





Opportunities of BREXIT: Irish tax and pensions

The United Kingdom formally left the European Union (EU) on 31 January 2020. There continues to be a great deal of uncertainty about the impact Brexit will have on Ireland. Whilst we will need to plan for the uncertainty, we should also accentuate the opportunities which Brexit presents to the global attractiveness of Ireland, particularly in relation to globally mobile employees and those with UK pensions. This factsheet focuses on what Brexit means for globally mobile employees and the impact of Brexit for global employers on choice of location between Ireland and the UK.

Opportunities of BREXIT: Ireland compared to the UK

	 Ireland	 United Kingdom
 Globally mobile workers	<ul style="list-style-type: none"> free movement of people across EU member states; and Ireland and the UK may continue to make arrangements for the free movement of people between their countries. 	<ul style="list-style-type: none"> UK nationals may be required to obtain work permits and/or VISAs to visit the EU in the aftermath of Brexit; non-UK nationals may be required to obtain work permits and/or VISAs to visit the UK in the aftermath of Brexit; and employers will be faced with additional costs and time associated with administering work permits/VISAs and reviewing employee work rights and profiles.
 Social security	<ul style="list-style-type: none"> European social security regulations apply such that employees may continue to be subject to their home country social security system, whilst on a temporary assignment to another EU member state. 	<ul style="list-style-type: none"> transitional arrangements pursuant to a new draft withdrawal agreement released by the European Commission are likely to apply to those employees on assignment that start prior to 1 January 2021; the draft withdrawal agreement provides some clarity for those who were mobile prior to 31 December 2020. It appears that the existing EU regulations will continue to apply to assignments/work patterns which have started prior to the end of the transition period (ie prior to 31 December 2020), as long as the assignments/work patterns remain unchanged; the draft withdrawal agreement leaves material areas of uncertainty for those work patterns subject to frequent change and for those who become mobile only after 31 December 2020, for whom no access to the European regulations is currently envisaged; and some EU members have restricted A1 applications for employees on temporary assignment to or from the UK.



Ireland



United Kingdom



Personal tax

- individuals treated as non-domiciled in Ireland are taxed on a 'remittance basis of tax' on their overseas investment income and gains.

- as of 6 April 2017, the 'remittance basis of tax' is no longer available for long term residents (15 out of the last 20 years) in the UK; and
- long term residents will be taxed on their worldwide income going forward in the UK.



Expatriate tax regimes

- Special Assignee Relief Programme (SARP) was introduced in Ireland to encourage employers to send employees to Ireland and is particularly attractive to high earners;
- 793 employees availed of SARP relief in 2016 (up from 586 the previous year)¹; and
- applications must be submitted within 90 days of arrival.

- no similar expatriate relief programme is in place in the UK; and
- tax equalisation arrangements can be agreed where the employer undertakes to pay UK income tax, so that employees on assignment have the same net pay as in the home country.

¹ Report of the Office of the Revenue Commissioners, Analysis of Special Assignee Relief Programme 2019. <https://www.revenue.ie/en/corporate/documents/research/sarp-report-2016.pdf>



Pension Planning

- €2,000,000 Standard Fund Threshold (SFT) for lifetime pension funds taken after 7 December 2005 in Ireland; and
- any pension benefits accrued in the UK and transferred to Ireland do not count towards the individual's SFT.

- no certainty as to how benefits accrued in the UK will be treated on transfer to Ireland post-Brexit; and
- €1,055,000 lifetime allowance on pension funds in the UK.

Tax comparison: Ireland compared to the UK



Ireland



United Kingdom



International transfer from the US to Ireland and the UK

- international assignment from the US to Ireland*;
- accompanied by spouse and two children;
- base salary €150,000;
- spouse is home career to children;
- removal/relocation expenses €10,000 reimbursed by employer;
- flights and temporary accommodation paid/reimbursed by employer;
- school fees of €10,000 (€5,000 per child) reimbursed by employer; and
- meets conditions for SARP relief in Ireland.

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- school fees of €10,000 (€5,000 per child) reimbursed by employer.

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Overview of tax liabilities

- total tax liability: **€46,211**;
- tax-free reimbursement of removal/relocation expenses - no upper limit;
- accommodation and utility expenses paid tax free for first 12 months for employee and family;
- school fees paid tax-free as employee qualifies for SARP relief; and
- Irish social security is not applicable on basis Cert of Coverage is in place in the US.

- total tax liability: **€56,634** (based on a fixed rate of 0.8886);
- tax-free reimbursement of removal/relocation - up to value of £8,000;
- accommodation and utility expenses are paid tax free for 24 months, there may be restrictions for additional costs incurred for the family;
- no tax relief available for school fees, although some travel and subsistence relief is available to allow for continuity of the child's education; and
- UK social security is not applicable on the basis cert of coverage is in place in the US.

On-boarding actions: Ireland

Registration process

Before arriving in Ireland:

- if you are an EU/European Economic Area (EEA) national, then no visa/work permit requirements/entitled to have dependents come to live with you;
- if you are a non-EU/EEA national, you must obtain a relevant visa, consult with the Irish Naturalisation and Immigration Bureau (INIS) for further information;
- source accommodation in Ireland; and
- conduct an Irish tax briefing call to prepare for the move to Ireland.

After arriving in Ireland:

- all non-EU/EEA citizens are subject to immigration controls at the port of entry/airport;
- all non-EU/EEA students must register with the INIS;
- register with the Department of Employment Affairs and Social Protection and obtain a Personal Public Service Number (PPSN);
- register with Revenue, claim relevant tax credits and obtain a tax credit certificate;
- open an Irish bank account; and
- apply for SARP relief within 30 days of arrival (if applicable).

Working in Ireland:

- notify your employer/Revenue about any change in your personal circumstances throughout your employment as it may affect your tax liability; and
- review your tax liability in the year of your arrival to ensure that correct amount of tax is paid.

Contact

We have a dedicated team of tax experts in both Ireland and the UK. Please do not hesitate to contact us to discuss any tax issue in further detail.

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