Native Teams

Ireland Tax Knowledgebase

Employee personal income tax

Tax residence

An individual is considered a tax resident in Ireland for a given tax year if they spend 183 days or more in Ireland that year, or 280 days or more in the current and preceding year combined (with at least 30 days in each year). Presence for any part of a day counts towards residency.
There are specific rules for split-year relief, which apply to individuals arriving in or leaving Ireland.

In Irish tax law, 'ordinarily resident' refers to someone who has been a tax resident for three consecutive years. This status remains in effect for an additional three years after tax residency ends.

'Domicile' refers to an individual's permanent home country, distinct from nationality or legal residence.

Conditions for the obligation to file the PIT

In Ireland, individuals who must file a Personal Income Tax (PIT) return include:

- Self-employed individuals (e.g., sole traders, freelancers).
- Employees with additional income (e.g., rental, investment, or foreign income).
- Individuals with complex tax affairs (e.g., claiming tax credits or deductions).
- High earners (typically over €100,000, even if on PAYE).
- Company directors, even without a salary.
- Non-residents with Irish-sourced income.

Even if not required, you can file to claim refunds, credits, or deductions.

Tax report in question (Form name)

- Form 11: For self-assessment tax returns.
- Form 12: For PAYE employees with additional income.

Tax year

The Irish tax year aligns with the calendar year, commencing on January 1 and concluding on December 31.

Tax rates

Income up to €44,000 (€53,000 for married couples with one earner) is taxed at 20%, and income above that is taxed at 40%. The Universal Social Charge (USC) applies progressively from 0.5% to 8%, with a 3% surcharge on self-employed income over €100,000. PRSI rates are 4.2% for employees, 11.25% for employers, and 9% for weekly incomes of €496 or less, with a minimum annual contribution of €650.

Tax returns and payment of tax

Under the self-assessment system, individuals with certain non-PAYE income or company ownership must file a tax return by 31 October (or mid-November via ROS) following the tax year. Income tax is paid in two instalments: preliminary tax by 31 October of the tax year, and any remaining balance by 31 October of the following year, with possible deadline extensions for ROS users.

Personal deductions (salary)

Tax credits for dependents include supports like the Single Person Child Carer Credit (€1,750), Home Carer Credit (up to €1,800), Dependent Relative Credit (€245), and Incapacitated Child Credit (€3,500) for those caring for children, the elderly, or dependents with disabilities. These credits must be applied for through Revenue's myAccount and can reduce your overall tax bill.

Tax allowances

1. Work from home allowance: Employees can claim up to €3.20 per workday to help cover home utility costs such as heating, electricity, and internet when working remotely.
2. Business travel: Reimbursement for travel expenses incurred while travelling for work (e.g., mileage, train tickets, etc.) is not taxable.
3. Commuting: Ordinary commuting (travelling to and from work) is not typically reimbursed. However, certain tax-saving schemes like the TaxSaver Travel Pass or Cycle-to-Work Scheme are exempt from tax.
4. Overnight subsistence allowance: When an employee is required to travel overnight for work, an employer can reimburse subsistence (e.g., accommodation, meals) without it being taxable, as long as it doesn't exceed reasonable amounts.
5. Cycle-to-work scheme: Employees can purchase bicycles and related safety equipment for commuting to work through the Cycle-to-Work Scheme, with the benefit being exempt from tax up to a certain limit.

6. Health insurance premiums: Employer-paid premiums for health insurance are taxable; however, employees can get tax relief on certain health insurance premiums paid out of their own pocket (up to certain limits).
7. Pension contributions: Employer contributions to an occupational pension scheme are not taxable. Additionally, employees can claim tax relief on their own pension contributions up to certain limits.

Additional tax reliefs (not mentioned above)

1. Housing reliefs:

- Rent tax credit: Increased to €1,000 for individuals and €2,000 for couples.
- Mortgage interest tax credit: Extended for another year with a cap of €1,250.
- Help to buy scheme: Extended until 2029 for first-time buyers.

2. Family & carer tax credits:

- Home carer tax credit: Increased by €150 to €1,950.
- Single person child carer credit: Increased by €150 to €1,900.
- Other credits: Increases in credits for incapacitated children, dependent relatives, and the blind.

3. Income tax & USC:

- Income tax bands: Increased by €2,000 for single and married persons.
- USC: Reduced from 4% to 3%, with higher entry points.

4. Other measures:

- Sea-going naval personnel tax credit: Extended until 2029.
- Small benefit exemption: Increased to €1,500 annually for non-cash benefits from employers.
- Charitable donations: More flexibility in tax treatment for donations to sports bodies.

How to submit the tax return

To submit a tax return in Ireland, follow these key steps:

1. Determine if you need to file: Self-employed, have additional untaxed income, or need to claim tax credits/refunds.
2. Register with Revenue: Set up a MyAccount or ROS (Revenue Online Service) account.
3. Gather necessary documents: Include income details, receipts for deductions, and tax credit information.
4. Complete the tax return: Use the Form 11 on ROS, entering all relevant income, deductions, and credits.
5. Review your tax return: Check calculations to ensure accuracy.
6. Submit the return: File electronically via ROS before the deadline (October 31st for the previous year).

7. Make payment (if needed): Pay any tax owed by the October 31st deadline.
8. Confirm submission and payment: Save confirmation and payment receipts for your records.

Late filing or payments may incur penalties and interest.

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Residents: Interest income is subject to income tax at the individual's marginal rate (20% or 40%), along with Universal Social Charge (USC) and Pay Related Social Insurance (PRSI).
Non-Residents: Subject to Deposit Interest Retention Tax (DIRT) at 33%. DIRT typically applies to deposit interest from Irish financial institutions; non-residents can claim exemption from DIRT in many cases if they meet specific conditions. You can apply for an exemption via Form 54A.

Dividend income: Tax rates

Dividends are taxed at either 20% or 40%, depending on your marginal income tax bracket.

Capital gains: Tax rates

Capital gains are generally taxed at a rate of 33%, although rates of 15% or 40% may apply in specific cases. However, individuals who hold significant minority shareholdings in innovative startup companies for a minimum of three years may qualify for a reduced effective capital gains tax rate of 16% (or 18% in the case of partnerships).

This preferential rate can be applied to gains of up to twice the value of the individual's original investment, subject to a lifetime cap of EUR 3 million.

Royalty income: Tax rates

In Ireland for 2025, royalties are taxed as part of an individual's total income. The income tax rates are:

- 20% on income up to €44,000
- 40% on income above €44,000

Ireland also offers an Artists' Exemption that allows artists to exempt up to €50,000 of income from tax, provided their work has cultural or artistic merit (e.g., books, music, artwork). This exemption also applies to royalties if specific conditions are met

Withholding

Withholding tax on interest: Rates

Interest is generally subject to a 20% withholding tax, unless a specific exemption under domestic legislation applies or, in the case of interest paid to non-residents, the rate is reduced under an applicable tax treaty or the interest is exempt from withholding under the EU Interest and Royalties Directive. Interest paid to deposit holders of certain Irish banks is subject to withholding tax (referred to as "DIRT") at 33%, unless the financial institution is authorised to pay the interest gross.

Withholding tax on dividends: Rates

Dividends are generally subject to a 25% withholding tax, unless reduced by a domestic exemption, an applicable tax treaty for non-residents, or the EU Parent-Subsidiary Directive.

Withholding tax on capital gains: Rates

A 15% capital gains withholding tax (WHT) must be deducted by the purchaser on certain asset sales, such as land, unlisted shares, and goodwill, unless the consideration is below specific thresholds or the seller provides a clearance certificate from the Revenue Commissioners. The WHT is creditable against the seller's CGT liability, with any excess refundable.

Withholding tax on royalties: Rates

The withholding tax rate on patent royalties and royalties that are classified as pure income profit for the recipient is 20%. However, this rate may be lowered if a specific exemption under domestic law applies, or if the royalties are paid to non-residents, in which case a tax treaty may reduce the rate, or the payment might be exempt under the EU Interest and Royalties Directive. Royalties that are not related to patents or do not qualify as pure income profit for the recipient are generally exempt from withholding tax.

Fees for technical services:

There is no withholding on fees for technical services.

Employee tax - Special regimes to apply

Special tax regimes (if applicable)

1. The Special Assignee Relief Programme (SARP)

This scheme aims to attract highly skilled workers to Ireland. Under SARP, individuals who are assigned to work in Ireland by their employer can receive significant tax relief on their income.

Key features include:

- Income tax relief of up to 30% on income over €75,000 (for qualifying employees).
- The relief applies to the portion of income that exceeds €75,000, subject to a maximum cap of €1 million in qualifying income.
- The employee must be assigned to work in Ireland for a minimum period of 12 months.
- There are additional exemptions for qualifying individuals for certain benefits (such as employer-provided accommodation).

2. The Foreign Earnings Deduction (FED)

This tax relief is available to Irish tax residents who are required to work abroad for a certain number of days each year. It applies to those working in specific countries where Ireland has a development focus, such as Africa, Asia, and Latin America.

The relief allows individuals to reduce their taxable income based on the number of qualifying days spent working abroad.

A maximum of €35,000 of the individual's income may be exempt from income tax, depending on the number of days worked abroad.

3. The Non-Domiciled Regime

Ireland offers favourable tax treatment for individuals who are Irish tax residents but not domiciled in Ireland. Non-domiciled individuals can avail themselves of the following:
Exemption from Irish tax on foreign income that is not remitted to Ireland. This means income earned outside of Ireland and not brought into Ireland is not taxed by the Irish authorities.
This regime can be particularly attractive for individuals with substantial foreign income.

Impatriate Law (Inbound employee regulations)

Special Assignment Relief Programme. It is a tax incentive designed to encourage skilled workers to take up assignments in Ireland, specifically aimed at attracting employees to relocate to Ireland for work.

Under the SARP, individuals who are on special assignments (such as senior executives, specialists, or other highly skilled workers) may be eligible for significant tax relief on a portion of their salary. The relief applies to a percentage of the salary (up to a certain threshold), and the aim is to reduce the tax burden for individuals coming to Ireland for employment purposes.

This program is typically used by multinational companies to bring in foreign experts, and it helps make Ireland a more attractive destination for talent in sectors like finance, technology, and pharmaceuticals.

All info regarding SARP can be found here:
https://www.revenue.ie/en/personal-tax-credits-reliefs-and-exemptions/income-and-employment/special-assignee-relief-programme/index.aspx

Expatriate Law (Working abroad rules)

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Native Teams

Digital nomads' tax regimen

All info about the digital nomad regime in Ireland can be found here:
https://esim.holafly.com/visas/ireland-digital-nomad-visa/

Double taxation agreements (link website)

You can find a list of the Double Tax Treaties signed by Ireland and currently in force on the following website:
https://www.revenue.ie/en/tax-professionals/tax-agreements/double-taxation-treaties/index.aspx

Digital nomads' tax regime

How to apply and deadlines for employees

Ireland does not currently offer a formal digital nomad visa. However, EU/EEA/Swiss nationals can live and work freely. Non-EU nationals can explore options like the Stamp 0 or Stamp 1 visas, depending on their activity.

For more information on the different types of Stamps (visas), please visit:

https://www.irishimmigration.ie/registering-your-immigration-permission/information-on-registering/immigration-permission-stamps/#stamp-categories and https://www.visas.inis.gov.ie/AVATS/OnlineHome.aspx