

Special Assignee Relief Programme (SARP)



The Special Assignee Relief Programme (“SARP”) was first introduced in Finance Act 2012 and was designed to encourage the relocation/assignment of key talent within organisations to Ireland. Successive Finance Acts since 2012 have extended the period of this relief.

The relief applies to those arriving in Ireland in any of the years from 2012 to 2022 inclusive. It is anticipated, though unconfirmed, that Finance Act 2022 will further extend the relief beyond 2022.

Once an individual qualifies for relief, they can avail of it for up to 5 consecutive tax years from their first year of claim. This is subject to **ALL** of the qualifying conditions outlined below being met in each year of claim.

Qualifying conditions

Revenue have published updated guidance over the years to provide clarity on the prevailing requirements to avail of SARP. In summary, SARP relief can be claimed by an individual who:

- Earns a minimum basic salary of €75,000 per annum (excluding all bonuses, commissions or other similar payments, benefits, or share based remuneration)
- Is tax resident in Ireland for the entire tax year that the relief is claimed
- Was not tax resident in Ireland in the five tax years immediately preceding the year of his or her arrival in Ireland
- Arrives in Ireland in any of the tax years 2012 to 2022, at the request of their “*relevant employer*” to perform, in Ireland, the duties of their employment for that employer or an associated company of their employer
- For the whole of the 6 months immediately before arrival in Ireland, was a full-time employee of a company located in a country with which Ireland has a Double Taxation Agreement

or Tax Exchange Information Agreement (a “*relevant employer*”) and carried out their work duties for that company outside Ireland

- Will perform duties for a minimum period of 12 consecutive months in Ireland from the date the individual first performs those duties in Ireland.

The employer must also certify within 90 days of arrival, that the conditions to claim the relief are met.

Advance planning

Recent Revenue guidance provided additional clarifications on some of the above qualifying conditions, to clarify circumstances where SARP relief would **NOT** be granted. These include scenarios where:

- An individual takes up their employment with an associated company in Ireland before they arrive in Ireland (a limited exception is made to allow for up to a total of five workdays abroad for the Irish company in the six months pre- arrival, subject to other conditions).
- An individual carries out work duties in Ireland in the six months prior to commencing their Irish assignment/employment (a limited exception is also made here to allow for up to a total of five workdays in Ireland working for the foreign employer. Revenue have clarified that brief trips to Ireland on holiday or on a look-see visit **in the six months immediately before arrival will not prevent the employee from qualifying for SARP, if all of the other conditions are met**).
- A significant update in Revenue’s most recent guidance is to deny the availability of SARP relief where an individual does not perform duties in Ireland **in each of** the 12 consecutive months following their arrival to Ireland. An example is provided of an employee who arrives in Ireland in

January 2022 and spends all of August 2022 on vacation outside of Ireland. In that case, Revenue's view is that the individual, who would otherwise have been entitled to claim the relief, is ineligible for SARP.

Careful planning in advance of an employee's arrival in Ireland is important to ensure this valuable relief is not unintentionally lost.

It should be noted that where the above pre and post arrival criteria for SARP are not met, the impact for the employee is not limited to the loss of the tax relief under SARP for the first year of claim but will result in losing the tax relief for every year in which the employee may otherwise have met the criteria to qualify.

How the relief works

The tax relief is 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 following formula:

$$(A-B) \times 30\%$$

A = is the amount of the relevant employee's income

B = €75,000 (however, where an employee arrives or leaves Ireland during the tax year, B is reduced accordingly).

'A' is capped at €1,000,000 for employees claiming the relief for tax years from and including 2020 onwards.

Example

John Byrne is employed by a US multinational under a US contract of employment for eight years. On 1 July 2022, John is assigned to the Irish subsidiary and will devote his time to developing the Irish operations. The assignment is expected to last for two years.

From 1 July 2022 to 31 Dec 2022, John has the following remuneration package:

Base Salary	€ 125,000
Company Car BIK	€ 6,250
Bonus	€ 30,000
Share Award	€ 10,000
School Fees	€ 4,000*
Private Travel costs	€ 3,000*
Total Package	€ 177,250

*tax relief is available for school fees (subject to certain limits) and travel costs home.

The income tax deduction under SARP would be:

$$(\text{€}171,250 - (\text{€}75,000 \times 6/12)) \times 30\% = \text{€}40,125$$

The tax savings should be 40% of this amount, i.e. **€16,050**.

John is obliged to submit an annual income tax return (on Form 11) in Ireland each tax year in which he claims SARP. The personal income tax return is due for submission on or before **31 October** of the following year.

Employer reporting requirements

An employer must file a Form SARP 1A for each employee availing of SARP relief. In order to qualify for SARP, this form must be submitted to Revenue within 90 days of the employee's arrival in Ireland to perform the duties of his or her employment here.

In addition, the employer is required to file a SARP annual return. The annual return must be made on or before **23 February** following the end of each tax year.

Employee reporting requirements

An employee availing of SARP Relief is a chargeable person and must file an annual income tax return (on Form 11) using the Revenue Online Service (ROS) by the filing deadline for the relevant tax year (31 October of the following year).

How can BDO help

The BDO Employment Tax Team helps support both domestic and international organisations in dealing with global mobility-related challenges.

We can assist in dealing with all matters relating to SARP, including:

- Review availability of relief for relevant employees
- Review compensation packages/assignment policies to assess whether relief can be claimed
- Preparation and filing of SARP application with revenue
- Advice on claiming the relief via payroll
- Assistance with employee and employer year-end returns.

Please contact a member of the BDO Ireland Employment Tax Team below for further information and discussion.



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