

Expenses of Travel - Non-Executive Directors Attending Board Meetings

Part 05-02-19

This document should be read in conjunction with sections 195B and 195D of the Taxes Consolidation Act 1997

Document last updated March 2019

1. Introduction

The purpose of this manual is to set out the position in relation to the tax treatment of expenses of travel incurred by non-executive directors in attending board meetings.

Amendments to the Taxes Consolidation Act (TCA) introduced specific exemptions for travel and subsistence expenses incurred by non-executive directors where certain criteria are met. These are:

- Irish resident non-executive director - S195D (introduced by Section 3 of Finance Act 2016) provides an exemption for travel and subsistence expenses of Irish resident non-executive directors (See [Chapter 2](#) for further information), and
- Non-resident non-executive director - S195B (introduced by Section 6 of Finance Act 2015) provides an exemption for vouched travel and subsistence expenses of non-resident non-executive directors (See [Chapter 3](#) for further information).

Where the above exemptions do not apply, the general statutory position in relation to the tax treatment of expenses of travel, which are paid or reimbursed by a company to a director, applies. Comprehensive guidance material on the tax treatment of expense of travel can be found in [Tax and Duty Manual Part 05-01-06](#).

2. Irish Resident Non-Executive Director – Exemption (Section 195D)

Section 195D TCA 1997 provides for an exemption from Income Tax, USC and PRSI for certain payments made by a company either to or on behalf of an Irish resident non-executive director in respect of certain travel and subsistence expenses.

Section 195D applies to expenses incurred on or after 1 January 2017.

Exemption Criteria

In order for the exemption to apply to payments made by a company in respect of certain travel and subsistence expenses, the following criteria must be satisfied:

- The travel and subsistence expenses must have been incurred for the purpose of the non-executive director's attendance at a relevant meeting in the State
- The non-executive director must be Irish resident
- The non-executive director's annualised emoluments from the office (apart from qualifying travel and subsistence expenditure) do not exceed €5,000 per annum
- The payment cannot exceed the current Civil Service travel and subsistence rates.

A relevant meeting is any meeting in the State attended by a non-executive director

- in his or her capacity as a director
- for the purposes of the conduct of the affairs of the company.

For the purposes of this exemption, travel means travel by car, motorcycle, taxi, bus, rail or aircraft.

If a payment is made in excess of the Civil Service rates, the excess shall be subject to Income Tax, USC and PRSI.

3. Non-Resident Non-Executive Director - Exemption (Section 195B)

Section 195B provides for an exemption from Income Tax, USC and PRSI for payments in respect of certain vouched travel and subsistence expenses made by a company either to or on behalf of a non-resident non-executive director.

The expenses must have been incurred solely for the purposes of attendance by the director at any meeting attended by that director

- in his or her capacity as a director
- for the purposes of the conduct of the affairs of the company.

For the purposes of this exemption, travel means travel by car, motorcycle, taxi, bus, rail or aircraft.

Section 195B applies to expenses incurred on or after 1 January 2016.