Domicile Levy (Part 18C)

Part 18C-00-01

This document should be read in conjunction with Part 18C of the Taxes Consolidation Act 1997

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Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Introduction

Part 18C Taxes Consolidation Act 1997 ("TCA 1997") provides that, with effect from 1 January 2010, a levy to be known as 'domicile levy' shall be charged, levied and paid annually by every relevant individual. The amount of the levy is €200,000.

1.1 Background

The Domicile Levy was introduced in **section 150 Finance Act 2010** which inserted a new Part **(Part 18C)** into the TCA 1997. It applies for the year 2010 and subsequent years.

1.2 Application

The levy applies to "relevant individuals" which means an individual:

- who is domiciled in Ireland in the tax year,
- whose world-wide income in the tax year exceeds €1m,
- whose liability to Irish income tax in the tax year is less than €200,000, and
- the market value of whose Irish property on 31 December is greater in value than €5m.

For the year 2012 and subsequent years, the requirement that an individual be an Irish citizen no longer applies.

1.3 The amount of the levy

The amount of the levy is €200,000 and is payable annually. Irish Income Tax (IT) paid by an individual in a tax year is allowed as a credit in calculating the amount of Domicile Levy due for that year. In this context, it should be noted that the Universal Social Charge (USC) is a separate and distinct tax to IT and is not, therefore, allowable as a credit in calculating the amount of Domicile Levy for any year. In addition, Pay Related Social Insurance (PRSI) is not allowable as a credit against Domicile Levy because PRSI is not IT.

1.4 When the levy is payable

The levy is payable, and a return is required to be filed, on a self-assessment basis each year on or before 31 October in the year following the valuation date. The valuation date is 31 December each year. However, in order to facilitate individuals who are paying the balance of the IT due for the year to which Domicile Levy relates using the Revenue On-Line Service (ROS) and who wish to avail of the credit for IT payable against Domicile Levy, the Pay and File deadline for Domicile Levy is extended to coincide with the Pay and File deadline for payment of the balance of IT due using ROS. When you pay and file through the ROS, the 31 October deadline is extended to mid-November.

Alternatively, for those who cannot avail of the option to file the Form DL1 through ROS and/or make the payment through ROS, you can download the return Form DL1 and:

- post the completed form to the Collector-General's Office, and
- pay through myAccount (for PAYE Customers) or by Electronic Fund Transfer (EFT) (for Non-Resident Customers).

1.5 Irish property

The term "Irish property" means all property located in the State to which an individual is beneficially entitled in possession, but does not include —

- shares in a company which exists wholly or mainly for the purpose of carrying on a trade or trades, or
- shares in a holding company which derive their value from subsidiaries which wholly or mainly carry on a trade or trades.

"Subsidiary" has the same meaning as in **section 7 of the Companies Act 2014**.

1.6 World-wide income

The term "world-wide income" means essentially an individual's gross income without regard to exemptions or reliefs. **Section 79 of the Finance Act 2017** clarifies that capital allowances or losses forward are not allowed as a deduction in computing an individual's world-wide income. Certain maintenance payments are, however, allowed as a deduction in computing an individual's world-wide income.

1.7 Shares deriving their value directly or indirectly from property

Shares deriving the whole or the greater part of their value directly or indirectly from property located in the State are treated as Irish property for the purpose of the Domicile Levy.

1.8 Debts or encumbrances

No deduction is allowed from the market value of property for any debts or encumbrances (e.g. mortgages or other loans).

1.9 Anti-avoidance provisions

The legislation contains anti-avoidance provisions which treat property which was transferred by an individual on or after 18 February 2010 for less than market value to that individual's spouse, civil partner, minor children, or to the minor children of their civil partner, discretionary trust or foundation as the transferor's property on each relevant valuation date.

1.10 Appeal, penalties and interest charged

The provisions of the TCA 1997 relating to appeals, penalties and interest charged on outstanding tax apply to Domicile Levy as they apply to IT. **Section 85 of the Finance Act 2014** amends **section 531AF TCA 1997** to enable the Revenue Commissioners:

- To issue a notice requesting an individual to deliver a return in respect of Domicile Levy, together with a payment of the Levy, within 30 days of the date of the notice – where they have reason to believe that an individual is liable to the Levy for any year.
- To impose a penalty – where an individual who is required to deliver a return in respect of the Levy fails to do so, or where the individual deliberately or carelessly makes an incorrect return in respect of the Levy.

1.11 Rate of interest charged

Failure to pay the Levy, or failure to pay it on time, can result in enforced collection through the Sheriff, Court proceedings or Attachment. Interest will be charged on outstanding Domicile Levy at the rate of 0.0219% per day or part of a day.