incidental, then the thresholds are reduced to take account of the time outside the State performing such non-incidental duties. However, where an individual is outside the State for the purposes of performing incidental duties, the time spent outside the State on such duties is ignored. Incidental duties for this purpose include, for example, attending training days, performance reviews, etc.

For the year 2015 and subsequent years, there is no restriction on the performance of duties outside the State by the relevant employee for the relevant employer or associated company. This applies (for the year 2015 and subsequent years) to relevant employees who arrived in the State in 2012, 2013 and 2014 as well as to employees who arrive in the State in any of the tax years 2015 to 2022.

11. Relief for Foreign Tax

Where an individual is entitled to relief for foreign tax, that part of the income on which foreign tax relief is due is excluded in calculating the specified amount.

See example 19 in Appendix 1.

12. Travel Costs and Tuition Fees

In any tax year in which a relevant employee is entitled to SARP relief, the following payments or reimbursements by the relevant employer or associated company of the relevant employer will not be chargeable to tax:

(a) the reasonable costs associated with **one** return trip from the State for the relevant employee, his or her spouse or civil partner, and a child or children of the relevant employee or of the relevant employee's spouse or civil partner, to:

(i) the country of residence of the relevant employee prior to his or her arrival in the State,

(ii) the country of residence of the relevant employee at the time of first employment by the relevant employer, or

(iii) the country in which the relevant employee or his or her spouse is a national,

and

(b) the cost of school fees, not exceeding €5,000 per annum for each child of the relevant employee or for each child of his or her spouse or civil partner, paid to a school established in the State which has the approval of the Minister for Education and Skills for the purposes of providing primary or post-primary education to students.

The payment/reimbursement of travel costs/tuition fees referred to at (a) and (b) above is not subject to USC or PRSI.

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13. Interaction of SARP with Other Reliefs

Where a relevant employee is entitled to SARP relief, no relief will be given in respect of the following:

- Foreign Earnings Deduction - section 823A TCA 1997
- Cross Border Relief - section 825A TCA 1997
- Research & Development Relief - section 472D TCA 1997

The remittance basis does not apply to income from the employment where SARP relief is claimed.

14. Employer Certification and Reporting

14.1. Form SARP 1A

In order for an individual to be regarded as a "relevant employee", the individual's relevant employer or the associated company must certify that the individual complies with the following conditions (which are set out in detail in Paragraph 4) –

- the 6-month period is met,
- the individual is moving to the State at the request of the relevant employer to perform the duties of the employment, and
- the duties will be performed for a minimum period of 12 consecutive months from arrival in the State.

For employees arriving in the State in any of the tax years 2015 to 2022, certification is required to be made by the employer on Form **SARP 1A,** for each employee availing of SARP relief, **90 days (previously 30 days) of the employee's arrival in the State** to perform the duties of his or her employment in the State. (Note - for employees arriving in the State in the tax years 2012, 2013 or 2014, certification was required to be made on Form SARP 1).

Failure to submit a Form SARP 1A within the 90-day time limit will result in the refusal of SARP relief, as this is a specific legislative requirement (i.e. a condition to be satisfied in order for the individual to be regarded as a "relevant employee").

It has been brought to Revenue's attention that some employers were not in a position to fully complete all of the required information on this SARP 1A form, due to issues wholly outside their control. For example, some employers have experienced delays in obtaining a PPSN for employees, which in turn has caused a delay in the submission of the SARP 1A form to Revenue. If there are such extenuating circumstances wholly outside the control of the employer, the relevant employer or associated company should complete the form with all other required information included and submit this form to Revenue within the required 90-day filing deadline. In such circumstances, at the time of submission of the form, a brief note to explain that the PPSN will follow should be sent to Revenue. In these limited circumstances and provided a timely submission of the outstanding PPSN is provided to Revenue, Revenue will not deny the relief based on a timely but incomplete SARP 1A form being submitted to Revenue.

14.2. Annual Reporting Requirement

The employer must complete and file a SARP Annual Return. The Annual Return must be made on or before **23 February after the end of each tax year**.

The relevant employer or associated company of that relevant employer is required to set out certain information in respect of each relevant employee, for example –

- His or her name and PPS number,
- His or her nationality,
- The country in which the relevant employee worked for the relevant employer prior to his or her first arrival in the State to perform duties of the relevant employment, and
- The amount of income, profits or gains in respect on which tax was not deducted.

The relevant employer or associated company must provide details of the increase in the number of employees, and details of the number of employees retained by the company, as a result of the operation of the SARP.

Note: An example of a completed Employer Return and Form SARP 1A is contained in Appendix 2, together with an example of the correct completion of the Form P35.

Form P35

The Form P35 will only be relevant up to and including the year ended 31 December 2018. Under PAYE Modernisation, an employer will be obliged to submit a statutory monthly return. Further information on PAYE Modernisation and employers' obligations in that regard is available on our website at www.revenue.ie.

Department of Finance Annual SARP Report

Revenue is required to provide statistics to the Department of Finance in relation to the uptake of SARP in order that the Department may publish the annual SARP Report each year. It is important, therefore, that each employer with employees eligible for SARP relief completes and files the relevant SARP forms within the statutory time frames.

15. Employee Reporting Requirement

A relevant employee who receives SARP relief is deemed to be a chargeable person for the purposes of self-assessment to income tax and, therefore, he or she is required to submit a return of income, Form 11, to Revenue in respect of each year for which relief is claimed. A Form 11 may be filed either by way of paper form or through e-Form 11 using Revenue's On-Line Service (ROS). Filing e-form 11 using ROS will ensure that the SARP claim will be finalised quickly by Revenue.

An example of the correct completion of the Form 11 and e-Form 11 is contained in Appendix 2.

16. Relief through the PAYE system

An employer can make an application to Revenue to grant SARP relief at source in real time through payroll (see Part C Form SARP 1A). The employer is required to make such an application only once. Provided the employee continues to satisfy all SARP conditions throughout the relevant period, relief can continue to be given through payroll for the duration of that period of assignment for a maximum of five consecutive tax years.

17. Compliance

An individual who is given relief in advance of satisfying the condition that requires him or her to perform duties in the State for a minimum period of 12 months and who subsequently fails to meet that condition will be assessed to tax in the normal manner and the relief claimed will be withdrawn.

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Appendix 1 – Worked Examples

In all examples in this Manual, references to 'earns' and 'earnings' are to be taken to mean earns or earnings from employment with a relevant employer or with an associated company to which the employee has been assigned.

Example 1 – Thresholds

Greg earns €84,000 per annum including benefit in kind valued at €14,000. As an individual must have a minimum relevant income of €75,000 to be eligible to claim the relief, Greg is not entitled to claim the relief as his income less benefits is less than the threshold of €75,000.

As regards calculating the tax relief, once it is clear that a relevant employee's relevant income is €75,000 or more, then all income (including benefits in kind, bonuses etc.) should be included when calculating the relief, with relief only being available on income in excess of €75,000.

Example 2 – The Relief/Specified Amount

Leo is a relevant employee who earns €600,000 in 2012. Under SARP, €127,500 of Leo's income is disregarded for income tax purposes and he is entitled to income tax relief of €52,275. This is calculated as follows:

A = €500,000 (income restricted to the 'upper threshold' in 2012)

B = €75,000

Specified amount: (€500,000 - €75,000) x 30% = €127,500

While €127,500 of Leo's income is relieved from income tax, it remains liable to the USC and, depending on Leo's circumstances, may also be liable to PRSI.

Relief due for 2012 is €52,275 (€127,500 @ 41%).

Example 3 – The Relief/Specified Amount

Jane is a relevant employee who arrived in Ireland on 1st January 2019 and earns €1,500,000 in 2019. Under SARP, €277,500 of Jane's income is disregarded for income tax purposes and she is entitled to income tax relief of €111,000. This is calculated as follows:

A = €1,000,000 (income restricted to the 'upper threshold' in 2019)

B = €75,000

Specified amount: (€1,000,000 - €75,000) x 30% = €277,500

While €277,500 of Jane's income is relieved from tax, it remains liable to the USC and, depending on Jane's circumstances, may also be liable to PRSI.

Relief due for 2019 is €111,000 (€277,500 @ 40%)

Example 4 – The Relief/Specified Amount

Carla is a relevant employee who arrived in Ireland on 29th December 2018 and earns €1,800,000 in 2019. Under SARP €517,500 of Carla's income is disregarded for income tax purposes and she is entitled to income tax relief of €207,000. This is calculated as follows:

A = €1,800,000 (no restriction as Carla first arrived in Ireland on or before 31st December 2018, however from 1st January 2020 the €1m upper threshold will apply to her earnings)

B = €75,000

Specified amount: (€1,800,000 - €75,000) x 30% = €517,500

While €277,500 of Carla's income is relieved from income tax, it remains liable to the USC and, depending on Carla's circumstances, may also be liable to PRSI.

Relief due for 2019 is €207,000 (€517,500 @ 40%)

Example 5 - The Relief/Specified Amount

Mary is a 35-year old relevant employee who earns €200,000 per annum, including benefit in kind valued at €20,000. Mary made a contribution to her pension of €23,000 (€115,000[2] @ 20%). As Mary's income less benefits exceeds the threshold of €75,000 for eligibility, she is entitled to claim the relief. The relief is calculated as follows:

A = (€200,000 - €23,000) = €177,000

B = €75,000

Specified Amount: (€177,000 - €75,000) x 30% = €30,600

While €30,600 of Mary's income is relieved from income tax, it remains liable to the USC and, depending on Mary's circumstances, may also be liable to PRSI.

Relief due for 2013 is €12,546 (€30,600 @ 41%).

[2] While Mary's employment income was €200,000, legislation imposes a limit of €115,000 on the amount of earnings that can be included for the purposes of calculating relief for pension contributions.

Example 6 - The Relief/Specified Amount

Elaine is a relevant employee who earns €650,000 in 2017. Under SARP, €172,500 of Elaine's income is disregarded for income tax purposes and she is entitled to income tax relief of €69,000. This is calculated as follows:

A = €650,000 (no restriction on income for 2017)

B = €75,000

Specified amount: (€650,000 - €75,000) x 30% = €172,500

While €172,500 of Elaine's income is relieved from income tax, it remains liable to the USC and, depending on Elaine's circumstances, may also be liable to PRSI.

Relief due for 2017 is €69,000 (€172,500 @ 40%).

Example 7 - The Relief/Specified Amount

Andy is a relevant employee who first qualified for SARP in 2013 and continued to qualify in 2014 and 2015. He earns €750,000 per annum.

In 2013 and 2014, Andy's specified amount was calculated as follows:

A = €500,000 (income restricted to the 'upper threshold' in 2013 and 2014)

B = €75,000

Specified amount: (€500,000 - €75,000) x 30% = €127,500

While €127,500 of Andy's income is relieved from income tax, it remains liable to the USC and, depending on Andy's circumstances, may also be liable to PRSI.

Relief due for 2013 and 2014 is €52,275 (€127,500 @ 41%).

In 2015 Andy's relief increases as the "upper threshold" restriction doesn't apply, his relief for 2015 is calculated as follows:

A = €750,000 (no restriction on income for 2015)

B = €75,000

Specified amount: (€750,000 - €75,000) x 30% = €202,500

While €202,500 of Andy's income is relieved from income tax, it remains liable to the USC and, depending on Andy's circumstances, may also be liable to PRSI.

Relief due for 2015 is €81,000 (€202,500 @ 40%).

Example 8 - The Relief/Specified Amount

Eddie is a relevant employee who earns €700,000 in 2017. Eddie is entitled to double taxation relief in respect of €100,000 of his income from the employment. Eddie's specified amount is calculated as follows:

A = (€700,000 - €100,000) = €600,000

B = €75,000

Specified amount: (€600,000 - €75,000) x 30% = €157,500

While €157,500 of Eddie's income is relieved from income tax, it remains liable to the USC and, depending on Eddie's circumstances, may also be liable to PRSI.

Relief due for 2017 is €63,000 (€157,500@ 40%).

Example 9 – Expenses

John is a 38-year-old relevant employee who in the year 2017 earns €400,000. He was also reimbursed qualifying expenses of €15,000. John made a contribution to his pension of €23,000 (€115,000 @ 20%). The expenses that were reimbursed are not taken into account in calculating the relief.

John's relief is calculated as follows:

A = (€400,000 - €23,000) = €377,000

B = €75,000

Specified amount: (€377,000 - €75,000) x 30% = €90,600

While €90,600 of John's income is relieved from income tax, it remains liable to the USC and, depending on John's circumstances, may also be liable to PRSI.

Relief due for 2017 is €36,240 (€90,600 @ 40%).

Example 10 – Year of First Entitlement to Relief

Dominic arrived in this State from Spain on 1 October 2012 on a 6-year contract. He is not tax resident in the State in 2012.

However, as Dominic becomes tax resident in the State in 2013, he is entitled to claim relief under SARP and his first year of claim will be 2013. He can continue to claim the relief up to and including 2017 (i.e. 5 consecutive tax years) provided he satisfies the relevant conditions in those years.

Example 11- Year of First Entitlement to Relief

Maria arrived in the State from Italy on 1 June 2013. Maria is resident in the State under the residence rules contained in Irish domestic legislation and is also resident in Italy for 2013 under Italian rules. She will not be resident in Italy in 2014.

As Maria has dual tax residence in 2013, she is not entitled to claim relief in that year. However, as Maria satisfies all of the other conditions and as she is solely tax resident in Ireland in 2014, she is entitled to claim relief under SARP and her first year of entitlement is 2014.

An individual who arrives in the State in 2014 and who is not tax resident in the State in that year is, if tax resident in 2015, first entitled to relief in 2015 notwithstanding the fact that he or she may also be resident elsewhere in 2015. Such an individual is entitled to relief in 2015 because the more relaxed SARP conditions which apply from 1 January 2015 apply to all assignees from that date.

Example 12 - Year of First Entitlement to Relief

Carolina arrived in this State from Spain on 1 October 2014 on a 3-year contract. Carolina is resident in Spain in 2014 and will continue to be resident there for future years. Carolina is not tax resident in the State in 2014.

As Carolina is not tax resident in the State in 2014 and is tax resident in Spain that year, she is not entitled to relief in 2014. However, as Carolina will be tax resident in the State in 2015, she is first entitled to relief in that year, notwithstanding the fact that she will continue to be resident in Spain in that year.

Example 13 - Year of First Entitlement to Relief

Lucia arrived in this State from Spain on 1 July 2015. Under the residence rules contained in Irish domestic legislation, she is tax resident in the State for 2015 as she will be here for more than 183 days. Although she may also be resident in Spain for 2015 under Spanish rules, this does not preclude her from claiming SARP for 2015 (i.e. the year of arrival).

If Lucia arrived in the State on 1 October 2015, she is not resident in the State for the year of arrival. Therefore, Lucia is first entitled to claim relief in 2016 i.e. the year following the year she arrived in the State to carry out the duties of her employment. That is provided she is resident in the State for 2016.

Note: Election to be Resident

Where an individual is not tax resident in the State in the year of arrival, he or she may elect to be resident in the State in that year provided he or she satisfies the conditions set out in section 819(3) TCA 1997. However, that individual should bear in mind the consequences of such election. For example, an election to be resident in the State may bring some or all of the individual's foreign income for that year within the charge to tax in the State.

Therefore, in the above example Lucia may elect to be tax resident in the State in 2015, in which case 2015 will be her first year of entitlement to relief. However, as she will have been in the State for less than an entire tax year her relief will be reduced proportionately.

Example 14 – Part Year Apportionment

Elizabeth is a relevant employee who arrived in the State on 30 April 2012. In 2012, she earns €575,000, including benefit in kind valued at €15,000.

The relief is calculated as follows:

A = (€500,000 (max) * 8/12) = €333,333

B = (€75,000 x 8/12) = €50,000

Specified amount: (€333,333 – €50,000) x 30% = €85,000

While €85,000 of Elizabeth's income is relieved from income tax, it remains liable to the USC and, depending on Elizabeth's circumstances, may also be liable to PRSI.

Relief due for 2012 is €34,000 (€85,000 @ 40%).

Example 15 - Part Year Apportionment

Andrew is a relevant employee who arrived in this State on 30 May 2017. In 2017 he earns €675,000. His relief is calculated as follows:

A = €675,000

B = (€75,000 x 7/12) = €43,750

Specified Amount: (€675,000 – €43,750) x 30% = €189,375

While €189,375 of Andrew's income is relieved from tax, it remains liable to the USC and, depending on Andrew's circumstances, may also be liable to PRSI.

Relief due for 2017 is €75,750 (€189,375 @ 40%).

While 'A' is not directly apportioned based on time, it may be necessary to adjust 'A' depending on the circumstances of each employee. For instance, if the employee is entitled to double taxation relief on a portion of his or her income from the employment, that amount of income is excluded from 'A'. In addition, if part of the income earned by the relevant employee is not within the charge to tax in the State, 'A' is reduced accordingly.

Example 16 - Part Year Apportionment

If the €675,000 earned by Andrew in example 13 included income of €100,000 for which Andrew is entitled to double taxation relief then 'A' would be reduced by €100,000 giving Andrew relief as follows:

A = (€675,000 - €100,000) = €575,000

B = (€75,000 x 7/12) = €43,750

Specified amount: (€575,000 - €43,750) x 30% = €159,375

While €159,375 of Andrew's income is relieved from income tax, it remains liable to the USC and, depending on Andrew's circumstances, may also be liable to PRSI.

Relief due for 2017 is €63,750 (€159,375 @ 40%).

Example 17 - Part Year Apportionment

Patrice arrived in the State on 1 October 2015. In the period prior to her arrival in the State, Patrice earned €400,000 and for the remainder of the year Patrice earned €150,000. Patrice is not resident in the State. However, before the end of the tax year, she elected to be resident (in accordance with section 819(3) TCA 1997) and she also claimed split year treatment (in accordance with section 822 TCA 1997).

Patrice is entitled to claim SARP for 2015. However, while her income for the year is €550,000, because Patrice elected for split year treatment, her income from her employment prior to her arrival in the State falls outside the charge to tax in the State. Therefore, she is only entitled to claim SARP on the €150,000 earned subsequent to her arrival in the State.

A = (€550,000 - €400,000) = €150,000

B = €18,750 (€75,000 reduced proportionately 3/12),

Specified amount: (€150,000 - €18,750) x 30% = €39,375

While €39,375 of Patrice's income is relieved from income tax, it remains liable to the USC and, depending on Patrice's circumstances, may also be liable to PRSI.

Relief due for 2015 is €15,750 (€39,375 @ 40%).

As detailed in Paragraph 4, an employee must have relevant income of not less than €75,000 **per annum** before he or she is eligible for SARP. Where an individual arrives or leaves part way through the year, it is the annualised salary that must meet the €75,000 threshold rather than the amount earned during the period spent in the State.

Example 18 - Part Year Apportionment

Todd arrived in the State on 1 June 2017 and earned €35,000 in the period from June to December. As the annualised equivalent of Todd's salary is only €60,000, Todd is not entitled to SARP as he does satisfy the minimum income threshold of €75,000.

Example 19 – Relief for Foreign Tax Paid

Bernard is a relevant employee. In 2015, he is sent by his relevant employer to work in the State for an associated company of his relevant employer in France. Bernard earned €350,000 from the duties exercised in the State and a further €150,000 from the performance of duties in France.

Under the terms of the Ireland/France double taxation agreement, the French authorities are entitled to tax his French income and the tax is non-refundable. Ireland as the country of residence must give credit for the foreign tax deducted. Therefore, Bernard's SARP relief is calculated as follows:

A = (€500,000 – €150,000) = €350,000

B = €75,000

Specified amount: (€350,000 - €75,000) @ 30% = €82,500

Relief due for 2015 is €33,000 (€82,500 @ 40%)

Appendix 2 – Form Completion

Examples of how to complete Form 11, P35, etc.

Note: The Form P35 and Form P60 are only relevant for years up to and including **31 December 2018**. See paragraph 14.1.

Leo Donu is a relevant employee for SARP purposes who arrived in the State from Portugal in 2017 to work for ABC Ltd.

Leo applied for SARP relief and he satisfies all the conditions necessary for the relief.

Leo is reimbursed by ABC Ltd for the cost of an annual trip to Portugal and also school fees for two of his children.

Leo's income and expenses for 2017 are set out below.

Income	**€**
Employment Income	345,000
Bonus	110,000
Commission	40,000
Benefit in Kind	35,000
Total Income	**530,000**

Expenses	**€**
Annual family trip to Portugal	4,800
School fees (€4,500 x 2 Children)	9,000
Contribution to Pension scheme	22,000

Leo applied for SARP relief and so he is a chargeable person for income tax purposes and, therefore, he is obliged to submit a Return of Income Form 11 for the tax year 2017. Leo can either submit the return by paper form or online via Revenue's online Service (ROS).

The due date for the paper return form is 31 October 2017. The due date for ROS return is generally mid November. However, this date can vary from year to year (the Revenue website will set out the relevant date each year).

Note: Filing through ROS ensures that the SARP claim will generally be processed quicker by Revenue.

The example below sets out how Leo's claim for SARP will appear on a return of income form filed both through ROS and on paper.

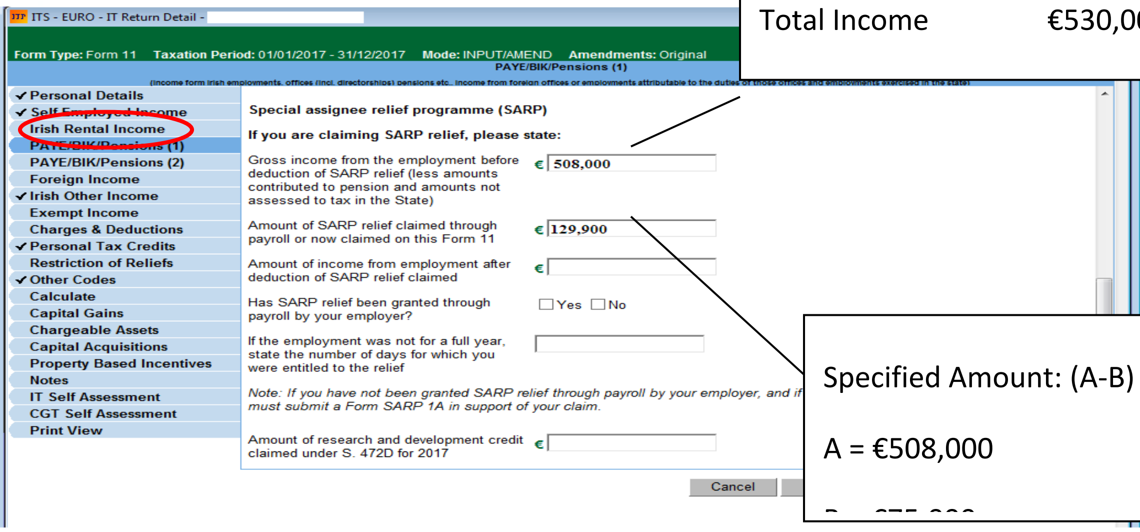
The Employee

If filing online through ROS, check the Revenue website for return filing date.

Form 11 (ROS) entries when claiming SARP:

Total Gross Pay as per Form P60

Total Income €530,000



Specified Amount: (A-B) X 30%

A = €508,000

Form 11 (Paper) entries when claiming SARP - Return due by 31 October

Special Assignee Relief Programme (SARP)

If you are claiming SARP relief please state:

	Employment / Pension, etc. No. 1	Employment / Pension, etc. No. 2
228. (a) Gross income from the employment before deduction of SARP relief (less amounts contributed to pension and amounts not assessed to tax in the State)	508,000.00	.00
(b) Amount of SARP relief claimed through payroll or now claimed on this Form 11	129,900.00	.00
(c) Amount of income from employment after deduction of SARP relief claimed	.00	.00
(d) Has SARP relief been granted through payroll by your employer?	Yes ☐ No ☐	Yes ☐ No ☐

Note: If you have not been granted SARP relief through payroll by your employer, and if you have not already done so, you must submit a form SARP 1A in support of your claim. This form is available on Revenue's website **www.revenue.ie** (under 'Personal tax credits reliefs and exemptions>Income and employment')

(e) If the employment was not for a full year, state the number of days for which you were entitled to the relief	☐☐☐	☐☐☐

Employer Return: ABC Ltd is obliged to complete and submit a SARP Employer Return by 23 February 2019.**This should be completed as per the example below:**

SARP Employer Return
for the period 1 January 2018 to 31 December 2018

Employer Registration Number 0 0 8 2 5 9 2 3 D
Remember to quote this number in all correspondence
or when calling at the company's Revenue office

Employer Name / Address
A.B.C. Ltd.,
2 Green St.,
Dublin 1.

Return Address
Completed forms should be returned to:
National SARP Unit
9/15 Upper O'Connell St.
Dublin 1,
D01 YT32
or by using MyEnquiries / Employers' PAYE / SARP
on www.revenue.ie

Use any envelope and write "Freepost" above the Return Address. You do not need to attach a stamp.

Return by employer of employees who availed of relief under the Special Assignee Relief Programme (SARP)
(Section 825C Taxes Consolidation Act 1997)

You are hereby required to prepare and deliver a return, for the period 1 January 2018 to 31 December 2018, of the items on pages 2 and 3 of this form in respect of **all** employees who availed of SARP (whether through payroll or otherwise) for the period 1 January 2018 to 31 December 2018. **Please include employees who ceased to claim SARP during the year.**

Note: Employers must complete all three pages of this return. This return can be completed on-screen and then printed. You do not need to enter the name and PPS number of each employee on both pages 2 and 3. When the names and PPS numbers are completed on-screen on page 2, they will automatically populate in the relevant boxes on page 3.

This ~~form~~ should be returned to the above address on or before **23 February 2019**

YOU MUST SIGN THIS DECLARATION
I declare that, to the best of my knowledge and belief, this form contains a correct return of the matters requested for the period 1 January 2018 to 31 December 2018 in accordance with the provisions of the Taxes Consolidation Act 1997.

Signature: John Smith
Date (DD / MM / YYYY): 20/02/2019
Capacity of Signatory: Secretary
Name of Company: A B C L T D
Telephone No.: 01 - 72011

Contact Details (in case of query about this return)
Agent's TAIN:
Contact Name: J O H N S M I T H
Client's Ref.:
Telephone No.: 01 - 72011
E-mail: johnsmith@abc.com

1

Employees who availed of relief under the Special Assignee Relief Programme (SARP) (whether through payroll or otherwise)

Name	Tick ☑ box if this is 1st year employee availed of relief under SARP	If not the 1st, state which year relief being claimed 2nd - 5th	PPSN	Nationality	The country in which the employee worked for the employer prior to his or her first arrival in the State	Job title and brief description of the role of the employee while availing of SARP relief
Leo Dono	✓		1234567T	Portuguese	Portugal	IT Engineer - updating data
Pat O'Reilly		3	9999999U	Irish	Italy	Financial Advisor

Name	PPSN	Gross income from the employment before deduction of SARP relief (less amounts contributed to pension and amounts not assessed to tax in the State)	Was SARP relief claimed through payroll? Yes/No	Amount of SARP relief claimed	Does employer adopt a tax equalisation policy? Yes/No	Enter the value of				
						Costs associated with an annual return trip to the country of residence or nationality for self and/or family (S. 825C(6)(a))	Number of people travelling	Total amount of school fees paid or reimbursed by employer in respect of children of the relevant employee attending an approved school in the State (S. 825C(6)(b))	Amount of school fees paid or reimbursed by employer in excess of threshold and subject to tax	Number of children for which school fees are paid or reimbursed by employer
Leo Dono	1234567T	€50,800.00	Yes	€ 129,900.00	No	€ 4,800.00	1	€ 9,000.00	€ 0.00	2
Pat O'Reilly	9999999U	€270,000.00	No	€	No	€ 0.00		€ 0.00	€ 0.00	0
		€		€		€		€	€	
		€		€		€		€	€	
		€		€		€		€	€	
		€		€		€		€	€	
		€		€		€		€	€	
		€		€		€		€	€	
		€		€		€		€	€	
		€		€		€		€	€	

Increase in the number of employees in the company as a result of the operation of SARP relief * 20

Number of employees retained by the company as a result of the operation of SARP relief * 22

* Do not include any employee who availed of SARP relief. This information is a required field. It is necessary for the preparation of the annual SARP report.

Form SARP 1A

Certification by employer under Section 825C of the Taxes Consolidation Act 1997

Relief under the Special Assignee Relief Programme (SARP)

This form should be completed for tax years 2015 onwards.
Part C need only be completed if SARP relief is to be granted through the PAYE system.
Please read the notes on page 3 **before** completing this form.

The completed form should be returned through MyEnquiries or to the National SARP Unit, 9/15 Upper O'Connell St., Dublin 1, D01 YT32 **within 90 days of the relevant employee's arrival in the State** to perform duties of employment in the State.

PART A

Information to be completed by employer

1.	Name of relevant employee	Mr Leo Donu
2.	Address of relevant employee (include Eircode, if known)	1 The Park, Dublin 2
3.	PPS Number of relevant employee	1 2 3 4 5 6 7 T
4.	Name and address of the relevant employer where the relevant employee was a full time employee prior to his or her arrival in the State	A.B.C. Inc Portugal
5.	Was the relevant employee a full time employee of the relevant employer for a minimum period of 6 months prior to arrival in the State?	YES ☒ NO ☐
6.	Did the relevant employee perform duties of employment for the relevant employer, as at 4 above, **outside the State** for a minimum period of 6 months prior to arrival in the State?	YES ☒ NO ☐
7.	Name and address of the company for whom the relevant employee performs duties of employment in the State	A.B.C. Ltd., 2 Green St., Dublin 1.
8 (a).	Date relevant employee first arrived in the State to perform duties of employment in the State	02/01/2017
8 (b).	Indicate if employee – • will be tax resident for the year of arrival, or • is electing to be treated as tax resident for the year of arrival	 YES ☒ NO ☐ YES ☐ NO ☐
9.	The expected duration that the relevant employee will perform duties of employment in the State	5 years
10.	Is the relevant income €75,000 or more per annum (or the annualised equivalent) i.e. relevant employee's basic salary before benefits, bonuses, commissions, share based remuneration?	YES ☒ NO ☐

PART B
Certification by employer

I certify on behalf of A.B.C. Ltd. [insert company name] that Leo Doru [insert relevant employee name]

(a) was a full time employee of A.B.C. Inc Portugal [insert company name] (a 'relevant employer') for the whole of the 6 months immediately prior to his/her arrival in the State and that he/she exercised the duties of his/her employment for that relevant employer outside the State;

(b) arrived in the State on 01/01/2017 [insert date] at the request of A.B.C. Ltd. [insert company name] (a 'relevant employer') -

(i) to perform in the State duties of his/her employment for that relevant employer, or ☒

(ii) to take up employment in the State with ____ [insert company name], a company that is an associated company of ____ [insert company name] (a 'relevant employer') and perform duties in the State for that company; ☐

(☒ appropriate box)

(c) will perform duties of the employment in the State for that relevant employer or associated company, as appropriate, for a minimum period of 12 consecutive months from the date the relevant employee first performs those duties in the State.

I undertake to notify the National SARP Unit, 9/15 Upper O'Connell St., Dublin 1, D01 YT32 in the event that the circumstances regarding the relevant employee's entitlement to the relief change[1].

Signed:	John Smith	Capacity of signatory:	Secretary
Name:	JOHN SMITH		
Telephone:	01 - 72011	E-mail:	johnsmith@abc.com
Company Tax Reference Number:	00825923D	Date:	20/01/2017

PART C
Application to grant relief by way of non-deduction of tax under the Pay As You Earn tax system

I wish to apply on behalf of A.B.C. Ltd. [insert company name] for permission to grant relief under SARP to Leo Doru [insert employee's name] by way of non-deduction of tax under the Pay As You Earn system.

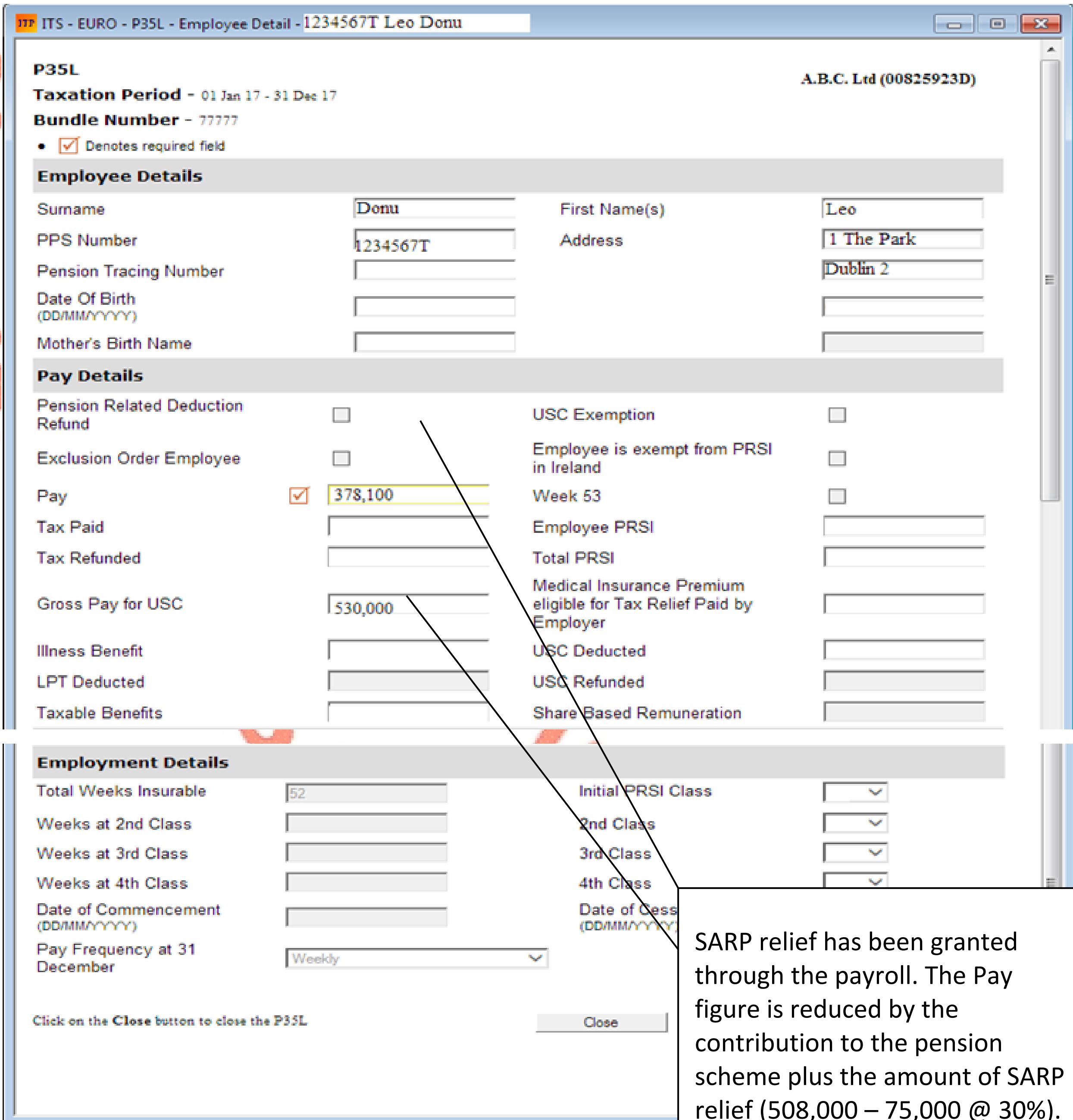
Signed:	John Smith	Capacity of signatory:	Secretary
Name:	JOHN SMITH		
Telephone:	01 - 72011	E-mail:	johnsmith@abc.com
Company Tax Reference Number:	0 0 8 2 5 9 2 3 D	Date:	20/01/2017

[1] Notifications regarding a change in the employee's circumstances should be sent in writing.

Employer Return: ABC Ltd is obliged to complete and submit a SARP Employer Return by 23 February 2018. **This should be completed as per the example below:**

If SARP relief **has been granted** to Leo at source through the Payroll, the P35 should be completed as follows:

(Note: The Form P35 and Form P60 are only relevant for years up to and including 31 December 2018. See paragraph 14.1.).



ITS - EURO - P35L - Employee Detail - 1234567T Leo Donu

P35L A.B.C. Ltd (00825923D)

Taxation Period - 01 Jan 17 - 31 Dec 17

Bundle Number - 77777

- Denotes required field

Employee Details

Surname	Donu	First Name(s)	Leo
PPS Number	1234567T	Address	1 The Park
Pension Tracing Number			Dublin 2
Date Of Birth (DD/MM/YYYY)			
Mother's Birth Name			

Pay Details

Pension Related Deduction Refund		USC Exemption	
Exclusion Order Employee		Employee is exempt from PRSI in Ireland	
Pay	378,100	Week 53	
Tax Paid		Employee PRSI	
Tax Refunded		Total PRSI	
Gross Pay for USC	530,000	Medical Insurance Premium eligible for Tax Relief Paid by Employer	
Illness Benefit		USC Deducted	
LPT Deducted		USC Refunded	
Taxable Benefits		Share Based Remuneration	

Employment Details

Total Weeks Insurable	52	Initial PRSI Class	
Weeks at 2nd Class		2nd Class	
Weeks at 3rd Class		3rd Class	
Weeks at 4th Class		4th Class	
Date of Commencement (DD/MM/YYYY)		Date of Cess (DD/MM/YYYY)	
Pay Frequency at 31 December	Weekly		

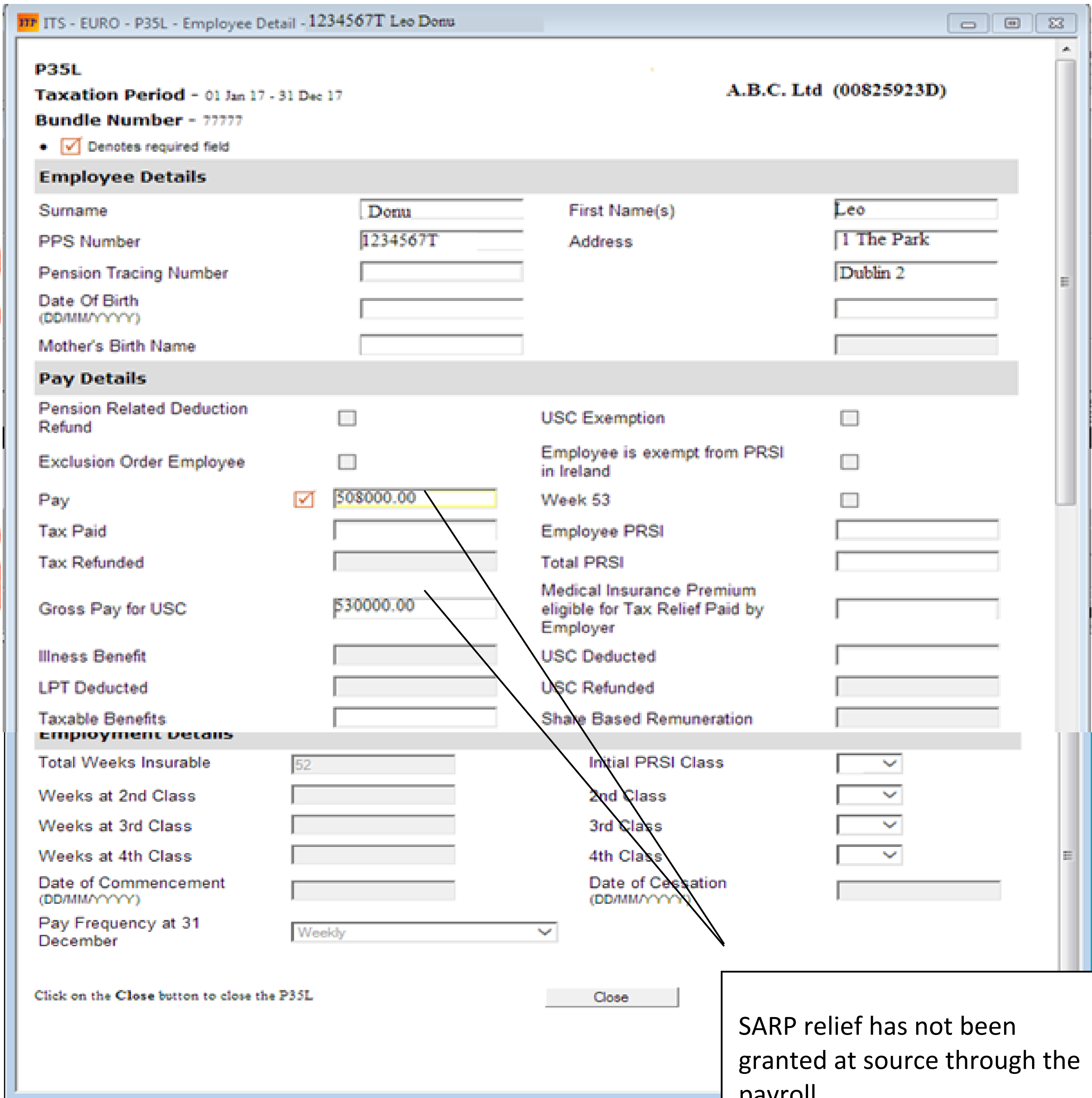
Click on the Close button to close the P35L

Close

SARP relief has been granted through the payroll. The Pay figure is reduced by the contribution to the pension scheme plus the amount of SARP relief (508,000 – 75,000 @ 30%).

The Gross Pay for USC must include the contribution to the pension scheme plus the amount of SARP relief granted.

If SARP relief **has not been granted** to Leo at source through the Payroll, **the P35 should be completed as follows:**


ITS - EURO - P35L - Employee Detail - 1234567T Leo Donu

P35L
Taxation Period - 01 Jan 17 - 31 Dec 17
Bundle Number - 77777
A.B.C. Ltd (00825923D)

- ☑ Denotes required field

Employee Details

Surname	Donu	First Name(s)	Leo
PPS Number	1234567T	Address	1 The Park
Pension Tracing Number			Dublin 2
Date Of Birth (DD/MM/YYYY)			
Mother's Birth Name			

Pay Details

Pension Related Deduction Refund	☐	USC Exemption	☐
Exclusion Order Employee	☐	Employee is exempt from PRSI in Ireland	☐
Pay ☑	508000.00	Week 53	☐
Tax Paid		Employee PRSI	
Tax Refunded		Total PRSI	
Gross Pay for USC	530000.00	Medical Insurance Premium eligible for Tax Relief Paid by Employer	
Illness Benefit		USC Deducted	
LPT Deducted		USC Refunded	
Taxable Benefits		Share Based Remuneration	

Employment Details

Total Weeks Insurable	52	Initial PRSI Class	
Weeks at 2nd Class		2nd Class	
Weeks at 3rd Class		3rd Class	
Weeks at 4th Class		4th Class	
Date of Commencement (DD/MM/YYYY)		Date of Cessation (DD/MM/YYYY)	
Pay Frequency at 31 December	Weekly		

Click on the **Close** button to close the P35L

Close

SARP relief has not been granted at source through the payroll.

The Gross Pay for USC must include the contribution to the pension scheme, i.e. Pay 508,000 + Pension contributions 22,000 = 530,000

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[…]