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Special Assignee Relief Programme

Executive Summary
In Budget 2012, the Minister for Finance announced the introduction of the Special Assignee Relief Programme (SARP). The aim of the relief was to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in the Irish-based operations of their employer, thereby creating more jobs and facilitating the development and expansion of businesses in Ireland.

Foreign Direct Investment (FDI) has been, and will continue to be, an integral part of Ireland’s economic development strategy. SARP was introduced to compete with other countries in terms of reducing the costs for employers to avoid losing out on potentially significant investment decisions. It continues to be a critical part of Ireland’s offering in terms of attracting FDI.

SARP provides for an exemption from tax on 30% of salary between €75,000 and €500,000. There is no exemption from USC and PRSI is payable where the individual is not liable to it in their home country. School fees of up to €5,000 per annum and expenses incurred on one trip home per year, where they are paid for by the employer, are not subject to tax. The scheme was introduced for an initial three year period and on its introduction, Minister Noonan committed to a review of the scheme before it is due to end on 31 December 2014.

The review comprised of:
- An analysis of the background and rationale for the programme;
- An analysis of the data available from the Revenue Commissioners including the cost and take-up of the programme;
- Examination of the proposals and comments received from the Public Consultation on SARP which ran from 31 March 2014 to 9 May 2014;
- Consideration of discussions held with stakeholders on the programme;
- Examination of similar type programmes in a number of other jurisdictions; and
- Examination of options for SARP after 31 December 2014.

A total of 13 submissions containing 28 proposals for amendments to SARP were received from groups including industry representative bodies, government agencies, companies and accountancy firms. In addition, 10 stakeholder meetings were held to discuss the proposals further. While the proposals vary, the consensus among the stakeholders was that it is imperative that a SARP scheme should be retained as part of a package of measures to attract FDI.

A number of options have been considered such as letting SARP lapse, extending it with no change, amending the existing scheme and the introduction of new schemes. Consideration has also been given to the possible impact of the remittance basis of taxation on the scheme. These options are presented in greater detail later in this report.
1. Introduction

1.1 In Budget 2012, the Minister for Finance, Mr Michael Noonan T.D., announced the introduction of the “Special Assignee Relief Programme” (SARP). The aim of the relief was to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in the Irish-based operations of their employer thereby creating more jobs and facilitating the development and expansion of businesses in Ireland.

1.2 SARP was introduced for an initial three year period. On its introduction, Minister Noonan committed to a review of the programme before it is due to end on 31 December 2014.

1.3 Since the introduction of SARP, the Government, in its Medium Term Economic Strategy (December 2013), committed to conduct a regular programme of tax relief reviews using public consultation as appropriate and to publish the results. The commitment to review SARP was also restated in the Government’s Action Plan for Jobs 2014.

1.4 Delivering on Minister Noonan’s commitment and the Government commitment, the Department of Finance, in consultation with the Office of the Revenue Commissioners, undertook a comprehensive review of SARP in 2014.

1.5 The review comprised of:

- An analysis of the background and rationale for the programme;
- An analysis of the data available from the Revenue Commissioners including the cost and take-up of the programme;
- Examination of the proposals and comments received from the Public Consultation on SARP which ran from 31 March 2014 to 9 May 2014;
- Consideration of discussions held with stakeholders on the programme;
- Examination of similar type programmes in a number of other jurisdictions; and
- Examination of options for SARP after 31 December 2014.

1.6 This report summarises the review of SARP and has been prepared to inform the Minister in his consideration of SARP in the context of Budget 2015.

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1 Medium Term Economic Strategy
2 Action Plan for Jobs 2014 Action 258
2. Policy Context

International Perspective

2.1 From an international perspective, Ireland is considered to have a high top marginal rate of tax on income. The chart below from the OECD illustrates that Ireland had the 10th highest marginal tax rate out of the 34 members of the OECD in 2013. Although Ireland ranks 10th highest internationally, the top marginal tax rate for PAYE income in Ireland takes effect at a low income level (i.e. €32,800 for a single individual) relative to many other EU countries.

![Personal income tax & employee social security contributions (All-in rate)](chart)

Source: OECD, Table T.7, Top statutory personal income tax rate and top marginal tax rates for employees.

2.2 The OECD in a 2008 working paper ‘Tax and Economic Growth’ points to the “possibility that high top marginal rates will increase the average tax rates paid by high-skilled and high-income earners so much that they will migrate to countries with lower rates resulting in a brain drain which may lower innovative activity and productivity”. This would be re-inforced by economic literature in general, which states that marginal tax rates influence company level decisions of whether to increase or reduce labour supplied and that effective tax rates mainly impact individual level decisions of whether to take up an employment position or not. It is further reinforced by the Government commitment in its Statement of Priorities published in July 2014, in which the Government announced that “In Budget 2015, we will announce a tax reform plan to be delivered over a number of budgets to reduce the 52% tax rate on low- and middle-income earners in a manner that maintains the highly progressive nature of the Irish tax system.”

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3 OECD Statistics
4 Statement of Priorities
2.3 In recent years, international investment has become increasingly mobile. This development has been mirrored by an increased mobility of highly-skilled workers in areas of economic activity where they can generally command high salaries and associated benefits.

2.4 Many jurisdictions have put measures in place to improve their competitiveness and to ensure that they can continue to attract investment either to maintain or increase existing levels of economic activity and employment. Increasingly, these efforts have focussed on attracting skilled workers. For example, favourable tax schemes have been used to attract skilled migrants in the Netherlands, Belgium, Denmark, Finland, Norway, Sweden and Switzerland. An OECD report from 2011 on Taxation and Employment\(^5\) notes that “tax systems often impose high tax burdens on high-skilled workers, and estimates of taxable income elasticities suggest that high income recipients are more responsive than most taxpayers to tax rates. Migration does not appear to be a significant driver of these elasticities and the limited empirical evidence does not suggest migration decisions are highly responsive to tax. Nevertheless, international mobility may still be a concern for governments as high-skilled workers can add significant value to an economy. As such, there may be merit, in certain cases, in introducing tax concessions targeted at mobile high-skilled workers.”

2.5 The INSEAD Global Talent Competitiveness Index report for 2013\(^6\) states that “The war for talent between organisations has been much researched and written about, but today, we see countries, not just companies, engaged in this competition. With Asia leading the way in terms of global growth and therefore driving much of the increase in talent demand, coupled with greatly increased global connectivity and talent mobility, we see today’s highly mobile workforce seeking employment opportunities beyond their country of origin.”

2.6 The report ranks countries in terms of their competitiveness in attracting talent. The table below compares some of Ireland’s competitor countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>European Ranking</th>
<th>Global Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Denmark</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Sweden</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Belgium</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Ireland</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>France</td>
<td>14</td>
<td>20</td>
</tr>
</tbody>
</table>

2.7 In terms of taxation, Ireland ranks 34\(^{th}\) in the extent and effect of taxation on attracting talent. This report highlights the fact that countries are competing to attract highly skilled and mobile workers and that it is clear from Ireland’s rankings in this report that Ireland requires additional measures in order to attract these individuals.

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\(^5\) OECD Report on Taxation and Employment  
\(^6\) INSEAD Global Talent Competitiveness Index Report 2013
Foreign Direct Investment

2.8 The Forfás Policy Statement on Foreign Direct Investment (FDI) in Ireland notes that “Foreign Direct Investment has played a significant role in advancing Ireland’s economic development over the past decades and will continue to do so over coming decades... Ireland’s overarching FDI policy objectives to 2020 are ... to deliver sustainable job creation and wealth creation; enhance Ireland’s innovative capabilities, enable access to global value chains for Irish owned companies; and contribute to increased productivity, value add and regional economic development... Ireland continues to punch above its weight, attracting more investment per capita than most other developed countries. In 2013 Ireland was ranked 10th in terms of FDI project inflows globally, ahead of countries such as Germany, Spain and the Netherlands. It was one of the few EU countries that experienced an increase in FDI inflows in 2012.”

2.9 According to the CSO, the level of total FDI into Ireland increased from €225bn in 2011 to €258bn in 2012, the most recent year for which figures are available.

2.10 Irish industrial policy has targeted inward direct investment since the 1950s, and the share of output accounted for by foreign-owned enterprises is now large by international standards.

2.11 In 2011, 2% of all enterprises operating in Ireland were foreign-owned, with the highest share of foreign-owned enterprises (9.4%) occurring in the manufacturing sector. The share of foreign-owned enterprises in the distribution sector was 3.2% and in the services sector it was 1.9%.

2.12 Despite the relatively small share of foreign-owned enterprises operating in Ireland, these enterprises are generally large in terms of employment, employing an average of 75 persons compared with 6 employees on average for Irish-owned enterprises. They are also generally large in terms of higher value export activity.

2.13 In terms of contribution to Ireland’s economic activity, foreign-owned firms operating in Ireland accounted for about a quarter of economic activity (as measured by gross value added) in 2011. The number of persons employed in the business economy amounted to 1.15 million in 2011, of which foreign-owned firms employed 253,000 persons (22%). The highest share of employment in foreign-owned firms occurred in the manufacturing sector where it accounted for half of all employment in that sector.

2.14 According to the Forfás Annual Employment Survey 2013, the last decade has seen a decline in employment by foreign-owned firms in the manufacturing sector. However, this decline has been broadly compensated for by an increase in employment by foreign-owned firms in the services sector. This has seen an overall positive contribution to employment growth in the foreign-owned sector in Ireland in the last decade.

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7 Forfás Policy Statement on Foreign Direct Investment
8 CSO Figures for Foreign Direct Investment 2012
9 CSO Business in Ireland 2011
10 CSO Gross Value Added for Foreign-owned Multinational Enterprises and Other Sectors 2011
11 Forfás Annual Employment Survey 2013
2.15 There is a range of fundamental factors that are prerequisites to place any country in the running in an analysis of a location’s suitability for investment, such as the taxation system, access to markets and cost-base. Many countries today will meet the basic requirements to attract investment. The challenge for Ireland over the longer term is to nurture those factors that can truly differentiate our offering in a context of intensified global competition for mobile investment.

2.16 International competition for FDI continues to intensify with decisions being influenced by the ability of locations to attract management leadership in addition to the wider availability of skills. A number of countries operate quite proactive FDI policies and strategies, with attractive offerings on property, tax, visas and other incentives. Policy shifts in other countries can quickly introduce or re-introduce direct competition with Ireland for certain activities (for example the UK and others tax reform agendas). The role of cities has become increasingly important in FDI flows – not only in terms of the city itself but how it is connected and networked globally.

2.17 Availability of local talent features strongly in location selection. Governments are intensifying their focus on ensuring they are attractive destinations for internationally mobile talent. In this context, it is critical that Ireland is competitive for corporations and their senior executives considering international location options for job creating investments.

Trade, Tourism and Investment Strategy

2.18 The Government published a review of the Trade, Tourism and Investment Strategy in 2014. The purpose of that review was to look again at Ireland’s strategy to create employment by increasing trade, tourism and attracting further inward investment. One of the commitments arising from that review is to increase the number of new jobs directly associated with exporting enterprises by over 150,000, in manufacturing, tourism and internationally trading services. It also commits to the creation of the following number of new indirect jobs:

- IDA Ireland: 75,000
- Enterprise Ireland 60,000
- Tourism: 15,000

Action Plan for Jobs 2014

2.19 Section 8 of the Action Plan for Jobs 2014 discusses the ways Ireland can develop and deepen the impact of FDI. The plan states that FDI has been, and will continue to be, an integral part of Ireland’s economic development strategy. Foreign-owned firms contribute substantially to Ireland’s exports, jobs, expenditure in the Irish economy and to Exchequer funds. FDI plays a key role in stimulating the development of new sectors in Ireland, in enhancing our research, development and innovation performance and in accelerating the achievement of critical mass within sectors.

2.20 Ireland’s success in attracting FDI requires a focus on national competitiveness as well as the transformation process within client companies. Targeting of specific growth sectors and business models, increased competitiveness and an improved international reputation are key

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12 Review of the Trade, Tourism and Investment Strategy
13 Action Plan for Jobs 2014
factors that contributed to attracting FDI in recent years, all of which must be maintained through 2014 and beyond.

2.21 As part of this strategy, action 258 of the Plan commits the Department of Finance to “undertake a critical analysis of the Special Assignee Relief Programme in 2014 with a view to adapting it, if necessary.”

Base Erosion and Profit Shifting

2.22 A recurring theme in submissions received during the public consultation process on SARP is the potential opportunity that the OECD Base Erosion and Profit Shifting (BEPS) project presents for Ireland. This project is currently on-going and as part of the process the OECD is considering the international rules for taxing multi-national companies. Through the process the OECD is seeking to combat aggressive tax structures and is considering how international rules can be amended to ensure fair levels of taxation. It is expected that their proposals will seek to encourage companies to align the amount of tax they pay with the amount of substantive operations in the country in question.

2.23 One of the core pillars of the BEPS project is to better align taxing rights with substance. This alignment is the focus, to a varying extent, of a number of the 15 actions. The transfer pricing policy actions along with the work being done under action 5 by the Forum for Harmful Tax Practices will especially focus on the area of substance. While the output of all of these actions will not be finalised until 2015 the OECD has intimated that the use of low/no tax locations by multinational corporations will become increasingly difficult.

2.24 Aligning taxing rights with substance has been a cornerstone of Irish corporation tax policy since the 1950s. Hence, to the extent the BEPS actions do make it more difficult for multinationals to use “offshore”/haven locations, there are clear opportunities for Ireland to compete in the global FDI market as an attractive “onshore” location.

2.25 Decision making has and should continue to be a key building block for substance. As such, it is very important that the Irish tax regime is not only competitive from a corporation tax perspective but must also be attractive for decision making executives and mobile employees charged with key functions in these multinationals. It should also be noted that a targeted employee tax regime is not solely of benefit to foreign entities which have operations in Ireland. Indeed, the likely changes under the BEPS project will also affect indigenous Irish groups with significant foreign operations.

2.26 Ireland will play its part in the OECD BEPS process, and we believe that it will result in opportunities for Ireland as Irish based groups will need to be able to demonstrate significant substance here if they wish to avail of the 12.5% tax rate on a large portion of their worldwide profits. If an Irish group has significant operations overseas it will need to be able to show that the important decisions relating to those operations are made in Ireland and that the risks of those operations are borne by the Irish company. To be able to do this it will need to be able to attract employees with requisite experience and skills. Therefore, an attractive SARP could be used as part of a suite of measures to encourage companies to locate their substantive operations in Ireland.

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14 OECD BEPS Project
3. Other Policy Considerations

3.1 As part of their submissions, stakeholders cited a range of reasons for the low take-up of SARP. One factor which was only referred to by one stakeholder but which may be significant is the availability of the remittance basis of taxation for non-domiciled individuals.

3.2 The remittance basis of taxation provides that individuals who are tax resident in Ireland but who are not Irish domiciled are chargeable to:

- Income tax on income arising from foreign securities or possessions but only where the income is remitted to the State, and
- Capital gains tax on the disposal of foreign assets only to the extent that such gains are remitted to the State.

3.3 A foreign employment contract is treated as a foreign possession. To the extent that income arising under such a contract is attributable to the performance in the State of the duties of an office or employment, that income is taxable in the State. However, where the duties are exercised outside the State, the income from such duties is taxable in the State only to the extent that it is remitted here.

3.4 As noted in the submissions by stakeholders, many of the individuals at whom SARP is aimed are highly mobile and may perform a significant amount of their duties outside the State. For example, one submission notes that “in many cases, executives recruited to Ireland are likely to have responsibility for operations in other parts of the EMEA region and it would be necessary for them to spend time working in other countries”.

3.5 Where such individuals are not domiciled here they may arrange for the work carried out in other jurisdictions to be performed under a foreign employment contract and avail of the remittance basis which may be of greater benefit than SARP.

3.6 At present, an Irish resident individual availing of the remittance basis does not have to disclose what amount of his/her worldwide income has not been charged to Irish tax as a result of the application of the remittance basis. Because of this, it is not possible to say with certainty how many individuals have availed of the remittance basis or the amount of income which has not been charged to Irish tax due to the availability of the remittance basis. In turn, this means that it is not possible to determine the extent to which the availability of the remittance basis accounts in part, at least, for the low take-up of SARP to date by non-domiciled individuals.

3.7 A detailed examination of the remittance basis of taxation is beyond the scope of this report. However, to assist in future reviews of the SARP incentive, it may be necessary to amend the reporting requirements relating to the remittance basis to capture information on the extent to which it is being used.
4. **Objectives of SARP**

4.1 The aim of SARP is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in the Irish-based operations of their employer thereby creating more jobs and facilitating the development and expansion of businesses in Ireland. In addition, it seeks to attract highly skilled mobile talent to Ireland.

4.2 The availability of SARP is intended to reduce the employer’s costs of remunerating certain highly skilled individuals, such that those individuals will be willing to take up a temporary position in Ireland, overcoming the reluctance that would have been present if the individual would have lost out financially (i.e. ending up with less take home pay than they would have received had they not taken up the assignment). Such individuals are traditionally assigned to assist the Irish operations to pursue new projects or open new lines of business, thus leading to increased competitiveness and employment. The attraction of such individuals and the additional employment and investment that they bring has become a global business.

4.3 In the absence of an assignee tax relief regime, many multinational companies attract such highly skilled individuals by guaranteeing that the net salary of the assignee will not be reduced as a result of the relocation. Such policy is known as tax equalisation and the company would usually increase the gross salary of the employee to a level that would compensate the employee for increased taxes or social charges in the country to which they are being assigned. Therefore, in countries such as Ireland, where marginal rates of tax can be considered to be high, an international company wishing to assign one of its key employees to its Irish operations may face increased costs.

4.4 While some employers will be prepared to face the additional cost of relocating an employee to a jurisdiction with higher income taxes, others might not be prepared to do so, and this may impact on their investment or business decisions in that jurisdiction. In addition, not all employers will operate a tax equalisation regime, as was noted at some of the stakeholder meetings that were held as part of the review process.

4.5 A number of other jurisdictions apart from Ireland have special assignee tax regimes which provide certain tax reliefs for highly skilled or mobile assignees, further reducing the equalisation costs that employers have to bear for such assignees. These are discussed later in the report.

4.6 SARP was introduced recognising that Ireland needs to be able to compete with such countries in terms of reducing the costs for employers in order to avoid losing out on potentially significant investment decisions.
5. History of SARP

5.1 Prior to 2006, the remittance basis of taxation applied to the income derived from a foreign employment held by an individual who is Irish tax resident but not Irish domiciled. Income tax was payable only on the amount of income that was ‘remitted’ to Ireland. Such income was outside the scope of the PAYE system with any tax due being payable by way of the self-assessment tax system.

5.2 From 2006 onwards fundamental changes were introduced. These changes provided that income in respect of foreign employment duties exercised in Ireland was fully taxable here and subject to the PAYE collection mechanism. Foreign employment income in respect of duties exercised outside the State continued to be only taxable on the amount remitted here.

5.3 Following the curtailment of the remittance basis of taxation from 2006 onwards, representations were received seeking the introduction of an incentive to attract highly skilled individuals to live and work in the State. A new regime “Repayment of tax where earnings not remitted” was designed and introduced in Finance (No. 2) Act 2008. This relief operated so that, instead of paying tax here on the income attributable to the duties exercised in the State, the individual paid tax only on the greater of:

i. that income from the employment which was actually remitted to the State; or
ii. 100,000 plus 50% of the income from the employment in excess of €100,000.

The relief was paid by way of refund at the end of the tax year.

5.4 Although a breakdown on the figures are not available as they were not recorded at the time, the level of take-up of the refund scheme was very low, highlighting the need for some level of reform. Reasons cited for the low take-up included the fact that it was restrictive in terms of individuals who qualified, particularly in relation to the requirement to have never paid tax in Ireland previously and the inability of individuals remit their incomes into the country.

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15 Revenue Manual on the Remittance Basis of Assessment
6. **Introduction of Current SARP**

6.1 The Special Assignee Relief Programme was announced in Budget 2012 and enacted in Finance Act 2012\(^\text{16}\). In his Budget speech, the Minister re-affirmed Ireland’s commitment to the 12.5% corporation tax rate and said “while the package of attractions for inward investment has been very successful, I believe with some adjustments more jobs can be created. As part of that strategy, I will introduce a “Special Assignee Relief Programme”. This will allow multinational and indigenous companies to attract key people to Ireland so as to create more jobs and to facilitate the development and expansion of businesses in Ireland.” The scheme was made available for 3 years, until 31 December 2014, at which time it would be reviewed.

7. **Description of SARP**

7.1 SARP provides for income tax relief on a portion of income earned by employees who are assigned by their relevant employer to work in the State for that employer (or for an associated company of that employer) and who previously worked for that employer for a minimum period of 12 months in a country with which the State has a double taxation agreement or a tax information exchange agreement\(^\text{17}\) prior to the assignment to Ireland.

7.2 An exemption from income tax on 30% of income between €75,000 and €500,000 is provided for employees that are assigned for a minimum of 1 year. However, there is no exemption from the Universal Social Charge (USC). Social Insurance is also payable where the individual is not liable to it in their home State.

7.3 The relief is provided for a maximum of 5 years.

7.4 The claimant must be tax resident in Ireland and not tax resident in another State in the relevant tax year. One trip home per year is allowed tax free, along with certain removal and relocation expenses\(^\text{18}\), if an employer chooses to fund these.

7.5 In recognition of differences in school curriculums and primary languages spoken by the assignee and/or their children, vouched school fees of up to €5,000 per annum where paid by the employer on behalf of an employee are allowed free of benefit-in-kind taxation.

7.6 The programme is not a specified relief for the purposes of to the high earners’ restriction\(^\text{19}\) and is not restricted to employees working within any particular sector of the economy.

**Method of Claiming the Relief**

7.7 An employee who wishes to claim SARP must firstly make an application to Revenue by submitting a Form SARP 1 (see Annex 1). The form must be certified by the company that is employing the individual in the State – be it the relevant employer or the associated company.

\(^\text{16}\) Finance Act 2012  
\(^\text{17}\) Revenue Manual on SARP  
\(^\text{18}\) Revenue Manual on Removal/Relocation Expenses  
\(^\text{19}\) The high earners’ restriction limits the amount of reliefs that can be claimed in any one year to €80,000 where income is greater than €125,000
7.8 Relief can be granted in one of two ways. Firstly, an individual can claim the relief after the end of the tax year by submitting a tax return to Revenue. Alternatively, an employer may make an application to Revenue (also on the Form SARP 1) for permission to grant relief at source through the PAYE system. Provided the employee continues to satisfy all of the conditions throughout the period of assignment, relief can continue to be given through the PAYE system for the duration of that period subject to relief being granted for a maximum of five consecutive tax years.

7.9 Where for a tax year a relevant employer or associated company certifies that a relevant employee meets the qualifying conditions, the relevant employer or associated company must deliver an annual return to the Revenue Commissioners setting out certain details in respect of each employee (see Annex 2).

7.10 In addition, the relevant employer or associated company must provide details of the increase in the number of employees engaged by the company, and/or details of the number of employees retained by the company as a result of the operation of the relief.
8. Cost of SARP to the Exchequer

8.1 When introduced, it was estimated that for every 100 individuals that availed of the scheme, the cost to the Exchequer in terms of tax foregone would be €5 million per annum. This equates to a maximum tax exemption per individual of €52,275, based on the maximum qualifying salary of €500,000 (€500,000 - €75,000 = €425,000 x 30% = €127,500 x 41%).

8.2 Worked Example – Table 1 below

A single individual comes to Ireland on a salary of €200,000 and is entitled to personal tax credits of €3,300.

Table 1 – Worked Example

<table>
<thead>
<tr>
<th></th>
<th>SARP with PRSI*</th>
<th>SARP without PRSI*</th>
<th>No SARP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt income</td>
<td>€37,500</td>
<td>€37,500</td>
<td>0</td>
</tr>
<tr>
<td>Standard Rate Tax Paid</td>
<td>€6,560</td>
<td>€6,560</td>
<td>€6,560</td>
</tr>
<tr>
<td>Higher Rate Tax Paid</td>
<td>€53,177</td>
<td>€53,177</td>
<td>€68,552</td>
</tr>
<tr>
<td>Total Tax Paid (less credits)</td>
<td>€56,437</td>
<td>€56,437</td>
<td>€71,812</td>
</tr>
<tr>
<td>USC</td>
<td>€13,319</td>
<td>€13,319</td>
<td>€13,319</td>
</tr>
<tr>
<td>PRSI</td>
<td>€8,000</td>
<td>0</td>
<td>€8,000</td>
</tr>
<tr>
<td>Effective tax rate (incl USC &amp; PRSI where applicable)</td>
<td>38.88%</td>
<td>34.88%</td>
<td>46.57%</td>
</tr>
</tbody>
</table>

*It should be noted that a SARP assignee is only charged PRSI if they are not liable to it in their home State.

8.3 Table 2 below compares the effective tax rates, including USC, PRSI and personal tax credits of €3,300, for individuals on a range of salaries who could qualify for SARP, versus those who could not.

Table 2 – Comparison of Effective Rates

<table>
<thead>
<tr>
<th>Salary Level</th>
<th>SARP</th>
<th>No SARP</th>
</tr>
</thead>
<tbody>
<tr>
<td>€80,000</td>
<td>37.65%</td>
<td>38.41%</td>
</tr>
<tr>
<td>€100,000</td>
<td>38.06%</td>
<td>41.13%</td>
</tr>
<tr>
<td>€200,000</td>
<td>38.88%</td>
<td>46.57%</td>
</tr>
<tr>
<td>€300,000</td>
<td>39.15%</td>
<td>48.38%</td>
</tr>
<tr>
<td>€500,000</td>
<td>39.37%</td>
<td>49.83%</td>
</tr>
<tr>
<td>€800,000</td>
<td>44.11%</td>
<td>50.64%</td>
</tr>
</tbody>
</table>

8.4 Based on data obtained from employer returns for 2012, employers have indicated that the amount of income in respect for which tax was not deducted for 2012 was €272,491. Taking the marginal rate of income tax of 41% this implies that the cost of the relief in 2012 was approximately €0.1 million.
9. Take-up and Statistics

9.1 Take-up of the scheme has not been as high as expected. The first year of the programme was 2012 and Table 3 below shows the level of take-up:

<table>
<thead>
<tr>
<th>Table 3 – Level of Take-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
</tr>
<tr>
<td>Number of employers</td>
</tr>
<tr>
<td>Number of jobs created</td>
</tr>
<tr>
<td>Number of jobs retained</td>
</tr>
</tbody>
</table>

9.2 Preliminary statistics for 2013 are set out in Table 4 below:

<table>
<thead>
<tr>
<th>Table 4 – Preliminary Statistics for 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of claimants in 2013</td>
</tr>
<tr>
<td>Number of claimants that also claimed in 2012</td>
</tr>
<tr>
<td>Number of new claimants in 2013</td>
</tr>
<tr>
<td>Number of claimants to date in 2014*</td>
</tr>
</tbody>
</table>

*Very tentative figures

Costs are not yet available as Form 11 returns for 2013 have not yet been filed.

9.3 The figures demonstrate that the numbers availing of SARP are showing some increased levels of take-up which may be down to an increased awareness of the programme’s existence.

9.4 It is difficult to draw any definite conclusion from the low take-up or the recent increased take-up. A number of stakeholders stated during the consultation process that they consider that SARP warrants change to improve its attractiveness.

9.5 During the review, a number of stakeholders also expressed the view that the few who had availed of SARP to date had ‘fallen into’ the relief rather than it being a deciding factor in their decision to relocate. This would suggest some deadweight in the scheme as it currently exists. However, for others, although the take-up would still be considered low, it suggests that the programme has been beneficial in achieving, to a limited extent, the targeted objective set for it.

9.6 There are no restrictions on the business sectors that can avail of SARP. The employer must be incorporated and tax resident in a country or jurisdiction with which Ireland has a Double Taxation Agreement or Tax Information Exchange Agreement. Current statistics indicate that the company profile of the current claimants is diverse, including the following sectors:

- Business Consulting
- IT
- Pharmaceutical
- Financial Services
- Shared Services
- Software development, marketing and supply
- Telecommunications
10. Quantification of Benefits

10.1 One of the issues with SARP as it currently operates is that it has proved difficult to measure the benefit of the scheme given the lack of available data and the initial low levels of take-up. As mentioned above, 12 individuals availed of the scheme in 2012. While it is not certain that the existence of SARP was the deciding factor in their decision to locate in Ireland, if it were the deciding factor, then the benefit to the Exchequer can be measured by the amount of tax paid by these individuals and the taxes payable on any ancillary jobs created. Equally, if they brought family members with them, their additional spend in the economy could also be included.

10.2 Notwithstanding the above, the increased levels of take-up in 2013 show that the scheme may be proving more effective than in its initial year, with 24 new claimants. One of the reasons for this increase could be the requirement for an individual to be tax resident in Ireland and not tax resident elsewhere. This can serve to preclude individuals from claiming SARP in their year of arrival as they could continue to be tax resident in the State from which they have been assigned.

10.3 While one of the underlying aims of SARP was to help create employment, under the current scheme it is not mandatory to create jobs in order to qualify for SARP. The employer is asked on a claim form (SARP Employer Return – see Annex 2) to provide details of the increased number of employees or the number of employees retained as a result of the individual claiming the relief. According to the claim forms received for 2012, the number of jobs created was only 5.

10.4 The low number of jobs created as a result of SARP indicates that the scheme has not provided any significant increase in employment and suggests that this aspect of the scheme could be strengthened if SARP is to be extended (or amended in any way) beyond 31 December 2014.

10.5 There is also a lack of measurable evidence that the scheme has resulted in an increase in Foreign Direct Investment or the rollout of new projects within the companies concerned. This is an aspect that could be strengthened if SARP is to be extended (or amended in any way) beyond 31 December 2014.

10.6 It is clear from the public consultation that stakeholders believe that an amended SARP is an important part of Ireland’s offering to multinational corporations in attracting FDI to Ireland.
11. International Comparisons

11.1 The following is a summary of the research carried out into schemes available for foreign assignees in other European jurisdictions. It details tax supports for assignees similar to SARP that exist in a number of developed economies in Europe. The overall results of the research show that there is no uniform tax incentive that suits all countries and individuals, and that each country has tried to tailor their incentives in order to meet their specific needs.

11.2 One of the views shared by many of the stakeholders who made submissions to the public consultation process was that the SARP offering does not compare favourably to similar reliefs in some other jurisdictions.

11.3 International competition for FDI continues to intensify with decisions being influenced by the ability of locations to attract management leadership in addition to the wider availability of skills.

11.4 As mentioned earlier in the report, the OECD Base Erosion and Profit-Shifting (BEPS) project presents opportunities for Ireland. It is expected that the OECD project will seek to encourage companies to pay their Corporation Tax in the country where their substantive operations are located.

11.5 It is more important than ever, therefore, that Ireland maintains and builds on efforts to increase FDI to ensure that it is competitive and attractive for corporations and their senior executives when they are taking decisions on where to locate their investments and job creating capacity.

11.6 It is clear from discussions with the Department of Jobs, Enterprise and Innovation, Enterprise Ireland, the IDA and other stakeholders that more could be done to improve Ireland’s attractiveness for FDI and that an enhanced SARP or similar type scheme could play an important part of the overall package aimed at improving Ireland’s competitiveness in this regard. Many of the stakeholders pointed to SARP-like schemes currently in force in the Netherlands, France and Switzerland which, in their view, highlight the failings of SARP in Ireland and how the programme might be enhanced to improve Ireland’s offering in this area.

11.7 Comments from stakeholders include:

“The Netherlands and France are more competitive as their schemes are far more broad based.”

“The Dutch scheme is simple and competitive.”

“The Netherlands and France are big competitors. Their schemes are easy to understand and operate. The Netherlands scheme has put them on the map as a place to locate.“

The following section outlines SARP-like schemes in the Netherlands, France and Switzerland.

Netherlands

11.8 The Dutch scheme is commonly known as the “30% rule”. This scheme provides an exemption from tax on 30% of salary for up to 10 years for qualifying assignees. In the main, the
assignee must have a salary of at least €36,378, however this can be lower depending on the academic qualifications of the assignee. While the relief is broadly skills based there is no particular skills test that an individual must pass in order to qualify. Therefore, a diverse range of individuals avail of this relief. Moving costs, housing, travel expenses etc. can be paid tax-free if not using the exemption. School fees for international schools are eligible in addition to the exemption.

11.9 While there are no statistics available on the cost of the relief to the Dutch exchequer, the number of claimants are available and are outlined in Table 5 below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Claimants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>13,366</td>
</tr>
<tr>
<td>2010</td>
<td>12,798</td>
</tr>
<tr>
<td>2011</td>
<td>14,457</td>
</tr>
<tr>
<td>2012</td>
<td>13,581</td>
</tr>
</tbody>
</table>

Observations on the Dutch Model
11.10 The review noted that the Dutch scheme has a high level of take-up. In an Irish context, it could be argued that a key decision maker/employee who is responsible for creating additional jobs would be expected to be on a salary well in excess of the Dutch threshold.

11.11 While the Dutch scheme has been repeatedly cited as an example of a preferred scheme to consider in place of SARP, the Dutch model is much broader (in terms of targeting more than just key employees) and more generous than SARP in terms of the quantum of tax relief offered. Furthermore, it applies to new entrants whereby the assignee is not required to have worked for the parent company before being assigned to the company operations in the Netherlands.

France
11.12 France provides a special exemption scheme for expatriates who have not been tax resident in France for the previous 5 years. The scheme is available for a maximum of 5 years. Individuals receive an exemption from income tax on any bonuses directly related to their employment and bonuses for work undertaken abroad for the company. Total exemptions are capped at 50% of all remuneration or 20% of taxable income for work performed abroad.

11.13 In addition, payments for expenses such as moving expenses, trips home, school fees etc. are tax-free. A 50% exemption for income from securities, copyright royalties and CGT may also be provided. During their assignment, expatriates are only liable for the French wealth tax (up to 1.5% of the value of assets) on their assets located in France.

Observations on the French Model
11.14 By way of an example, an individual is assigned to France on a salary of €200,000, including an expatriation bonus of €50,000 and €33,000 for work undertaken abroad. If the individual chooses the 50% exemption on all remuneration, they can receive an exemption of €83,000. This equates to an exemption from tax of 41.5% of income.
Switzerland
11.15 The tax system in Switzerland is quite complex as tax is charged at both a federal and canton level. Switzerland is split into 25 cantons, each of which has its own tax rates. Local tax rates can be negotiated individually, principally for companies, as cantons compete with each other to attract multinationals and individuals.

11.16 There is no national rule on the treatment of assignees in Switzerland however, most cantons do give assignees some level of preferred tax treatment. Tax rates include certain tax-free allowances for work-related expenses, insurance premiums and family upkeep. Expenses such as moving costs and tuition for international schools can also be deductible.

Observations on the Swiss Model
11.17 By way of an example, assignees in the canton of Zurich who are considered to be senior staff or specialists and are assigned for a maximum of 5 years can avail of tax-free expenses such as accommodation costs, travel costs, meals, moving costs and school fees. In addition, they pay an overall tax rate of approximately 14%.

11.18 While in and of themselves these deductions might not appear to be very generous, when combined with low tax rates, they can be very attractive depending on the canton chosen.
12. Literature Review

Commission on Taxation
12.1 In its report of 2009\textsuperscript{20}, the Commission on Taxation made a recommendation that a carefully targeted incentive should be introduced to attract key skills into Ireland. The main points of the Commission’s proposal are set out below:

- The employment related relief that was introduced in 2008 should be abolished;
- The new scheme should be based on specific skills, a list of which could be developed by the Department of Jobs, Enterprise and Innovation (DJEI) in conjunction with the Expert Group on Future Skills Needs;
- An employer would have to prove that the skills could not be sourced domestically;
- The tax exemption should be given by way of deduction from the individual’s taxable income;
- The exemption should be capped at 25\% of total income, subject to an income ceiling of €250,000. Therefore, the maximum tax foregone per individual would be €25,625 (€250,000 x 25\% x 41\%); and
- The scheme would only be available to an individual for a maximum of three years.

12.2 The SARP that was subsequently introduced in 2012 was, in effect, a more generous tax relief for assignees than that recommended by the Commission on Taxation but was targeted differently, geared more towards the attraction of decision makers than specific skills.

Innovation Taskforce
12.3 The Innovation Taskforce in its 2010 report “Innovation Ireland”\textsuperscript{21} also recommended that Ireland should develop an attractive and competitive high value mobile talent regime. However, the report is less specific in relation to the parameters that should govern such a scheme.

National Competitiveness Council
12.4 The National Competitiveness Council report on the Costs of Doing Business in Ireland for 2014\textsuperscript{22} states that gross earnings are the 8\textsuperscript{th} highest in the euro area while net wages are the 6\textsuperscript{th} highest. It further states that the cumulative impact of increases in income taxes, changes to bands, the introduction of the Universal Social Charge etc. have weakened competitiveness since the onset of the recession. The combined effect of increases in income taxes and social security contributions have been most noticeable for higher earners.

12.5 The rate at which taxation is levied on labour is a major determinant of both an employer’s decision to retain or hire individuals, and of the take-home pay of workers. As a result of changes in taxation levels, workers increase or decrease the pre-tax wage they bargain for in wage negotiations, ultimately impacting upon total labour costs. A competitive income taxation system is therefore a critical component of a competitive economy.

\textsuperscript{20} Commission on Taxation
\textsuperscript{21} Innovation Taskforce Report 2010 Recommendation 8.10
\textsuperscript{22} National Competitiveness Council Cost of Doing Business in Ireland 2014 Report
Expert Group on Future Skills Needs

12.6 The Expert Group on Future Skills Needs publishes regular reports which outline the skills gaps in the workforce. Their most recent report[^23] on the labour market in 2013 states that the highest share of mentions of difficult to fill vacancies was for professional posts in IT, engineering, science, health, business and limited openings in construction as well as multilingual sales and multilingual customer care roles.

12.7 Between 2010 and 2013 the number of new work permits issued declined by 19% from almost 3,800 to just over 3,000. The changes in the composition of the employment permits by sector are presented in the chart below. In 2010, the distribution of employment permits was relatively evenly spread across sectors but by 2013 new permits issued to the IT sector accounted for over half of all permits issued.

12.8 Sectors such as services, healthcare, retail and catering saw a significant fall off in the number and share of new permits issued. The financial services sector was the only other sector to see an increase in work permits over this period albeit at a lower rate. In the more recent period between 2012 and 2013, an increase of 3% in the number of work permits issued occurred with increases in the IT sector (+27%), financial services (+21%) and manufacturing (+30%). The catering sector had the largest year on year percentage decline at 40%.

![Chart 1 – Composition of Employment Permits](chart1.png)

Source: [DJEI](http://www.djei.ie)

Comment

12.9 The current SARP is not skills specific but is designed for the assigning of key employees with a minimum salary of €75,000, which would infer the assignee has a skill and is more likely to be a decision maker in respect of creating jobs/generating investment. Targetting sectors as identified by the Expert Group on Future Skills Needs without a minimum salary level could lead to thousands of employees being recruited to multinational corporations qualifying for the relief.

[^23]: Expert Group on Future Skills Needs
This would likely lead to job displacement as it would be cheaper for the multinational corporations to hire foreign workers over Irish individuals who have the relevant skills.

13. Public Consultation

13.1 On 31 March 2014, the Minister for Finance, Mr Michael Noonan T.D., announced the commencement of a public consultation process on SARP in addition to a number of other tax schemes. The public consultation on SARP ran for six weeks and closed on 9 May 2014. Analysis of the proposals received is set out below. Following the public consultation period, officials from the Department of Finance and the Office of the Revenue Commissioners engaged in a series of meetings with key stakeholders to further discuss their proposals and views on SARP. The views and experience on SARP that the stakeholders have shared with the Department and Revenue during the consultation process has been an important contribution to the review of SARP and the Department wishes to express its appreciation for these contributions.

Analysis of Proposals Received

13.2 A total of 13 submissions containing 28 proposals for amendments to SARP were received from groups including industry representative bodies, government agencies, companies and accountancy firms. In addition, 10 stakeholder meetings were held to discuss their proposals further. While the proposals vary, the consensus among the stakeholders was that it is imperative that a SARP scheme should be retained as part of a package of measures to attract FDI.

13.3 The most frequently cited proposals for amendments are set out below:

- Open the scheme to new hires
- Provide an increased level of tax relief
- Remove the requirement to not be tax resident elsewhere
- Include relief from USC and PRSI
- Remove/Alter the upper or lower thresholds
- Remove the restriction on overseas duties
- Simplify the application and reporting requirements

Proposal 1: Open the scheme to new hires

13.4 In order to qualify for SARP, an individual must have been employed by the company overseas for a minimum of 12 months. This proposal would abolish this requirement and open the scheme to new hires.

13.5 A total of 9 of the 13 submissions sought this amendment, which equates to 69% support for this proposal. Fig 1 below details the breakdown of the submissions:
A sample of comments made in support of new hires is set out below:

“Companies who have set up their first international operations... do not have a local EU talent pool to move employees within the organisation to the Republic of Ireland. Therefore... the company will need to hire new talent from outside the organisation to establish and support its Irish organisations.”

“The current regime requires an individual to be employed by the parent company for 12 months prior to moving to Ireland to qualify for SARP. This has restricted some senior executives who have recently joined the company from being able to qualify for SARP.”

“It is vital the relief is available to all new hires as the current restriction has greatly limited the usefulness of SARP in rapidly growing sectors and in those sectors facing skills shortages at an international level.”

“The removal of the prohibition on new hires being eligible for the relief would facilitate organisations in attracting the specific key talent from outside the organisation which may be needed to drive the business forward.”

“SARP is unavailable as a tool for certain companies in trying to incentivise key talent to relocate to Ireland. This problem is particularly acute in the case of start-up companies... where all employees will be new hires.”
**Observations on Proposal 1**

- To include new hires could cause job displacement in the Irish labour market. If, for example, an Irish tax resident individual and a foreign based individual with similar skills both applied for the same job, it would be less costly for the employer to hire the foreign based individual. This would place the Irish tax resident individual at a considerable disadvantage.

**Proposal 2: Provide an increased level of tax relief**

13.7 While many different rates of relief were proposed, in summary it was proposed was to replace the current scheme of an exemption from income tax on 30% of salary between certain thresholds with a more generous level of relief.

13.8 A total of 8 of the 13 submissions sought such an amendment, which equates to 62% support for this proposal. Fig 2 below details the breakdown of the submissions:

![Fig 2: Breakdown of submissions in relation to Proposal 2](image)

13.9 A sample of comments made in support of this proposal is set out below:

“To continue to have the high level of substance underpinning mobile (FDI and from Irish MNCs) investment that Ireland secures, it is important to ensure a competitive offering to attract senior executives/highly skilled mobile workers to locate in Ireland. It is understood that the effective rate would need to be approximately 30%... to be competitive internationally.”

“The tax exemption should be increased to 35% in order to place Ireland as ‘best in class’.”
“It should have an attractive and competitive level of relief similar to the Dutch model, so that a flat rate of relief applies to all of an individual’s income... we need a regime that is at least as competitive... but ideally better, e.g. 35% relief.”

“The relief should aim to be best in class or at least internationally competitive. By increasing the relief to 35% of qualifying income... would go some way to achieving this goal.”

“We recommend that the percentage of income which is eligible to be treated as disregarded income for income tax purposes should be increased from 30% to at least 50%.”

“For individuals earning above €100,000 per annum... taxable earnings above this threshold are subject to tax at an effective rate not exceeding 20%.”

### Observations on Proposal 2

- It would align Ireland’s offering more closely with Ireland’s competitor jurisdictions.
- It would increase the attractiveness of the scheme, but as happened when the scheme was introduced in 2012, it could be criticised on the basis that these individuals would receive more favourable treatment than Irish taxpayers. However, it should be borne in mind that these assignees would most likely not come to Ireland in the absence of such a scheme and therefore the tax paid to the Exchequer would be a net gain in terms of revenue in addition to any investment and employment created as a result of the assignment.
- An overall tax rate would be much simpler to communicate to individuals seeking to avail of the scheme.

### Proposal 3: Remove the requirement to not be tax resident elsewhere

13.10 The individual must be tax resident in Ireland and not tax resident elsewhere in order to qualify for the current relief. This proposal would see relief being granted to individuals irrespective of their tax resident status elsewhere.

13.11 A total of 7 of the 13 submissions sought this amendment, which equates to 54% support for this proposal. Fig 3 below details the breakdown of the submissions:
A sample of comments made in support of this amendment is set out below:

“The imposition of a rule where an individual must be tax resident in Ireland and not elsewhere to qualify for the relief can be punitive against families where both partners are unable to move to Ireland for the employment.”

“This restriction causes issues, particularly in the first year of an assignment where the assignee may be dual-resident in Ireland and another country for all/part of the first year of assignment. The issue also causes a concern for US citizens who remain tax resident in the US by virtue of their citizenship.”

“This condition to be resident in Ireland and not resident elsewhere ... has had a disproportionate impact on the availability of the relief... Due to domestic US residence rules, individuals can, depending on their travel pattern, remain subject to US tax for several years following the commencement of an assignment to Ireland... The legislation creates difficulties for assignees to Ireland in their year of arrival.”

“Key executives with roles in multinational corporations often have global roles and the Irish operations of such enterprises may not require the senior executives to be located in Ireland for in excess of 183 days in a year. However, such executives can be subject to tax in Ireland even if they are not tax resident in Ireland.”

“The availability of the relief should simply be based solely by reference to the individual’s tax residence in Ireland under domestic tax rules.”
Observations on Proposal 3

- The existing requirement effectively means that an individual coming to Ireland mid-year may not qualify for the SARP until the following year.
- In addition, due to the different rules applied in different jurisdictions for determining tax residence, it can be difficult for some individuals to ever satisfy the conditions of the relief.

Proposal 4: Include relief from USC and PRSI

13.13 Currently, the exemption from tax available under SARP only includes income tax. This proposal would result in relief being provided against income tax, USC and PRSI.

13.14 A total of 7 submissions sought this amendment, which equates to 54% support for this proposal. Fig 4 below details the breakdown of the submissions:

![Include Relief from USC and PRSI](image)

**Fig 4: Breakdown of submissions with regard to Proposal 4**

13.15 A sample of comments in support of this amendment is set out below:

“The inclusion of the USC in the relief would make Ireland appear more attractive from candidate’s perspective in terms of net remuneration for the first 5 years.”

“Where substance based investments into Ireland require the relocation of senior executives... a competitive personal tax rate (including USC and PRSI) of 30% apply for all income...”

“The relief should provide an exemption from tax on all work – and should therefore include both USC and PRSI.”

“The relief should be applied to income tax, PRSI and USC. The current position is at odds with other reliefs in the legislation, such as flights and/or school fees, which are exempt from income
tax, **USC** and **PRSI**. This adds cost to employers and employees and to the complexity of the administration of the relief.”

“...**SARP relief** does not extend to reduce an individual’s liability to **USC** or **PRSI** (to the extent applicable)... with a view to simplifying the relief and making an individual’s effective tax rate more transparent... **SARP relief** should be extended to apply to **USC** and **PRSI**.”

**Observations on Proposal 4**
- The **USC** has been applied across a broad base with few exemptions and to include relief from **USC** could be seen as unfair and would undermine the **USC** base.
- Currently, an individual is only liable to **PRSI** in Ireland where they are not liable to it in their own State.

**Proposal 5: Remove/Alter the Upper or Lower Income Thresholds**
13.16 **SARP** provides an exemption from income tax for 30% of salary between €75,000 and €500,000 per annum.

13.17 A total of 6 of the 13 submissions sought this amendment, which equates to 46% support for this proposal. Fig 5 below details the breakdown of the submissions:

*Fig 5: Breakdown of submissions in relation to Proposal 5*

13.18 A sample of comments made in support of this amendment is set out below:

“**Reduction in the overall lower threshold of salary income... could entice management levels, vital for the success of operations, to come to Ireland.**”
“The relief is less attractive than the relief available in competitor jurisdictions, resulting in a higher tax cost for assignees based in Ireland. The income cap on the relief limits the benefit of the relief for top earners who are likely to be the key decision makers who can bring jobs to Ireland.”

“The lower income limit for eligibility currently excludes individuals who might have the requisite skills which are in short supply (such as foreign languages). It is also arguable that the upper income threshold is too restrictive for leadership talent and is more limiting than that available in competing jurisdictions.”

“This cap does not reflect the salary levels of the key executives that the relief is designed to target and incentivise.”

“This relief (even uncapped) should not represent a cost to the Exchequer… High earning non-doms are highly mobile with no special attachment to Ireland. If we had a competitive offering for them, the resultant increase in economic activity here would benefit the economy, the Exchequer, hard pressed taxpayers and the unemployed.”

<table>
<thead>
<tr>
<th>Observations on Proposal 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The lower threshold of €75,000 could be seen as reasonable as it indicates a certain level of management/decision-making/experience/knowledge/skill and that the assignee is a key employee of a company. If an individual is on a salary of less than this, it is less likely that the individual is the key decision maker in the company.</td>
</tr>
<tr>
<td>• The upper threshold was designed to provide a measure of protection to the Exchequer. To remove this threshold would allow more of an individual’s salary to qualify for the relief. However, it is anticipated that the number of such individuals i.e., above the €500,000 threshold would be low, but those who do avail of it at a high level of salary were represented by stakeholders to be key decision makers/influencers in terms of investment and employment creation for their company in Ireland.</td>
</tr>
</tbody>
</table>

**Proposal 6: Remove the Restriction on Overseas Duties**

13.19 Currently, the individual availing of SARP can only perform incidental duties outside of the State. This proposal would provide greater flexibility in terms of employees being able to travel and work abroad for their employer during the year, reflecting a more global marketplace.

13.20 A total of 5 of the 13 submissions sought this amendment, which equates to 38% support for this proposal. Fig 6 below details the breakdown of the submissions:
A sample of comments in support of this amendment is set out below:

“This restriction is too unclear and unduly restrictive. In many cases, executives recruited to Ireland are likely to have responsibility for operations in other parts of the EMEA region and it would be necessary for them to spend time working in other countries.”

“The relief should reflect the fact that overseas travel is an integral part of any business which operates across borders and the relief should not operate in a way which would restrict normal business travel.”

Observations on Proposal 6

- The restriction on the amount of overseas duties was included to prevent possible abuses of the scheme whereby an employee would be based in Ireland for tax purposes but would effectively be working abroad for the greater part of the year.
- However, it has been pointed out that the restriction is too tight. Most of these individuals could be managing projects in several countries or could be heading up geographical regions which would require them to attend meetings in other countries.
- A possible solution could be to apply a cap on the number of days working abroad that would be permitted, in order to provide clarity.
- Alternatively, the requirement that the individual has to be resident in Ireland for tax purposes could be deemed to be sufficient.

Proposal 7: Simplify the Application and Reporting Requirements

As stated previously, an employee who wishes to claim SARP must firstly make an application to Revenue by submitting a Form SARP 1 (see Annex 1). The form must be certified by
the company that is employing the individual in the State – be it the relevant employer or the associated company.

13.23 Relief can be granted in one of two ways. Firstly, an individual can claim the relief after the end of the tax year by submitting a tax return to Revenue. Alternatively, an employer may make an application to Revenue (also on the Form SARP 1) for permission to grant relief at source through the PAYE system. The employer is only required to make an application to grant relief through the PAYE system once. Provided the employee continues to satisfy all of the conditions throughout the period of assignment, relief can continue to be given through the PAYE system for the duration of the employment subject to relief being granted for a maximum of five consecutive tax years.

13.24 Where for a tax year a relevant employer or associated company certifies that a relevant employee meets the qualifying conditions, the relevant employer or associated company must deliver an annual return to the Revenue Commissioners setting out certain details in respect of each employee (see Annex 2).

13.25 In addition, the relevant employer or associated company must provide details of the increase in the number of employees engaged by the company, and/or details of the number of employees retained by the company as a result of the operation of the relief.

13.26 A total of 4 of the 13 submissions sought this amendment, which equates to 31% support for this proposal. Fig 7 below details the breakdown of the submissions:

![Pie chart showing support for amendment]

*Fig 7: Breakdown of submissions in relation to Proposal 7*

13.27 A sample of comments in support of this amendment is set out below:
“The scheme should be simple to administer and reporting requirements should not be excessive.”

“The application and reporting requirements of the relief should be simplified as much as possible.”

Observations on Proposal 7

- It is difficult to see how much more the process could be simplified. The application process for SARP is straightforward and could not be considered excessive. An individual must submit one application form at the start of the process and a tax return for each year in respect of which he/she claims the relief.
- The employer must complete an end of year return.
- It was clear from some discussions with stakeholders that the difficulties faced by some employers were down to the nature of their payroll systems rather than around the administration of SARP.
Summary of Other Proposals Received
13.28 A summary of the other proposals received are set out in Table 6 below:

Table 6 – Summary of other proposals received

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduce a skills based relief similar to the Netherlands or which are recognised by employment permit legislation</td>
<td>To include a skills based requirement could make the scheme complicated to operate. It could lead to endless debate on whether a particular skill is considered to be in short supply, and calls for such skills to be included. In addition, it could cause uncertainty among companies as to whether a particular employee would qualify.</td>
</tr>
<tr>
<td>Extend the relief to individuals coming from all jurisdictions, not just those with whom Ireland has a Double Tax Agreement or a Tax Information Exchange Agreement</td>
<td>Extending the relief to individuals from all countries, not just those with whom Ireland has a DTA or TIEA, would result in individuals from a significant number of additional countries being eligible. However, Ireland has one of the most extensive and comprehensive networks of tax treaties in the world, with 70 treaties signed, 68 of which are currently in effect.</td>
</tr>
<tr>
<td>Extend the scheme to the self-employed</td>
<td>To extend the scheme to the self-employed would not be in keeping with the purpose of the relief, which is to reduce the cost to employers of assigning individuals already employed by them to Ireland. Including self-employed individuals would effectively allow the recruitment of new hires and the risk of Irish job displacement would occur as self-employed individuals who came to Ireland to work could be in a position to offer their services at a lower price than Irish individuals due to the reduced labour cost.</td>
</tr>
<tr>
<td>Reduce the requirement to have been non-resident for the previous 5 years</td>
<td>To reduce the requirement to have been non-resident for the previous 5 years could result in individuals availing of the scheme multiple times and could result in undesirable tax planning. It also does not really fit in with the assignee element, as an individual who was assigned abroad from Ireland to a foreign branch of their employer could avail of it upon their return to the Irish branch.</td>
</tr>
</tbody>
</table>

24 Revenue Tax Treaties
<table>
<thead>
<tr>
<th>Proposal</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce the qualifying employment abroad criteria from 12 months to 6 months to align with recently published employment permits legislation</td>
<td>There is no actual link between the employment permits legislation and SARP. However, reducing the qualifying period of employment abroad from 12 to 6 months could be considered to mirror the recent changes to employment permit legislation.</td>
</tr>
<tr>
<td>Include commission and bonus payments in the calculation of basic salary for the purposes of reaching the minimum threshold</td>
<td>Including commission and bonus payments for the purposes of reaching the €75,000 threshold to qualify for SARP would not be in keeping with the current scheme. It is arguable that an individual on such a contract is not a decision maker or project leader who can generate employment. This could result in an individual who is on a very low basic salary availing of the scheme. It would also make the scheme difficult to administer, as an employee might qualify in year 1 due to a bonus payment, but not in year 2 etc.</td>
</tr>
<tr>
<td>Exclude world-wide income such as capital gains for non-domiciled individuals</td>
<td>Worldwide income for non-domiciled individuals such as capital gains is currently only taxable if the gain or income is remitted to Ireland.</td>
</tr>
<tr>
<td>Lump sum payments to cover relocation costs, accommodation, school fees and travel costs should be tax free</td>
<td>Under current SARP, certain payments to cover relocation costs and living expenses are tax free under certain circumstances, on a vouched basis.</td>
</tr>
<tr>
<td>Include research leaders in areas of strategic national importance under the Science Foundation Ireland Research Professorship Programme</td>
<td>It would not be prudent to include this proposal in a SARP programme as it is a very specific proposal. The current SARP does not attempt to address specific skills shortages. As already indicated, to include a skills requirement would make the scheme complicated to operate. It is noted that this programme was launched by SFI in July 2014.</td>
</tr>
</tbody>
</table>

---

25 Science Foundation Ireland Research Professorship Programme
14. **Options Analysis**

14.1 Six options have been considered:

1. To allow SARP to run its course until the end of 2014 at which time it would lapse with no replacement
2. To extend the current scheme for a further three years
3. To introduce a skills based regime
4. To introduce a corporation tax deduction
5. To introduce an entirely new regime
6. To extend the scheme, subject to some amendments, for a further three years

**Option 1 – To allow SARP to run its course until the end of 2014 – no change**

14.2 This would involve doing nothing and letting the current scheme lapse at the end of the year. The consensus among stakeholders is that SARP has not lived up to expectations and is not addressing the need to attract FDI to Ireland and support employment. As the programme of relief is considered by stakeholders to be of limited value in its current form and may constitute deadweight, letting it lapse could be defended. Having said that, it is clear from this review that doing nothing to attract key employees and decision makers is likely to lead to a loss of investment and employment to other jurisdictions.

**Option 2 – To extend the current scheme for a further three years**

14.3 Extending the scheme as currently structured would allow more time to compile more hard data on the operation of the scheme and to allow for time to evaluate a recent increase in take-up of the programme. However, given the consensus among stakeholders that SARP has not delivered to date to the extent hoped for, this option would be a missed opportunity to design a scheme that has a greater potential to deliver investment and employment to Ireland. Any extension of SARP may be resisted in some quarters on grounds of tax equity and the need to broaden the tax base, particularly given current fiscal constraints. This argument however, has to be balanced against the need to improve Ireland’s competitiveness, increase FDI and increase employment.

**Option 3 – To introduce a skills based regime**

14.5 Many stakeholders cited the regime in the Netherlands due to the attractiveness of the scheme and the ease of its administration. The effect of introducing a similar scheme in Ireland is explored below:

- An exemption from tax of 30% of salary would be provided
- The scheme would run for 10 years
- The assignee must have a salary equivalent to the average industrial wage of €35,874
- The assignee must have a skill listed as scarce by the Expert Group on Future Skills Needs
- Moving costs, housing, travel expenses, school fees and one trip home per year would be allowed tax free
- The scheme would be available to new hires

---

26 CSO Earnings and Labour Costs
Worked Example – Table 7 below

14.6 A company brings a single individual to Ireland on a salary of €35,874. The individual is entitled to personal tax credits of €3,300.

<table>
<thead>
<tr>
<th></th>
<th>With Dutch Model</th>
<th>Without Dutch Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Salary</td>
<td>€35,874</td>
<td>€35,874</td>
</tr>
<tr>
<td>Amount of Salary Exempt (30%)</td>
<td>€10,762</td>
<td>0</td>
</tr>
<tr>
<td>PRSI</td>
<td>€1,004</td>
<td>€1,435</td>
</tr>
<tr>
<td>USC</td>
<td>€1,077</td>
<td>€1,830</td>
</tr>
<tr>
<td>Income Tax (less credits)</td>
<td>€1,722</td>
<td>€4,520</td>
</tr>
<tr>
<td>Total Tax Payable</td>
<td>€3,803</td>
<td>€7,785</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>10.6%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Cost to the Exchequer in tax foregone over 10 years</td>
<td>€39,820</td>
<td>0</td>
</tr>
</tbody>
</table>

14.7 Figures available for the take-up of the Dutch scheme show that 13,581 individuals availed of the scheme in 2012. The population of the Netherlands in 2012 was 16.8 million. This is approximately 3.5 times the Irish population in 2012 of 4.6 million. Using this ratio as a guide, this example envisages 4,000 individuals availing of such a scheme in Ireland at a cost to the Exchequer of approximately €140 million over 10 years.

14.8 The Expert Group on Future Skills Needs publish regular reports which outline the skills gaps in the workforce. Their most recent report on the labour market in 2013 states that the highest mentions of difficult to fill vacancies was for professional posts in IT, engineering, science, health, business and limited openings in construction as well as multilingual sales and multilingual customer care roles.

14.9 Targeting sectors as identified by the Expert Group on Future Skills Needs without a minimum salary level could lead to thousands of employees being recruited to multinational corporations qualifying for the relief. This would likely lead to job displacement as it would be cheaper for the multinational corporations to hire foreign workers over Irish individuals who have the relevant skills.

14.10 Introducing a scheme such as this would be difficult to justify given the potential cost to the Exchequer and the potential displacement of Irish resident workers competing for the same jobs. In addition, it would be difficult to justify favourable tax treatment for such a large number of employees without any requirement for the employees or the companies to provide any additional employment or investment.

Option 5 – To introduce a new regime

14.10 A number of stakeholders raised the option of introducing a new scheme, one designed to help improve on Ireland’s competitiveness, attract further FDI and help employment creation. Taking into account the proposals raised by stakeholders and in order to address the perceived weaknesses of the current SARP, consideration has been given to a new scheme which would be specifically designed to support investment and job creation in the economy.
The new scheme would assist the creation of jobs by supporting the transfer of strategic management leadership and knowledge from a parent of a subsidiary company based overseas into Ireland to drive specific investments and associated job creation. A possible scheme is set out below.

Companies who create at least 10 additional jobs as part of an approved job creation plan, which requires the transfer of skills and expertise from its overseas parent or subsidiary, would be able to nominate senior executives to base themselves in Ireland. The role of these senior executives would be to ensure the transfer of corporate knowledge into Ireland and the creation of additional jobs. The Exchequer would benefit from the creation of these additional jobs and the associated tax revenue.

While the options for the level of relief and how the application process might work were considered during the review, it became evident that the some of the proposed elements could give rise to State Aid issues that would need to be explored further with the EU Commission before any scheme could be introduced.

Option 6 – To extend the current scheme, subject to some amendments for a further three years

Given the on-going BEPS project, it could be seen as opportune to extend the current scheme and amend it such that it is made more attractive to assignees in order to encourage FDI and subsequent job creation. This would aim at improving Ireland’s overall offering in attracting investment to Ireland. The amendments could include the following:

- The lower threshold of €75,000 would remain but the upper threshold of €500,000 could be removed
- The requirement to be tax resident in Ireland and not resident elsewhere could be removed, with the only requirement being tax residence in Ireland
- The performance of work related duties outside of the State could be permitted as this would facilitate assignees who are required to carry out some of their duties outside the State on a regular basis
- The requirement to have been employed abroad by the same employer could be reduced from 12 months to 6 months

Rate of Relief

SARP currently provides for an exemption from income tax on 30% of salary between €75,000 and €500,000. Four options have been considered as part of the review:

1. The relief remains as is
2. A flat rate of tax of 30% on all income once salary exceeds €75,000
3. An effective rate of tax of 30%
4. Exempt 30% of salary above €75,000 from income tax and remove the upper threshold

Currently, a single taxpayer entitled to basic tax credits pays the effective income tax rates (including USC but excluding PRSI) at various salary levels shown in Table 8 below:
Table 8 – Current tax payable for a single individual

<table>
<thead>
<tr>
<th>Salary</th>
<th>€80,000</th>
<th>€100,000</th>
<th>€150,000</th>
<th>€200,000</th>
<th>€300,000</th>
<th>€500,000</th>
<th>€800,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Rate incl USC</td>
<td>34.41%</td>
<td>37.13%</td>
<td>40.75%</td>
<td>42.57%</td>
<td>44.38%</td>
<td>45.83%</td>
<td>46.64%</td>
</tr>
</tbody>
</table>

Option 1 – The relief remains as is

14.17 This would result in the assignee paying full tax on their income up to €75,000 and receiving an exemption from income tax on 30% of their income above this level up to the cap of €500,000. USC would be payable as normal. Stakeholders have stated that this level of relief is not attractive enough. For example, an assignee on €200,000 pays an effective rate of tax of 34.88% under current SARP. This is a reduction of 7.69% from what would be payable without SARP. Table 9 below details the existing effective tax rates available under SARP at various income levels.

Table 9 – Effective tax rates under Option 1

<table>
<thead>
<tr>
<th>Salary</th>
<th>€80,000</th>
<th>€100,000</th>
<th>€150,000</th>
<th>€200,000</th>
<th>€300,000</th>
<th>€500,000</th>
<th>€800,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Rate incl USC</td>
<td>33.64%</td>
<td>34.06%</td>
<td>34.60%</td>
<td>34.88%</td>
<td>35.15%</td>
<td>35.37%</td>
<td>40.11%</td>
</tr>
</tbody>
</table>

Option 2 – A flat rate of tax (including USC) of 30% on all income once salary exceeds €75,000

14.18 This option would be easy to communicate to individuals and companies. It provides an attractive incentive for companies to base their operations here. Operationally, this would involve setting up on Revenue and employer systems a third rate of tax of 23% (i.e. 30% less 7% USC). This would require very significant systems development for both Revenue and employers and could not be justified in respect of a small number of taxpayers.

To apply a flat rate of tax of 30% (including USC) on all income once salary exceeds €75,000 would result in an effective rate of tax of 28.01% for an assignee on €200,000. Table 10 below details the effective rates of tax that would be paid under this proposal:

Table 10 – Effective tax rates under Option 2

<table>
<thead>
<tr>
<th>Salary</th>
<th>€80,000</th>
<th>€100,000</th>
<th>€150,000</th>
<th>€200,000</th>
<th>€300,000</th>
<th>€500,000</th>
<th>€800,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Rate incl USC</td>
<td>25.02%</td>
<td>26.02%</td>
<td>27.35%</td>
<td>28.01%</td>
<td>28.67%</td>
<td>29.20%</td>
<td>29.50%</td>
</tr>
</tbody>
</table>

Option 3 – Target an effective rate of tax of 30%

14.19 One way to achieve close to an effective rate of tax of 30% (including USC) is to provide an exemption from income tax on 50% of salary in excess of €100,000. The full salary would remain subject to USC. This option would result in individuals paying close to an effective rate of tax of 30% (including USC) once their salary reaches €300,000. In all cases where income is €150,000 or more, the effective rates would be more attractive than the current SARP and in many cases significantly so. For example, at an income level of €500,000, the gain over current SARP would be 6%. Table 11 below details the effective rates of tax that would be paid under this proposal:
Table 11 – Effective rates of tax under Option 3

<table>
<thead>
<tr>
<th>Salary</th>
<th>€100,000</th>
<th>€150,000</th>
<th>€200,000</th>
<th>€300,000</th>
<th>€500,000</th>
<th>€800,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate incl USC</td>
<td>37.13%</td>
<td>33.92%</td>
<td>32.32%</td>
<td>30.71%</td>
<td>29.43%</td>
<td>28.70%</td>
</tr>
</tbody>
</table>

Option 4 - Exempt 30% of salary above €75,000 from income tax and remove the upper threshold

This option would involve removing the current upper threshold of €500,000 and providing an exemption from income tax on 30% of salary above €75,000. All income would remain subject to USC. Table 12 below details the effective tax rates that would be paid under this option:

Table 12 – Effective tax rates under Option 4

<table>
<thead>
<tr>
<th>Salary</th>
<th>€80,000</th>
<th>€100,000</th>
<th>€150,000</th>
<th>€200,000</th>
<th>€300,000</th>
<th>€500,000</th>
<th>€800,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate incl USC</td>
<td>33.64%</td>
<td>34.06%</td>
<td>34.60%</td>
<td>34.88%</td>
<td>35.15%</td>
<td>35.37%</td>
<td>35.49%</td>
</tr>
</tbody>
</table>
15. Conclusions

15.1 The review has shown that the need for a scheme to attract specialised, experienced senior executives to Ireland is vital and becoming more urgent in an increasingly competitive global market. In the absence of such a scheme, companies and their key employees are choosing to locate in other, more attractive, less costly jurisdictions thus resulting in a loss of investment, taxes and employment opportunities.

15.2 There are many considerations that companies examine when choosing where to locate and that individuals evaluate when deciding whether to accept an assignment, including tax equalisation costs and marginal tax rates. As demonstrated in the report, these costs can be significant depending on the country from which the individual is being assigned.

15.3 The presence of attractive incentive schemes in other countries highlights the competitiveness of the market and emphasises the need for Ireland to have a similar scheme in place in order to be able to compete for FDI.

15.4 There are clear opportunities for Ireland to capitalise on shifts in global economic and taxation policy and practices such as the OECD BEPS project. Combined with other Government initiatives, an enhanced SARP programme could prove to be a game changer in terms of attracting business of substance and FDI investment to locate in Ireland, creating high quality, sustainable jobs and advancing Ireland’s economic recovery and development.

15.3 However, the Government will undoubtedly be criticised in some quarters for considering the enhancement or introduction of a regime for higher paid key executives of multi-national companies being assigned to work in Ireland. It will be argued that such a policy is at odds with the need to broaden the tax base, remove unnecessary tax reliefs from the system and to ensure overall tax equity. However, these arguments need to be balanced against the Government priorities to improve Ireland’s competitiveness, to increase FDI levels and increase employment thereby improving the living standards of all.

15.4 It is also critical that any new programme or amendments to the existing programme will include the collection of more quantitative data and statistics in order to allow for a more thorough reviews in the future. As a result, it may be necessary to amend the reporting requirements relating to the remittance basis to capture information on the extent to which it is being used.
Annex 1 – SARP Employee Claim Form

Claim for relief under Section 825C Taxes Consolidation Act 1997
Relief under the Special Assignee Relief Programme (SARP)

Part A
Claim Form to be completed by Employee

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Name</td>
</tr>
<tr>
<td>2.</td>
<td>Address</td>
</tr>
<tr>
<td>3.</td>
<td>PPS Number</td>
</tr>
<tr>
<td>4.</td>
<td>Date of arrival in the State</td>
</tr>
<tr>
<td>5.</td>
<td>Name and address of your employer that assigned you to perform the duties of your employment in the State</td>
</tr>
<tr>
<td>6.</td>
<td>Were you a full time employee of the employer referred to at question 5 above for the whole of the 12 months immediately prior to your arrival in the State?</td>
</tr>
<tr>
<td>7.</td>
<td>Name and address and tax reference number of company that will be paying your emoluments.</td>
</tr>
<tr>
<td>8.</td>
<td>What is the expected duration of your assignment to the State?</td>
</tr>
<tr>
<td>9.</td>
<td>Were you resident in the State for tax purposes in any of the five tax years prior to your arrival in the State to take up your assignment?</td>
</tr>
<tr>
<td>10.</td>
<td>Were you resident for tax purposes in any other country or jurisdiction for the tax year during which you commenced your assignment in the State?</td>
</tr>
<tr>
<td>11.</td>
<td>Did you / will you perform the duties of your employment in the State for a minimum period of 12 consecutive months from the date you took up residence in the State.</td>
</tr>
<tr>
<td>12.</td>
<td>Is / will your “relevant income” for each tax year of your assignment be not less than €75,000¹?</td>
</tr>
<tr>
<td>13.</td>
<td>Do you wish to claim relief by way of end of year repayment of tax or by way of a real time adjustment to tax payable under the Pay As You Earn payroll tax system?</td>
</tr>
</tbody>
</table>

Signed:
Name: BLOCK CAPITALS
Date: 

Note: If any matters pertaining to this claim changes such that you may not continue to be entitled to the relief please notify your local Revenue office. You can find out the location of your local office by using the Contact Locator facility on www.revenue.ie

¹Relevant income is all income, profits or gains from the employment excluding any bonus, perquisite, benefits in kind, share based remuneration etc – see section 825C(1)
PART B
Certification by relevant employer to accompany claim for relief

This certification can be made either –

- by the relevant employer; or
- by an associated company in the State of the relevant employer.

I certify on behalf of ......................................................... [insert company name] that ......................................................... [insert employee name]

(a) was a full time employee of ......................................................... [insert company name] (a “relevant employer”) for the whole of the 12 months immediately prior to his/her arrival in the State and that he/she exercised the duties of his or her employment for that employer outside the State;

(b) located to the State in .............. [insert year] at the request of ......................................................... [insert company name] (a “relevant employer”) -

(i) to perform in the State the duties of his or her employment with the relevant employer, or

(ii) to take up employment in the State with ......................................................... [insert company name], a company that is an associated company of ......................................................... [insert company name].

(c) will perform the duties of his or her employment in the State for a minimum period of 12 consecutive months from the date he or she takes up residence in the State.

I undertake to notify Revenue in the event that the circumstances regarding the employee’s entitlement to the relief change.

Signed: .........................................................

Name: ......................................................... BLOCK CAPITALS

Capacity: .........................................................

Date: ____________________________

PART C
Application to grant relief by way of non-deduction of tax under the Pay As You Earn tax system

I wish to apply on behalf of ......................................................... [insert company name] for permission to grant the relief due under the SARP programmes to ......................................................... [insert employee’s name] by way of non-deduction of tax under the Pay As You Earn system.

Signed: .........................................................

Name: ......................................................... BLOCK CAPITALS

Capacity: .........................................................

Date: ____________________________

2Relevant employer means a company that is incorporated, and tax resident in a country or jurisdiction with which the State has a double taxation agreement or a tax information exchange agreement – see section 825C(1)
Annex 2 – SARP Employer Return

SARP Employer Return
for the period 1 January 2013 to 31 December 2013

Employer Registration Number
Remember to quote this number in all
correspondence or when calling at the company’s Revenue office

Employer Name / Address

Return Address
Completed forms should be returned to the
company’s local Revenue office. If you are unsure
of the correct return address use the Contact
Locator on Revenue’s website www.revenue.ie

Use any envelope and
write “Freepost” above the
Return Address. You do
not need to attach a stamp.

Return by employer of employees who availed of relief under the
Special Assignee Relief Programme (SARP)
(Section 825C, Taxes Consolidation Act 1997)

You are hereby required to prepare and deliver to me, a return for the period 1 January 2013 to
31 December 2013, of the items on page 2 of this form in respect of all employees who availed
of the Special Assignee Relief Programme (whether through payroll or otherwise) for the period
1 January 2013 to 31 December 2013.

This return should be sent to your local Revenue office on or before 15 February 2014.

YOU MUST SIGN THIS DECLARATION
I declare that, to the best of my knowledge and belief, this form contains a correct return of the
matters requested for the period 1 January 2013 to 31 December 2013 in accordance with the

Signature

Capacity of
Signatory

Name of
Company

Telephone No.

Contact Details (in case of query about this return)
Agent’s TAIN

Client’s Ref.

Contact Name

Telephone or
E-mail

RPC08161_EN_WUL_1
<table>
<thead>
<tr>
<th>Name</th>
<th>PPS Number</th>
<th>Gross income from the employment (less amounts contributed to pension and amounts not assessed to tax in the State)</th>
<th>* Amount of income, profits or gains in respect of which tax was not deducted</th>
<th>Enter the value of any costs associated with an annual return trip to the country of residence or nationality for self and/or family (S. 825C(6)(a))</th>
<th>cost of school fees for children paid to an approved school in the State (S. 825C(6)(b))</th>
</tr>
</thead>
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<td>€</td>
</tr>
</tbody>
</table>

* Note: Where an employee has not claimed SARP relief through payroll you should enter N/A in this panel

Increase in the number of employees as a result of the operation of the relief: [ ]
Or
Number of employees retained by the company as a result of the operation of the relief: [ ]

SARP Employer Return 2013
Annex 3 – List of Submissions Received

Irish Music Rights Organisation
Irish Business and Employers’ Confederation
Matheson
Irish Taxation Institute
Regeneron Pharmaceuticals
Dublin Chamber
Chambers Ireland
KPMG
Consultative Committee of Accountancy Bodies - Ireland
Forfás
Insurance Ireland
American Chamber of Commerce
Irish Funds Industry Association