Chapter 12 - The provision of miscellaneous benefits

Part 05-01-01l

This manual should be read in conjunction with Part 5 of the Taxes Consolidation Act 1997

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Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

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1 Air Miles

As part of frequent air travel by employees, an entitlement to air miles can arise. In many cases, such entitlements are left by the employer to the employee for use at his or her discretion.

While the entitlements arise on foot of travel expenditure incurred by the employer, an additional cost does not arise for the employer in relation to the provision of this benefit. Therefore, Income Tax, PRSI and USC need not be applied to the benefit arising to employees in such circumstances.

2 Bus Facilities for Employees

An employer may choose to provide a bus/minibus

- either free of charge, or
- with fares charged at a preferential rate

to pick up employees and/or drop them home.

Although the provision of a bus service does constitute a benefit-in-kind ("BIK"), Income Tax, PRSI and USC need not be applied to the BIK arising provided **all** of the following conditions are met:

1. the bus service is provided to transport employees on qualifying journeys i.e. journeys between the employee's home and a workplace, or between workplaces, and
2. the bus service is available to employees generally, whether or not all of the employees use the service.

3 Bonus Bonds

The expense incurred by an employer on bonus bonds, assuming that the amount realisable by the employee would not be significantly greater than the expense incurred by the employer, will be liable to Income Tax, PRSI and USC.

Some bonus bond schemes operate on the basis that bonus points are purchased by the employer and awarded to the employees, who are then in a position to draw down on the points and purchase goods and services to the value of the points accumulated. In these circumstances, Income Tax, PRSI and USC should be calculated by reference to the date the points are awarded to the employees.

Where there is an agreement between the employer and the employee that the employer will pay the Income Tax, PRSI and USC liabilities, the net benefit must be re-grossed at the employee's marginal rate of tax and PRSI and, except where the benefit is regarded as minor and irregular, the re-grossed amounts should be put through the payroll.

4 Car Parking

Car parking facilities provided by an employer to employees are not treated as giving rise to a taxable BIK.

5 Crèche/Childcare Facilities

5.1 Employer-Provided Facility

Where an employer provides free or subsidised childcare facilities to their employees, a BIK will arise. The value of the BIK will be calculated as follows-

- any expenses (other than the cost of acquisition) incurred by the employer in connection with the provision of the premises, e.g. insurance, maintenance etc., and
- any expense incurred by the employer in connection with the provision of the childcare services, e.g., salaries etc.

Where the facility is used by more than one employee, the value of the BIK should be apportioned, based on the number of children concerned for each employee, and should lead to a result which is fair and reasonable.

5.2 Independent Facility

Where an employer merely pays for or subsidises the cost of an independent crèche or childcare facility, the cost borne by the employer is a taxable perquisite and Income Tax, PRSI and USC must be applied accordingly.

In such circumstances, where an employer makes a block payment to a crèche or childcare facility, the amount paid should again be apportioned and treated as notional pay of the respective employees. The apportionment of the block payment should be based on the facts, including the number of children concerned for each employee, and should lead to a result which is fair and reasonable.

6 Company Share Awards

Shares or other securities acquired by an employee by reason of his or her employment are perquisites. Whether a charge to tax arises on the perquisite depends on amount of consideration (other than services) the employee has given for the shares received.

If the employee gives no consideration, or the consideration provided is less than the full market value of the shares, then a taxable benefit may arise. See Chapter 1 of the Share Schemes Manual for further information.

7 Corporate Charge Cards

7.1 Business Use Only

Where a charge card is provided by the employer to the employee exclusively for business use, any annual fees, interest, or stamp duty paid by the employer in connection with the card will not be regarded as a taxable benefit.

7.2 Business and Private Use

Where the card can be used by the employee for:

- private purchases,
- other private payments,
- any amounts paid in respect of the employee's private purchases, or
- for other non-business purposes,

and the employee does not reimburse the employer for private transactions, the cost of the private purchases must be treated as notional pay and taxed accordingly.

Where the employee does not reimburse the employer for the cost of private purchases, the annual fee, interest charges and stamp duty should also be apportioned between business and private use as appropriate.

8 Course or Examination Fees

Reimbursement by an employer of course or examination fees paid by an employee, or direct payment of course or examination fees by an employer on behalf of an employee, are generally not regarded as a taxable benefit if the course undertaken is relevant to the business of the employer.

See paragraph 3 of Tax and Duty Manual Part 05-01-01j for further details.

8.1 Examination Awards

A cash award made to an employee in recognition of passing an examination or acquiring a qualification is a taxable payment.

A payment in regard to certain expenses incurred in studying for and sitting an examination, may in certain circumstances, be made without the charge to tax arising.

See paragraph 4 of Tax and Duty Manual Part 05-01-01j for further information on the taxation of examination awards.

9 'En Bloc' Payments

Where a block payment (or an 'en bloc' payment) is made by the employer in providing a benefit on behalf of employees generally, the payment should be divided equally amongst the employees entitled to benefit from the payment.

No cost should be attributed to an employee who specifically indicates that they do not wish to receive a benefit, and as a result does not benefit.

10 Employee Protection Insurance

An employer may take out a policy to insure itself against the possibility that they will have to continue to pay all or part of an employee's salary while he or she is out sick from work due to illness or injury.

The contract is between the insurance company and the employer. The employer is the policyholder and the employee does not benefit from the proceeds of the policy directly.

Such policies are not treated as Permanent Health Insurance (PHI) policies, further details in respect of which can be found in Tax and Duty Manual Part 15-01-10.

If a claim is made on an employee protection insurance policy the employer will continue to pay the employee through payroll, and the payments are subject to PAYE in the normal way.

11 Employees' Social Club

Where a social club is organised for staff generally, and membership is available to all employees, Income Tax, PRSI and USC need not be applied to any reasonable contribution made by the employer to the club.

Where the employer has any difficulty in determining whether or not a taxable benefit arises, a query should be raised with the Revenue Branch dealing with the employer's affairs, outlining all of the relevant facts.

12 Entertainment Expenses

12.1 Client Entertainment Expenses

The reimbursement of vouched business entertainment expenses actually incurred wholly, exclusively, and necessarily in the performance of an employee's duties should not be treated as a perquisite of employment. This treatment applies where the expenses would not qualify as a deduction in computing the profits of a business by virtue of section 840 Taxes Consolidation Act 1997 (TCA 1997).

See Tax and Duty Manual Part 05-03-02 for further details on business entertainment expenses.

12.2 Staff Entertainment Expenses

Where an employer provides staff Christmas parties, special occasion meals or other inclusive events, such as sports days for staff, a taxable BIK will not be treated as arising where the expenses are reasonable, and the event is open to all employees.

Where an event is held virtually, reasonable costs will include costs which would typically be incurred in hosting a face-to-face party or event. This includes the cost of delivering or providing food and drink to employees in advance of, or during, the event.

13 Entry Visas and Work Permits

The costs incurred by an employer on behalf of an employee in respect of that employee's entry visa or work permit will not give rise to a taxable benefit.

14 Exceptional Performance Awards

Any awards given under an Exceptional Performance Award scheme give rise to a taxable benefit.

See paragraph 2 of Tax and Duty Manual Part 05-01-01j for further information on the taxation of exceptional performance awards.

15 Indemnity Insurance

The tax treatment for indemnity policies is dependent on the type of cover provided by the policy.

If the policy provides cover for a director or employee personally (i.e., the proceeds of the policy go to the director or employee), the expense incurred by the employer in taking out the policy is a taxable benefit and Income Tax, PRSI and USC must be applied to any contribution made by the employer.

If the policy provides cover for the employer (i.e., the proceeds of the policy go to the employer), no taxable benefit arises in respect of the employee.

16 In-House Medical Plans

16.1 Medical Plans

Some employers operate in-house medical plans, which employees contribute to and claim from. Employers will, in some cases, contribute to the plan to the extent that the aggregate claims made by employees exceed the aggregate contributions made by employees in the relevant year.

In such circumstances, Income Tax, PRSI and USC should be applied to any benefit arising from the employer's contribution to the plan.

See Tax and Duty Manual Part 05-01-01n for further guidance on how to determine the amount to take into account as notional pay.

16.2 Qualifying Medical Check-Ups

The provision of one qualifying medical check-up per annum, at the expense of an employer, will not be regarded as a taxable BIK where certain conditions are met.

See Tax and Duty Manual Part 05-01-01n for further information on the taxation treatment.

16.3 Access to Healthcare

Where an employer provides an employee with access to healthcare this will not be regarded as a taxable BIK where certain conditions are met.

See Tax and Duty Manual Part 05-01-01n for further information.

16.4 COVID-19 Testing

Due to health and safety concerns arising from the COVID-19 pandemic, an employer may facilitate an employee in obtaining a COVID-19 test. This will not be regarded as a taxable BIK where certain conditions are met.

See Tax and Duty Manual Part 05-01-01n for further information.

16.5 Flu Vaccine

An employer may facilitate their employees in obtaining a flu vaccination. This will not be regarded as a taxable BIK where certain conditions are met.

See Tax and Duty Manual Part 05-01-01n for further information.

16.6 Exemption for Members of the Permanent Defence Force

A specific statutory exemption from BIK applies to members of the Permanent Defence Force in relation to the provision of living-in accommodation and certain healthcare.

Due to the unique nature of the Permanent Defence Force, members are required to be physically fit and able to discharge their duties. They are required to undergo medical checks and to use the authorised medical service provided, such that it is considered an offence in military law to refuse such health treatment.

Finance Act 2018 introduced section 120B of the TCA 1997, which provides an exemption from BIK for certain healthcare expenses incurred by or on behalf of the Minister for Defence in relation to members of the Permanent Defence Force.

Health care means "the prevention, diagnosis, alleviation or treatment of an ailment, injury, infirmity, defect, or disability, and includes care received by a woman in respect of a pregnancy, but does not include—

a) routine ophthalmic treatment, or

b) cosmetic surgery or similar procedures, unless the surgery or procedure is necessary to ameliorate a physical deformity arising from, or directly related to, a congenital abnormality, a personal injury or a disfiguring disease".

Routine ophthalmic treatment means "the provision and repairing of spectacles or contact lenses."

This exemption applies for the 2018 year of assessment and subsequent years.

17 Life Assurance Policies

Where an employer pays the premium for a personal life assurance policy on behalf of an employee, the amount of the premium must be taken into account for Income Tax, PRSI and USC purposes.

18 Long Service Awards

Awards made to employee as testimonials to mark long service are normally taxable. However, where the award takes the form of tangible articles of reasonable cost, it may not give rise to a tax charge.

See Tax and Duty Manual Part 05-01-01j for further information on the taxation of long service awards.

19 Meals and Meal Vouchers

See Tax and Duty Manual Part 05-01-01o for information on the taxation of staff meals and meal vouchers.

20 Motor Tax and Insurance

Where an employer pays motor tax and insurance for an employee's private vehicle, a taxable benefit arises. The employer must calculate Income Tax, PRSI and USC on the amount paid by the employer, less any amount made good by the employee.

21 Pension Contributions

Pension contributions paid by an employer in respect of an employee, to a Revenue-approved superannuation scheme, shall not be regarded as a taxable perquisite.

From 1 January 2025, an “employer limit” applies to employer contributions to an employee's Personal Retirement Savings Account (“PRSA”). The “employer limit” is the maximum amount an employer can contribute to an employee's PRSA, without the contribution being considered a BIK for the employee. It is also the maximum contribution for that employee for which an employer can claim a deduction for tax purposes. This limit is 100% of the employee's emoluments in the year of assessment. Any employer contributions exceeding this limit will be treated as a BIK and taxed as income for the employee.

Employer contributions within the employer limit are not chargeable to PRSI and USC. However, employer contributions in excess of the employer limit are subject to both PRSI and USC.

It is important to note that there were different rules in relation to contributions to PRSAs for periods prior to 1 January 2025. See Pensions Manual Chapter 24 for further details.

Where an employee waives an entitlement to remuneration or accepts a reduction in remuneration, in return for a corresponding payment by the employer into a pension scheme, this may be considered a salary sacrifice arrangement. For further information see paragraph 3.8 of the pensions Tax and Duty Manual Chapter 3. Further information in respect of salary sacrifice arrangements can be found in Tax and Duty Manual Part 05-01-01k.

22 Professional Subscriptions

Where an employer pays a professional membership fee or registration fee on behalf of an employee, the amount paid by the employer on behalf of the employee is generally liable to Income Tax, PRSI and USC.

However, in some cases, the payment of professional membership fees or registration fees on behalf of an employee may not give rise to a tax liability. See Tax and Duty Manual Part 05-02-18 for further information.

23 Provision of Newspapers, Periodicals etc.

Where an employer provides employees with free periodicals, newspapers etc. which are generally related to the employer's business, a taxable benefit will not arise.

24 Removal and Relocation Costs

Where an employer pays personal expenses on behalf of an employee it usually gives rise to a taxable benefit. However, subject to certain conditions, an employer may pay removal and relocation expenses on behalf of an employee who is taking up employment with a new employer without a charge to tax arising.

See Tax and Duty Manual Part 05-02-03 for further information on the conditions which must be met in order for an employer to pay removal and relocation costs on behalf of an employee without giving rise to a charge to tax.

25 Sports and Recreational Facilities

25.1 Facilities Provided on the Employer's Premises

Where sports and recreational facilities are made available on the employer's premises for the use of employees generally, a taxable benefit is not treated as arising. The facilities must be available to all employees.

Where the facilities are not available to all employees there is a taxable benefit. The value of the benefit should be computed by apportioning the running costs in a reasonable manner between those employees entitled to avail of the facilities.

No cost should be attributed to an employee who specifically indicates that he or she does not wish to, and does not use, the facilities provided.

25.2 Corporate Membership Paid by the Employer

Where a corporate subscription to sports or recreational facilities is paid by an employer on behalf of an individual employee or specified employees, the amount paid must be treated as notional pay for Income Tax, PRSI and USC purposes.

Where the employee is unable to, or does not make use of, the benefit provided the position remains unchanged.

Where a "group" membership is paid by the employer on behalf of employees generally, the cost incurred by the employer should be divided equally among all the employees who are entitled to and indicate an intention to participate in the scheme.

No cost should be attributed to an employee who specifically informs the employer that he or she does not wish to, and will not, participate in the group scheme.

26 Staff Discounts

26.1 Price Above Cost to the Employer

A discount, given by an employer (e.g. an employer in the retail sector) on the purchase of goods by an employee, is not regarded as a benefit if:

- the sum paid by the employee is equal to or greater than the cost to the employer of acquiring or manufacturing the goods; and
- the goods cannot reasonably be converted into money or money's worth.

26.2 Price Below Cost to the Employer

Where goods are sold below the employer's cost, and the goods cannot reasonably be converted into money or money's worth, the difference between that cost and the price paid is a taxable benefit and Income Tax, PRSI and USC must be calculated on this amount.

26.3 Goods Can be Converted into Money or Money's Worth

Where goods can be converted into money or money's worth, the value of the benefit is the amount realisable by the employee. The value of the benefit may be reduced by any amount made good by the employee to the employer.

See Tax and Duty Manual Part 05-01-01a for further guidance on the valuation of benefits.

26.4 In-House Vouchers / Discount notes

Any scheme relating to the provision of in-house vouchers/discount notes to employees based on their past purchases, which may be redeemed against any future purchases, will give rise to a taxable benefit and must be treated as notional pay for Income Tax, PRSI and USC purposes. The value of the benefit in such cases is as set out above.

27 Staff Suggestion Schemes

Awards made under staff suggestion schemes are taxable and an employer must calculate Income Tax, PRSI and USC on the value of the award.

See Tax and Duty Manual Part 05-01-01j for further information on the taxation of awards made under staff suggestion schemes.

28 Taxi Fares

The provision of taxis or the payment of taxi fares by an employer on behalf of an employee for non-business journeys, including journeys to and from home and the workplace, generally gives rise to a taxable perquisite.

However, as a result of public health concerns related to the COVID-19 pandemic, Revenue agreed that a charge to tax would not arise where an employer provided a taxi or paid for a taxi to transport an employee to or from home and the workplace due to health and safety concerns arising from the COVID-19 pandemic. As public health restrictions due to Covid-19 no longer operate, this concession ceased to apply from 1 June 2022.

In addition, a general exemption from tax is available where an employer provides a taxi or pays a taxi fare to transport an employee from the workplace to their home on an irregular basis where:

a) the employee is required to work until after 10 pm; and

b) finishes work before 6 am.

Irregular in this context may be taken as not exceeding 60 journeys per annum.

This exemption does not apply to individuals who work late as part of their normal working pattern.

Where a charge to tax does arise on the provision of a taxi or payment of a taxi fare, the value of the benefit is the cost incurred by the employer. Where more than one

employee shares a taxi, the value of the benefit must be apportioned between each employee.

29 Tips

Where the tips are routed through the employer e.g., where the contents of a tip jar are split between employees at the end of a shift, Income Tax, PRSI and USC must be applied to the amount paid. This is the case regardless of whether the tips are paid using cash or card.

If tips are received directly from patrons, there is no obligation on the employer to calculate Income Tax, PRSI and USC on the amounts received. The employees are however obliged to declare the tips received on their annual return of income.

30 Travel and Subsistence

Employers may reimburse employees for certain travel and subsistence expenses incurred, without operating Income Tax, PRSI or USC on the payment, in the following circumstances, and where certain other conditions are met:

- the employee is temporarily away from his or her normal place of work in the performance of the duties of his or her employment, and
- the expense is necessarily incurred in the performance of the duties of employment.

See Tax and Duty Manual Part 05-01-06 for further guidance on this matter.

31 COVID-19 Travel Costs

Following the commencement of the COVID-19 pandemic many international travel restrictions were introduced. Some employees may have been out of the State at that time or due to depart the State within the coming weeks.

Where an employee was integral to an employer's business and was required by their employer to cancel upcoming travel or return from a holiday or other travel outside the State to deal with issues related to the COVID-19 crisis, any costs reimbursed to the employee by the employer in respect of:

- the cancellation of a flight or holiday, or
- otherwise assisting the employee in returning to the State

will not give rise to a charge to tax in respect of the 2020 year of assessment provided:

- the costs incurred are reasonable, and
- the employee is not otherwise compensated (i.e. via an insurance policy or direct claim to the service provider).

This may include costs related to family members who were on holiday or due to go on holiday with the employee.

32 Uniform Costs

Income Tax, PRSI and USC need not be applied to expenditure incurred in the provision of:

- protective clothing,
- clothing bearing employer related logos, or
- clothing of such a colour and design as to be readily identifiable as uniforms (as opposed to regular suits of clothing)

where the uniforms remain the property of the employer.