

GMS Flash Alert



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Ireland - COVID-19 Tax Measures Relevant to Mobile Employees

On 23 March 2020, Irish Revenue released eBrief No. 046/20 to provide advice and information to taxpayers and their agents during the COVID-19 pandemic.¹ Irish Revenue has provided advice and guidance covering a variety of changes to usual compliance requirements concerning such matters as Irish shadow payroll obligations for employees of a foreign employer, taxable benefits-in-kind, days-based test of residence for individuals, extension of the filing period for employers to make a claim for employee eligibility for Ireland's expatriate regime under the Special Assignee Relief Programme, and other notification, reporting, and filing requirements.

WHY THIS MATTERS

The guidance includes a number of matters likely to be of relevance to employers and mobile employees. The tax relief measures regarding certain tax liabilities and compliance obligations give taxpayers some very welcome breathing room to preserve their cash-flow and take additional time to organise their tax affairs in these trying times.

Travel restrictions resulting from the impact of COVID-19 can mean that employees are spending longer periods of time in Ireland than expected and may therefore breach conditions in place for reliefs from Irish taxes.

Income Tax and Payroll Matters Impacted by COVID-Related Travel Restrictions

The updated guidance confirms as follows:

- Revenue will not seek to enforce Irish shadow payroll obligations for employees of a foreign employer who normally work wholly outside Ireland but who relocate temporarily to Ireland as a consequence of COVID-19 and will perform duties for their foreign employer while in Ireland. This relief from shadow payroll reporting applies only to genuine

cases. The standard period for relief from Irish payroll taxes for short-term business travellers to Ireland was 60 days in a calendar tax year for residents from jurisdictions with which Ireland has a double taxation treaty and 30 days for inbound employees from non-tax treaty locations.

- Nonresident employees working abroad under an Irish employment contract may be paid without Irish payroll withholding where a PAYE (pay as you earn) exclusion order is in place once they spend no more than 30 work-days in Ireland during a tax year. Revenue's new guidance confirms that presence in Ireland working for more than 30 days in the tax year as a result of COVID-19 will not impact the validity of the PAYE exclusion order.
- A taxable benefit-in-kind will not arise for the reimbursement by an employer of holiday/flight cancellations or costs of assisting employees returning to Ireland. This is provided that the employee is considered to be integral to the business and was required to return to Ireland to deal with issues related to the COVID-19 crisis, the costs are reasonable, and the employee is not otherwise compensated for the loss, e.g., by an insurance claim. Costs can include those for family members on holiday or due to go on holiday with the employee.
- Ireland has a days-based test of residence for individuals, with a day counted as including any part of a day spent in the country. Existing Revenue guidance provides that a day spent in Ireland after an intended day of departure – provided the individual is unavoidably present in Ireland due to "force majeure" circumstances – can be ignored in computing days spent in Ireland. When a departure from Ireland is prevented due to COVID-19, Revenue will consider this a force majeure for the purposes of establishing an individual's tax residence position.
- Cross-border worker relief, a personal tax relief, may be available to Irish resident employees who work wholly for a foreign employer outside Ireland in a tax treaty location once certain conditions are met. These conditions include that the employee returns home at least one day a week and does not perform more than incidental duties of the foreign employment in Ireland. Revenue guidance confirms that days spent working at home in Ireland solely as a result of COVID-19 will not preclude the individual from being entitled to claim this relief, provided all other conditions of the relief are met.

Changes to Employee and Employer Filing Obligations

Recognising also that the COVID-19 crisis has significantly disrupted businesses, Irish Revenue guidance provides for a number of extensions of reporting or clearance application deadlines related to payroll tax matters. These may affect local and mobile employees and include:

- An extension of the reporting deadline for 2019 share scheme returns, such as those related to share option schemes, from 31 March to 30 June 2020.
- An extension by an additional 60 days of the 90-day filing period for employers to make a claim for employee eligibility for Ireland's expatriate regime under the Special Assignee Relief Programme. Exceptional cases which do not meet this extended filing deadline can apply to Revenue for consideration on a case by case basis.
- Not strictly enforcing the 30-day notification requirement for a foreign employer (or the local Irish entity as agent) to obtain a PAYE clearance for the non-application of Irish payroll taxes for a business traveller or foreign employee from a country with which Ireland has a double taxation treaty, and who was due to spend in excess of 60 work-days in Ireland, irrespective of COVID-19.
- An extension of the 31 March 2020 return filing date which applies to both the employer and employee when the employer has applied real time credit relief for foreign tax in taxing the employee's 2019 restricted stock unit awards through Irish payroll. The employee's tax return filing deadline is extended to the standard income tax filing deadline (31 October 2020), with the employer notification to be made as soon as possible but no later than the employee tax return deadline.

Tax Relief for Remote Working Costs

Revenue confirms in eBrief No. 46/20 that a taxable benefit-in-kind will not arise when employers provide equipment such as laptops, printers, scanners and office furniture in order for employees to set up a working space in their homes.

In eBrief No. 45/20, Revenue issued updated guidelines on e-working arrangements to cover employees working remotely as a result of COVID-19.² The e-working tax relief measures include payment of a tax-free daily allowance of €3.20 to compensate employees for additional utility costs incurred due to working at home. Alternatively, employers may reimburse a given percentage of documented qualifying utility costs incurred. When the employer makes no contributions to the employee, the employee may make a claim for relief to Revenue by filing a tax return after the tax year-end.

Other Relevant Measures – Obtaining Irish PPS Number

A personal public service number (PPSN) is a unique reference number that helps individuals access social welfare benefits, public services and information in Ireland. It is also required to enable an individual register for Irish tax, claim personal tax credits and reliefs, and file personal tax returns.

Normally, application for a PPSN must be made in person at the local Department of Employment Affairs and Social Protection (DEASP). The DEASP has advised that to mitigate the spread of the COVID-19, individuals in Ireland may apply by email to the DEASP.³

FOOTNOTES:

1 Revenue [eBrief No. 046/20](#) (23 March 2020). Also, see, for other tax-related steps taken, this Irish Revenue [webpage](#).

2 Revenue [eBrief No. 045/20](#) (20 March 2020).

3 Further details of the manner of application and information to be supplied are available [here](#).

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