CrowleysDFK

Relocating to Ireland Tax Guide

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Contents

Introduction

The interaction of Irish tax residence, ordinary residence and domicile will determine an individual's exposure to Irish income tax and Irish capital gains tax. The aim of this tax guide is to provide an overview of the Irish tax system to individuals who may be considering moving to Ireland.

Irish Tax Residency

Irish Tax Residence

An individual will be considered tax resident in Ireland where:

- They spend in excess of 183 days in Ireland in a tax year; or
- They spend in excess of 280 days in Ireland over two consecutive tax years with at least 30 days in Ireland in each tax year.

Note that the Irish tax year follows the calendar year (i.e. 1 January – 31 December)

Any part of a day spent in Ireland is counted as a day for the purpose.

Irish Ordinary Tax Residence

An individual is ordinary tax resident in Ireland after they have spent three consecutive years in Ireland as a tax resident individual. An individual will not cease to be ordinary resident in Ireland until they have completed a period of three consecutive years of non-residence.

Domicile

Domicile is a complex legal matter and is not defined in the Irish Tax legislation. An individual's "Domicile of Origin" generally refers to the country where the individual's father was born. An individual can change their domicile of origin by acquiring a "Domicile of Choice", but this can only be done by severing all ties with the individual's domicile of origin.

The scope of an individual's liability to Irish income tax can be summarised in the following table:

Residency Status	Domiciled Individual	Non-Domiciled Individual
Resident	Worldwide Income	Irish sourced income and foreign income to the extent it is remitted* to Ireland.
Non-Resident but Ordinary Resident	Worldwide income with the exception of: • Income arising from duties exercised outside of Ireland, and • Other foreign income, provided that it does not exceed €3,810 p.a.	Irish sourced income, foreign employment income to the extent duties are performed in Ireland and other foreign income exceeding €3,810 p.a.
Non-Resident and Non-Ordinary Resident	Irish sourced income only	Irish sourced income only

**At a high level, foreign income that is brought into or spent in Ireland is deemed to be remitted. The remittance basis is discussed further in the following section of this guide.*

Domicile Levy

A domicile levy is payable by individuals who are **Irish-domiciled**, whose worldwide income exceeds €1 million for the tax year, whose Irish income tax liability was less than €200,000 for the tax year, and whose Irish located property is greater than €5 million in value on the valuation date in the tax year.

The domicile levy itself is a maximum annual amount per tax year of €200,000, which can be reduced to the extent that income taxes that are due for that tax year and have been paid by or on the due date of the domicile levy. The due date for the domicile levy is 31 October following the end of the tax year in question.

Remittance Basis of Taxation

The Remittance Basis of Taxation applies to **non-domiciled** individuals, and means that an individual who is Irish tax resident but non-domiciled, is subject to tax on Irish sourced income, foreign employment income to the extent the duties are performed in Ireland, and other foreign income to the extent it is remitted to Ireland.

This essentially means that remuneration derived from a non-Irish employment performed outside of Ireland and non-Irish investment income and gains may potentially fall outside of the Irish charge to tax.

The source of money being remitted to Ireland should be carefully considered before the remittance takes place. Pure capital, e.g. money in an individual's possession pre-1 January in the year they become resident, will not be taxed if remitted. It is important to note, that remittances out of mixed funds (consisting of income and capital) are treated as coming firstly out of income until the income is exhausted, with the balance treated as being from capital.

Our team of specialists can assist individuals with structuring their non-Irish bank accounts to maximise the availability of the remittance basis currently available under Irish tax legislation.

Employment Tax Reliefs

Special Assignee Relief Programme (SARP)

SARP provides for income tax relief on a proportion of income earned by employees who come to work in Ireland. Where certain conditions are satisfied, an individual can make a claim to have 30% of employment income over €100,000 up to €1,000,000 disregarded for income tax (PAYE) purposes. It is important to note that qualifying individuals must make an application for this relief within 90 days of arrival to Ireland.

Foreign Earnings Deduction (FED)

Irish tax residents who work regularly in certain non-EU countries may be eligible for tax relief on these workdays. This relief is known as the Foreign Earnings Deduction (FED), and applies to employees who have at least 30 "qualifying days" in "relevant states". It is capped at €35,000 per annum.

Trans-border Workers Relief

This relief is designed to give income tax relief to individuals who are resident in Ireland but who work outside of Ireland. It applies to individuals who commute daily or weekly to their place of work outside of Ireland and who pay tax in the other country on their employment income. A number of conditions must be met in order for Trans-border Workers Relief to apply.

Split-Year Relief

If an individual is going to be tax-resident in following calendar year, split-year relief can be applied to their employment income in the year of arrival. This means that only the employment income earned from the date of arrival will be subject to tax in Ireland.

The individual will also be entitled to the full year of tax credits and standard rate bands.

It is important to note that split-year relief applies to employment income only.

Pension Contributions

Employee Contributions

An individual can avail of relief from income tax where they contribute to a Revenue approved pension scheme. The amount of relief available is based on an individual's age and relevant earnings, as follows:

Age	% of Net Relevant Earnings that Qualify for Relief
Under 30 years	15%
30 – 39 years	20%
40 – 49 years	25%
50 – 54 years	30%
55 – 59 years	35%
60 years and over	40%

The maximum annual net relevant earnings which can be taken into account for calculating the allowable pension contributions is €115,000. Note that there is no relief for USC or PRSI on pension contributions.

Employer Contributions

Employer contributions are not treated as taxable in the hands of the employee.

Overview of Tax System

There are three components of "income tax" in Ireland – income tax, universal social charge and social security. The combination means that the tax rate for employment income can be 52.1%.

Irish Income Tax

The current rates and thresholds are summarised below:

Rate Bands	2025
20% tax rate applies up to the following amounts	
Single/Widowed	€44,000
Married	€53,000
Married (two incomes)	€84,000
One Parent	€48,000
40% tax rate applies on excess of the above amounts	

In the case of employment income, tax is collected each pay period via the Pay-As-You-Earn (PAYE) system. In the case of other income, it is collected in a lump sum each tax year under self-assessment. Ireland has a tax credit system for calculating income tax. Once the income liable to Irish tax has been identified, the tax is calculated and any tax credits available are deducted from it. The most common credits for employees are set-out below:

Tax Credit	2025
Single Person	€2,000
Married Person	€4,000
Employee PAYE Tax Credit	€2,000

Universal Social Charge (USC)

USC is payable by all individuals whose gross income exceeds €13,000 per annum. Once the €13,000 threshold has been exceeded, USC applies to total income. USC is a separate charge to income tax. The current USC rates are summarized below:

Threshold for 2025	Rate
First €12,012	0.5%
Next €15,370	2%
Next €42,662	3%
Balance	8%

**An additional surcharge of 3% applies to non-employment income over €100,000.*

Social Security

Pay Related Social Insurance (PRSI)

Social security is payable in the country in which an individual exercises the duties of his employment regardless of the location of the employer. Irish social security contributions are known as Pay Related Social Insurance (PRSI) contributions and are generally deducted through the PAYE system. The employee PRSI rate is 4.1% until 30 September 2025 and will be 4.2% from 1 October 2025.

Capital Taxes

Capital Gains Tax (CGT)

Irish CGT is due on any gain arising on the disposal of an asset i.e. the difference between the sales proceeds and the acquisition cost. The first €1,270 of a gain is exempt from CGT for each individual. The rate of CGT is 33%.

The scope of an individual's liability to Irish CGT can be summarised as follows:

Resident or Ordinary Resident?	Domiciled?	Liable to Irish CGT on?
Yes	Yes	Worldwide gains
Yes	No	Irish gains and other gains to the extent that the proceeds are remitted to Ireland
No	Yes	Irish specified assets only
No	No	Irish specified assets only

Capital Acquisitions Tax (CAT)

Irish Capital Acquisitions Tax is a tax on gifts and a tax on inheritances. The relationship between the person giving and the person receiving determines, to a large extent, how much can be received by an individual without payment of CAT. There is no CAT on gifts and inheritances between spouses.

CAT applies to the following gifts/inheritances:

a) The donor is Irish tax resident or ordinary resident;

b) The beneficiary is Irish tax resident or ordinary resident; and/or

c) The subject of the gift/inheritance is Irish property.

CAT is charged at 33%. There are Group Thresholds which serve to limit the CAT payable depending on the relationship between the disponer and the beneficiary. Given the complexity, and potential tax planning opportunities, professional advice is recommended in this regard.

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