

# Irish domicile levy introduced for 2010 et seq

The 2010 Finance Bill has just been published and introduces an Irish domicile/nationality levy for the first time. It applies to individuals who have a certain level of Irish assets (€5 million) and whose worldwide income exceeds €1 million, no matter where the individual is resident.

The new annual domicile levy of €200,000 applies to individuals whose liability to Irish income tax is less than €200,000, whose worldwide income for a tax year is over €1 million and whose Irish situated property is valued at over €5 million on a valuation date.

## Details are:

- the levy applies to individuals who are Irish domiciled and Irish citizens regardless of residence.
- Irish income tax will be allowed as a credit against the domicile levy. To get the credit the income tax must have been paid before the due date for the levy.
- no deduction is given for borrowings in calculating the value of Irish property.
- the valuation date is 31 December commencing 2010.
- the new levy applies from 2010 and is payable on a self-assessment basis. For 2010, the levy will be payable on or before 31 October 2011.

- shares in trading companies (or holding companies whose main value derives from subsidiary trading companies) are excluded from the definition of Irish situated property for the purposes of the €5 million test.
- there are look through provisions for offshore companies deriving the greater parts of their value from Irish situated property.

## Contact

**Frank Walsh**  
Partner, Tax  
D +353 (0)1 6805 607  
F +353 (0)1 6805 806  
E [frank.walsh@grantthornton.ie](mailto:frank.walsh@grantthornton.ie)

24-26 City Quay, Dublin 2

Offices also in Limerick and Kildare

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