

Special Assignee Relief Programme (SARP)

SARP was first introduced in 2012 to encourage the relocation/assignment of key employees to Ireland. Where certain conditions are satisfied, 30% of taxable employment income over €75,000 will be disregarded for income tax purposes. Income which is disregarded for income tax purposes is not exempt from the Universal Social Charge (USC) or PRSI.

Calculation of the relief

The relief provides for a deduction from taxable employment income, based on the following formula:

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

Where:

A = Taxable remuneration

B = €75,000

Where an employee arrives or leaves Ireland during a tax year, B is reduced accordingly.

Example

A qualifying individual, arrives in Ireland in 2022, having spent a number of years working in the UK. He earns a basic salary of €300,000, whilst his total remuneration (including bonus and benefits in kind) is €600,000. The relief available is calculated as follows:

Deduction from Taxable Income:
 $(€600,000 - €75,000) \times 30\% = €157,500$

The value of the relief, calculated at an employee's marginal rates is: $€157,500 \times 40\% = €63,000$

How to claim the relief

SARP can be claimed via an individual's annual income tax return, or an employer can make an application to Revenue to grant SARP relief at source through payroll.

Reporting requirements

Employee

Form 11 tax return (by 31 October following the tax year end).

Employer

Annual return (by 23 February following the tax year end).



Summary of conditions

The below table summarises the conditions for SARP relief

| Conditions for SARP relief | Individuals assigned/relocated in 2019-2022 |
|--|---|
| Minimum period of employment with 'relevant employer' immediately before being assigned to work in Ireland | 6 months. |
| Employment terms | Arrive in Ireland at the request of the 'relevant employer' to perform duties of their employment in Ireland for their employer or to take up employment in Ireland with an associated company of that relevant employer and to perform duties in Ireland for that company. |
| Period for which the individual will perform duties in Ireland for the 'relevant employer' or an associated company of the 'relevant employer' | 12 consecutive months from the date of first arrival into Ireland. |
| Incidental duties | No restrictions on the performance by the relevant employee of duties outside the state. |
| Residence position | Resident in Ireland (no restriction on residence elsewhere). |
| Relevant income | <ul style="list-style-type: none">• €75,000 lower threshold; and• €1,000,000 upper threshold. |
| Entitlement to claim relief | First tax year in which resident in the State. Relief can be claimed for five consecutive years. |
| Certification by employer | Yes – Form SARP 1A within 90 days of arrival. |

How Grant Thornton can help?

- review availability of relief for relevant employees;
- review of compensation packages and assignment
- policies to ensure relief can be claimed, where appropriate;
- advice on claiming the relief via payroll;
- assistance with employer returns; and
- assistance with individual income tax returns.

Contact

For further information on SARP please contact a member of our team.

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