

# GMS Flash Alert



2021-098 | March 31, 2021

## Ireland – Irish Revenue Provides Updates Regarding COVID-19 Concessions

Irish Revenue issued two policy/guidance documents in relation to concessions originally introduced in March 2020 in response to the COVID-19 pandemic, “eBrief” No. 232/20 in late December 2020 and “eBrief” No. 004/21 in January 2021.<sup>1</sup>

The eBriefs set out the Irish Revenue’s current position in relation to personal tax and PAYE matters affecting benefits-in-kind and payroll reporting for employees working in Ireland as a result of COVID-19. The overall principle is that concessions announced in 2020 have been withdrawn, with the exception of the provision of certain benefits.<sup>2</sup>

On a separate but related note, the Social Welfare Department has also changed the process for obtaining Personal Public Service Numbers (“PPS Numbers” or “PPSNs”) with immediate effect, and this new process is outlined below.

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### WHY THIS MATTERS

As a result of the pandemic, Revenue recognised that a significant number of employees would find themselves working in Ireland unexpectedly, perhaps for personal reasons, or as a consequence of travel and/or immigration restrictions. Accordingly, a number of the concessions introduced were designed to afford employers some flexibility in respect of the reporting requirements for such employees. For example, the requirement to operate Irish PAYE for employees who relocated to Ireland as a result of the pandemic was temporarily removed.

However, almost all the concessions associated with cross-border employment tax compliance have been removed with effect from 1 January 2021, and as such, employers should refamiliarise themselves with their reporting obligations in this regard. It may also be necessary to review those individuals for whom the concessions previously applied – with the withdrawal of these concessions, there may now be an obligation to operate Irish PAYE for some/all of these employees in 2021.

Regarding PPSNs, many organisations have expressed their frustration with the temporary application process in the lead-up to Christmas, with applications routinely taking 12 to 15 weeks to be processed. The new automated process should help address such issues, and initial indications are positive.

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## Revised COVID-19 Concessions

With effect from 1 January 2020, the below-noted COVID-19 concessions were updated.

### Benefits-in-Kind

**Tax treatment of reimbursements by an employer to an employee regarding holiday/flight cancellations or in relation to costs of assisting employees returning to the country** – From 1 January 2021, the provisions relating to the reimbursement of costs associated with non-business travel will apply in the usual manner. As such, should an employer reimburse an employee for a cancelled holiday or fund flights to support his or her return to Ireland, in most cases this will again be considered a taxable benefit-in-kind. The temporary tax exemption no longer applies.

**Employer-provided vehicles** – eBrief 004/21 confirms that the temporary concessions relating to employer-provided vehicles will continue until further notice on the basis that the government guidelines continue to stipulate that employees should work from home wherever possible. As such, where an employee still has a company car available to use, and his or her business mileage has been impacted by COVID-19, the amount of business mileage travelled in January 2020 can still be used as a base month for the purposes of calculating the amount of benefit-in-kind due.

### Share Schemes Filing Deadlines

Revenue has confirmed that the filing deadline for all 2020 share scheme returns is March 2021 as normal and there will be no extensions.<sup>3</sup>

### Special Assignee Relief Programme (“SARP”) Application Deadline

The requirement to apply for SARP within 90 days of arriving in Ireland to take up employment duties was extended for a further 60 days (i.e., 150 days in total) in acknowledgement of the disruption created by the pandemic. This concessionary measure ceased to apply on 31 December 2020, and thus for individuals arriving in Ireland from 1 January 2021, all SARP 1A forms must be filed within the 90-day timeframe as normal.

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## KPMG NOTE

It is worth noting that recent delays with the processing of PPSN applications have had a knock-on impact on SARP applications – Revenue will typically not accept a SARP application without a PPSN. However, in the absence of any formal notification from Revenue to acknowledge this issue, where necessary, we are recommending that clients continue to submit applications without a PPSN before the 90-day deadline given Revenue’s tendency to strictly enforce this.

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## PAYE Dispensation Applications

Where certain conditions are met, it is possible to apply to the Irish Revenue for PAYE clearance for short-term inbound assignees/commuters, and employers are required to notify Revenue within 30 days of the employee first arriving in the country. While the requirement to notify Revenue was removed during the period of the COVID-19 pandemic, it has been reintroduced with effect from 1 January 2021 – although Revenue has noted that exceptional cases may be notified to Revenue as required.

## Other Cross-Border Employment Matters

**Operation of Irish PAYE in respect of foreign employments** – In March 2020, Revenue removed the obligation for non-resident employers to operate PAYE in Ireland where their employee’s temporarily relocated to Ireland due to COVID-19. Again, this concession ceased to apply with effect from 31 December 2020, and thus, for 2021, the requirement to operate PAYE should be considered in accordance with the normal guidance.

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### KPMG NOTE

As such, where employers availed of this concession in 2020, it may be necessary to reconsider the applicability of Irish PAYE where the employee has remained in Ireland.

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**Multi-State Workers** – Where an arrangement was in place with Revenue that allowed an employer to operate PAYE based on an established work pattern in Ireland prior to COVID-19, Revenue had confirmed in March 2020 that the foreign employer could continue to operate Irish PAYE on this basis where the employee was unable to return to the other foreign location in which he or she would normally work as a result of COVID-19.

This concession is no longer applicable with effect from 1 January 2021, and PAYE should be operated based on actual time spent in Ireland working on a go-forward basis.

**Irish employments exercised wholly outside Ireland** – Ordinarily, where an employee is working overseas under an Irish employment contract, it is possible to obtain a PAYE exclusion order (“PEO”) in Ireland where the individual is non-resident and performs no more than 30 work-days in Ireland in the year. Up until 31 December 2020, the validity of any such PEO would not have been impacted where an individual worked more than 30 days in Ireland due to COVID-19.

This concession is abolished from 1 January 2021.

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### KPMG NOTE

Employers should determine that they correctly operate PAYE where the conditions to obtain the PEO are no longer valid.

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**Force Majeure** – Within the original concessions, Revenue made reference to the existing guidance for those prevented from leaving the state as a result of unforeseen circumstances i.e., *force majeure*. However, the applicability of these provisions for those impacted by COVID-19 was unclear, particularly given the protracted nature of the pandemic. As a result of this uncertainty, Revenue has released updated guidance regarding the applicability of the *force majeure* provisions.<sup>4</sup>

## Concessions Remaining in Force

The following concessions/guidance continue to apply as normal until further notice:

- Where an employer provides support in respect of COVID-19 testing, no benefits-in-kind charge will arise.
- Where an employer provides employees with the flu vaccination, no benefits-in-kind charge will arise;

- A benefit-in-kind will not arise where an employer provides home office equipment to employees.<sup>5</sup>
- Employers can continue to pay for taxis to transport an employee to/from work due to health and safety concerns without a benefit-in-kind arising.
- In the case of frontline or other key staff, the Small Benefit Exemption can still be applied to two incentives tax free (subject to a cumulative cap of €500). Without this concession, the exemption applies to one incentive only.
- The concessionary measures for Trans-Border Worker Relief will continue to apply in 2021 for those employees who are required to continue working from home in Ireland as a result of COVID-19. It is important to note however that in order for Trans-Border Worker Relief to apply, the host country foreign tax liability must be non-refundable.
- The 31 March 2021 filing deadline for tax returns where a real-time foreign tax credit was granted through payroll in 2020 is also suspended. The standard 31 October 2021 filing deadline will apply in such instances.

## PPSN Application Process

Prior to COVID-19, obtaining a PPSN was a manual process, and in most instances these were applied for in person via the Social Welfare Office, and processed within 10 working days. A temporary process was introduced as a result of COVID-19, which required applicants to e-mail the relevant forms/documents to a department mailbox.

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### KPMG NOTE

While this process worked, as noted above, individuals experienced significant delays, with 12 to 15 weeks of turnaround times not uncommon. With effect from 1 January 2021, applying by e-mail is no longer possible, and it has been replaced by an online PPSN application service via [MyWelfare.ie](https://www.mywelfare.ie).

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### Requirements to Follow

In order to apply for a PPS Number via the online service, individuals will need to have a basic MyGovID account. This can be set up at [www.mygovid.ie](https://www.mygovid.ie). Applicants will need to provide evidence of why they require a PPSN, and they will need to upload photos or scanned copies of the following:

- an identity document;
- a proof of address; and
- evidence of why the individual needs a PPSN.

If an individual is applying for a PPS Number to take up employment, he or she must have a signed offer of employment from the employer confirming when the position is to start or when it started. The employer's letter should be on company-headed paper and with the employer's contact details together with the employer/company registered number.<sup>6</sup>

## FOOTNOTES:

- 1 See Revenue eBrief No. 232/20 at: <https://www.revenue.ie/en/tax-professionals/ebrief/2020/no-2322020.aspx> and see Revenue eBrief No. 004/21 at: <https://www.revenue.ie/en/tax-professionals/ebrief/2021/no-0042021.aspx> .
- 2 The updated guidance, "COVID-19 information and advice for taxpayers and agents," can be found at: <https://www.revenue.ie/en/corporate/communications/covid19/index.aspx> .
- 3 For more on this confirmation, see "Compliance with certain reporting and filing obligations and the satisfaction of certain other tax-related conditions" at: <https://www.revenue.ie/en/corporate/communications/covid19/compliance-with-certain-reporting-and-filing-obligations.aspx> .
- 4 See "The statutory residence test - force majeure in the context of COVID-19" at: <https://www.revenue.ie/en/corporate/communications/documents/covid-19-statutory-residence-test.pdf> .
- 5 For further guidance in respect of e-Workers, see "[COVID-19: Work from anywhere – Irish Revenue updates tax relief for Domestic Remote Working](#)," published online by the KPMG International member firm in Ireland.
- 6 For further information regarding the PPSN application process, see: [https://www.citizensinformation.ie/en/social\\_welfare/irish\\_social\\_welfare\\_system/personal\\_public\\_service\\_number.html#](https://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/personal_public_service_number.html#) .

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## Related Resource:

This article has been excerpted from "[COVID-19 concessions: Which concessions have been updated from 1 January 2021?](#)" (15 January 2021), a publication of the KPMG International member firm in Ireland.

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