

# **COMING TO LIVE IN IRELAND?**

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## **A guide to Irish income tax liability based on some commonly asked questions**

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**Prepared by Residence Section**  
**January 2002**

## 1. What is the purpose of this leaflet?

The purpose of this leaflet is to answer some of the **income tax** questions commonly asked by individuals coming to live in Ireland for the first time or by Irish citizens returning to live in Ireland having been abroad for a number of years. All other leaflets referred to throughout this leaflet, unless otherwise indicated, are available from our Forms and Leaflets Service Tel. 353 1 8780100. Leaflets are also included on our web site at [www.revenue.ie/leaflets.htm](http://www.revenue.ie/leaflets.htm). Although every effort has been made to ensure the accuracy of the information contained in this leaflet it is not a legal document and responsibility cannot be accepted for any liability incurred or loss suffered as a consequence of relying on the material it contains.

## 2. What income will I be chargeable to tax on in Ireland?

Generally speaking you will be chargeable to Irish tax on your world-wide income earned or arising in a tax year during which you are **resident, ordinarily resident and domiciled** in Ireland for tax purposes. The meaning of the terms **resident** and **ordinarily resident** are explained in questions 4 to 9. For any tax year during which you are **non resident** and **non ordinarily resident** in Ireland you will be chargeable to tax on your income from Irish sources only (but see question 17). The extent of your liability to Irish tax may also be influenced by your **domicile** status (see question 10) and possibly by a **double taxation agreement** (see questions 11 & 12). A table outlining how these concepts impact on your Irish income tax treatment is contained at Appendix A.

## 3. What is a tax year?

With effect from 1 January 2002 and for subsequent years the Irish tax system will operate on a calendar year of assessment i.e. the tax year will run from 1 January to the following 31 December. Previously, up to 5 April 2001, the tax year ran from 6 April to the following 5 April. To facilitate the changeover to a calendar year it was necessary to have a short tax “year” beginning on 6 April 2001 and ending on 31 December 2001.

## 4. How do I know if I am resident in Ireland for a tax year?

Your residence status for Irish tax purposes is determined by the number of days you are present in Ireland during a given tax year. You will therefore be **resident** in Ireland for a particular tax year in **either** of the following circumstances (*but see question 5 for special arrangements for residence purposes applying in the short tax “year” ending 31 December 2001 and for the following tax year ending 31 December 2002*):

- ▶ if you spend 183 days or more in Ireland for any purpose in that tax year;
- or**
- ▶ if you spend 280 days or more in Ireland for any purpose over a period of two consecutive tax years you will be regarded as resident of Ireland for the second tax year. For example, if you spend 140 days here in year 1 and 150 days here in year 2

you will be resident in Ireland for year 2. (However, you can spend up to 30 days in total in Ireland in either tax year and this test will not apply to make you resident even though the combined total of days spent in Ireland over the two tax years may be 280 or more. For example, if you spend 365 days in Ireland in year 1 and only 14 days here in year 2, thereby giving a combined total presence of 379 days, you will not be regarded as resident for year 2 under this test.

A “day” for residence purposes is one on which you are present in Ireland at midnight.

## 5. What are the special arrangements for residence purposes which will apply for the short tax “year” ending 31 December 2001 and for the following calendar year of assessment ending 31 December 2002?

**The residence tests for the short tax “year” ending 31 December 2001 are as follows.**

You will be regarded as resident in Ireland in the short tax “year” of assessment 2001 if you spend:-

- ▶ 135 days or more in Ireland, for any purpose, between 6 April 2001 and 31 December 2001;

Or

- ▶ 244 days or more in Ireland combining the number of days spent in Ireland in that “year” (6 April 2001 to 31 December 2001) together with the number of days spent in Ireland in the preceding tax year 2000/2001 (6 April 2000 to 5 April 2001). However, this test will not apply to make you resident if you spend **22 days** or less here in the short “year” of assessment (6 April 2001 to 31 December 2001) or **30 days** or less here in the 2000/2001 tax year.

**The residence tests for the calendar year of assessment ending 31 December 2002 are as follows.**

You will be regarded as resident in Ireland in the year of assessment 2002 if you spend: -

- ▶ 183 days or more in Ireland, for any purpose, between 1 January 2002 and 31 December 2002;

Or

- ▶ **244** days or more in Ireland combining the number of days spent in Ireland in that year (1 January 2002 to 31 December 2002) together with the number of days spent in Ireland in the preceding short tax “year” of assessment 2001 (6 April 2001 to 31 December 2001). However, this test will not apply to make you resident if you spend **30 days** or less here in the year of assessment 2002 or if you spend **22 days** or less here in the short “year” of assessment 2001.

## 6. Do the days I spend in Ireland have to run consecutively in order for me to be considered resident in Ireland for a tax year?

It does not matter if you come and go several times during that tax year or if you are here continuously. A count is made of the total number of days you spend in Ireland for any purpose in each tax year.

## 7. If I purchase a property in Ireland will I be treated as resident in Ireland for income tax purposes?

The ownership of a property in Ireland will not make you resident for Irish tax purposes but could be relevant in determining a single country of residence under a **double taxation agreement** where the other tax treaty country is also claiming that you are resident there. (See questions 11 & 12 for more information on double taxation agreements.)

## 8. Can I become resident in Ireland for income tax purposes even if I don't satisfy the residence tests mentioned above?

Should you arrive in Ireland in a particular tax year and you do not spend a sufficient number of days here to be **resident** under the tests outlined above you may, if you wish, **elect** to be **resident** for that tax year in order, for example, to avail of full personal income tax credits (please see leaflet IT1 for a list of available tax credits and reliefs). A condition of making an election is that you must establish to the satisfaction of your local tax office that you will be **resident** here in the following tax year under any one of the tests mentioned above. You should be aware that once an **election** is made it cannot subsequently be cancelled. As a **resident** you will be liable to tax on your world-wide income earned or arising during the entire tax year of your arrival in Ireland. However, income from an employment will be taxable only from the date of your arrival in Ireland.

An **election** may be made in writing to the local tax office (the addresses and telephone numbers for which are listed at Appendix B).

## 9. What does being “ordinarily resident” mean?

The term **ordinarily resident** as distinct from **resident** refers to an individual's pattern of **residence** over a number of years. If you come to Ireland for the first time and remain resident for three consecutive tax years you will become **ordinarily resident** from the beginning of the fourth tax year. Conversely, you will cease to be **ordinarily resident** in Ireland having been **non resident** for three consecutive tax years. With the exception of certain types of income (see third row of the table at Appendix A), an individual who is non resident for a particular tax year but who is ordinarily resident is effectively regarded as being resident for that year.

## 10. What is Domicile?

**Domicile** is a concept of general law. It may be broadly interpreted as meaning residence in a particular country with the intention of residing permanently in that country. Every individual acquires a **domicile of origin** at birth. A **domicile of origin** will remain with an individual until such time as a new **domicile of choice** is acquired. However before the **domicile of origin** can be shed there has to be clear evidence that the individual has a positive intention of permanent residence in another country and has abandoned the idea of ever returning to live in his/her country of birth. For example, an Irish born individual who returns to live in Ireland, having lived abroad for a number of years, will be regarded as having revived his/her Irish **domicile of origin**. Again please refer to Appendix A which outlines the impact of this concept on your income.

## 11. What is a Double Taxation Agreement?

As a particular item of income can be taxable in both the country where it is sourced and also in the country in which the recipient of that income is **resident**, Ireland has concluded a number of double taxation agreements with other countries in order to prevent income from being doubly taxed. Please see Appendix C for a list of those agreements.

## 12. How will a Double Taxation Agreement prevent my income from being doubly taxed?

If your income is chargeable to tax in Ireland and in a country with which Ireland has a **double taxation agreement**, a double charge to tax is prevented under the agreement by either:

- ▶ exempting the income from tax in one of the countries; or
- ▶ allowing a credit in one country for the tax paid in the other country on the same income.

As the provisions of a double taxation agreement can vary, the precise treatment of your income will depend on the particular agreement, the nature and source of your income and in some cases, your nationality/citizenship.

## 13. What if my income which is liable to Irish tax arises in a country with which Ireland does not have a double taxation agreement?

The amount of income chargeable to tax in Ireland would be the net amount received by you after deduction of the foreign tax paid. There is no credit available for foreign tax paid against your Irish tax liability on the same income.

#### 14. What is the tax treatment of income that I have earned prior to moving to Ireland and which I wish to bring with me?

If you are moving to Ireland for the first time or you are an Irish citizen returning to live in Ireland having been **non resident** and **non ordinarily resident** when the income was earned (see questions 4 and 9 for the meaning of these terms), funds accumulated from income earned prior to 1 January in the year that you become Irish **resident** will not be liable to income tax.

Income, other than employment income, earned or arising between 1 January and the date of your arrival will be taxable if brought into Ireland, unless a **double taxation agreement** provides for a different treatment (please also see note 2 of Appendix A).

#### 15. If I bring the proceeds from the sale of a foreign property into Ireland will I be liable to Irish tax?

If the property was disposed of in a tax year during which you were neither **resident** nor **ordinarily resident** in Ireland there will be no liability to Irish tax when the proceeds from the sale are brought into Ireland. If the property was sold in a tax year during which you were either **resident** or **ordinarily resident** for Irish tax purposes there may be a capital gains tax liability.

However, if the property was your principal private residence for the full period of ownership the proceeds will be exempt from capital gains tax. In order to avail of this exemption the property must be sold within 12 months of it being vacated. For further information on capital gains tax please refer to leaflet CGT 1.

#### 16. I am in receipt of a foreign pension. Will this income be taxable when I become resident in Ireland?

For any tax year that you are **resident** in Ireland the general rule is that your foreign pension will be liable to Irish tax unless it is relieved under the provisions of a **double taxation agreement**. For example, a **double taxation agreement** may provide that pensions paid in respect of past services of a governmental nature are to be taxed only in the source country and are not to be taxed in Ireland. Additionally, certain other pensions which would have been exempt from tax in the source country, had you continued to reside there, may also continue to be exempt from Irish tax when you come to live in Ireland. For further information please contact your local tax office (see Appendix B).

#### 17. I am coming to work in Ireland and I will continue to be paid from abroad. How will I be treated for Irish income tax purposes?

Unless your income is relieved from Irish tax under the provisions of a **double taxation agreement** it will be taxable here from the date of your arrival regardless of your Irish **residence** status for tax purposes. However, if you are an Irish citizen who is **non ordinarily resident** or you are **non Irish domiciled** your foreign employment income (excluding United Kingdom sourced income) will only be taxable to the extent that it is

remitted into Ireland (please see also Appendix A). If you are resident for Irish tax purposes in the year that the income is earned you will be entitled to full personal tax credits and reliefs (please see leaflet IT 1).

### 18. I am coming to Ireland to take up a temporary employment and will not become resident for Irish tax purposes. What tax credits am I entitled to?

Proportionate credits and reliefs are available to **non resident** Irish citizens, and to citizens, subjects or nationals of another European Union Member State and to residents or nationals of a country with which Ireland has a **double taxation agreement** which provides for such relief. The proportion of allowable tax credits is determined by reference to your income for the tax year which is subject to Irish tax over your income from all sources. However, residents of another Member State of the European Union are entitled to **full** personal tax credits and reliefs in respect of any tax year in which **75% or more** of their world-wide income is taxable in Ireland.

### 19. How is Irish income tax calculated?

Income tax is calculated at the appropriate rates on your gross pay earned in a tax year (less superannuation and contributions to a Revenue approved health scheme) to arrive at gross tax. Gross tax is then reduced by whatever tax credits you are due to arrive at net tax payable. Please refer to leaflet IT 1 for the current tax rates, tax bands and tax credits.

### 20. How is income tax paid?

In simple terms, the income tax due is payable either:

- ▶ in one lump sum each year, or by direct debit instalment under what is known as the **“Self Assessment”** tax system. It is used by individuals who are either self employed or who are in receipt of foreign sourced income, (please see explanatory leaflet IT 10);
- or
- ▶ on a weekly or monthly basis in the case of employed persons under the P.A.Y.E. system i.e. Pay As You Earn, (please see explanatory leaflet IT 11).

## 21. If I have other tax questions where can I get further information?

For further information you can contact any of the offices listed at Appendix B

## 22. Where can I get information on the Irish Social Welfare system?

Information leaflets can be obtained from:

**Department of Social Community & Family Affairs,  
Aras Mhic Dhiarmada,  
Store Street,  
Dublin 1.**

**Telephone: 353 1 8748444  
Fax: 353 1 7043870  
E-mail: [info@welfare.ie](mailto:info@welfare.ie)  
Web site: [www.dscfa.ie](http://www.dscfa.ie)**

## 23. Where can I get information on the Irish legal requirements for non nationals living in Ireland?

Information leaflets can be obtained from:

**Immigration Division,  
Department of Justice, Equality and Law Reform,  
72-76 St. Stephen's Green,  
Dublin 2.**

**Telephone: 353 1 6789711  
Fax: 353 1 6620966  
E-mail: [info@justice.ie](mailto:info@justice.ie)  
Web site: [www.irlgov.ie/justice](http://www.irlgov.ie/justice)**

## Appendix A

**Table showing your potential liability to income tax.**

<b>Your residence, ordinary residence and domicile status.</b>	<b>Extent of your liability to Irish tax (see note 1).</b>
Resident, ordinarily resident and Irish domiciled.	Taxable on all Irish and foreign sourced income in full.
Not resident, ordinarily resident and Irish domiciled.	<p>Taxable on all Irish and foreign sourced income in full. However income from the following sources is exempt from tax:</p> <ul style="list-style-type: none"> <li>● income from a trade, profession, office or employment, all the duties of which are exercised outside Ireland; (but see note 2); and</li> <li>● other foreign income, e.g. investment income, provided that it does not exceed €3,810 in the tax year in which it is earned (£2,200 for the short tax “year” ending 31 December 2001).</li> </ul>
Not resident, ordinarily resident and not Irish domiciled.	<p>Taxable on Irish sourced income in full and taxable on remittances of foreign sourced income (see note 4). However income from the following sources is exempt from tax:</p> <ul style="list-style-type: none"> <li>● income from a trade, profession, office or employment, all the duties of which are exercised outside Ireland (but see note 2); and</li> <li>● other foreign income, e.g. investment income, provided that it does not exceed €3,810 in the tax year in which it is earned (£2,220 for the short tax “year” ending 31 December 2001).</li> </ul>
Resident and ordinarily resident but not Irish domiciled.	Taxable on Irish sourced income in full and taxable on remittances of foreign sourced income (see note 4).
Resident and domiciled but not ordinarily resident.	Taxable on Irish sourced income in full and taxable on remittances of foreign sourced income (see note 4).
Not resident, not ordinarily resident and not Irish domiciled.	Taxable on Irish sourced income in full (but see note 3) and taxable on foreign sourced income in respect of a trade, profession or employment exercised in Ireland, (see note 4).

**Note 1.** While the above table outlines your income tax treatment under Irish domestic legislation, you should be aware that the provisions of a double taxation agreement will generally take precedence over domestic legislative provisions and may result in a different tax treatment in certain circumstances.

**Note 2.** In the case of an employment, if an inconsequential number of days are spent working in Ireland and are merely incidental to the foreign duties of an employment, those duties exercised in Ireland will not affect your exemption from Irish tax. Normally any number of days up to a maximum of 30 in a tax year will be regarded as incidental days.

**Note 3.** Irish sourced income, in respect of a trade, profession, office or employment, all the duties of which are exercised outside Ireland, is exempt from Irish tax. Please see note 2 above for the treatment of incidental duties of a foreign employment which are carried on in Ireland.

**Note 4.** The remittance basis of assessment applies to foreign sourced income (excluding UK sourced income). It provides that for any tax year during which you are not Irish domiciled, or if you are an Irish citizen who is not ordinarily resident in Ireland, you will only be taxable to the extent you bring that income into Ireland.

## Appendix B

### List of Tax Offices

#### Inspector of Taxes Dublin Area

**Central Revenue Information Office**  
Cathedral Street, Off Upper O'Connell Street, Dublin 1  
(*Personal Callers only*)

**Central Telephone Information Office**  
Telephone Service 353 1 878 0000

**Taxes Central Registration Office**  
Arus Brugha, 9/15 Upper O'Connell Street, Dublin 1  
Telephone: 353 1 865 5000  
E-mail: tccro@revenue.ie

**Tallaght Revenue Information Office**  
Level 2, The Square, Tallaght, Dublin 24  
(*Personal Callers only*)

**Revenue Forms & Leaflets Service**  
Telephone Service 353 1 878 0100

**Dublin PAYE No. 1 & PAYE No. 4,**  
Arus Brugha, 9/15 Upper O'Connell Street, Dublin 1  
Telephone: 353 1 865 5000  
E-mail: paye1@revenue.ie  
& paye4@revenue.ie  
(*Employees*)

**Dublin PAYE No. 2 & PAYE No. 3,**  
85/93, Lower Mount Street, Dublin 2  
Telephone: 353 1 647 4000  
E-mail: paye2@revenue.ie  
& paye3@revenue.ie  
(*Employees*)

**Dublin Tax District**  
1A Lower Grand Canal St, Dublin 2  
Telephone: 353 1 647 4000  
E-mail: dubittax@revenue.ie  
(*Self Employed Individuals/Trusts*)

**Dublin Corporation Tax District**  
Lansdowne House, Lansdowne Road, Dublin 4  
Telephone: 353 1 631 6700  
E-mail: dubcttax@revenue.ie  
(*Companies*)

**Dublin Directors District**  
Lansdowne House, Lansdowne Road, Dublin 4  
Telephone: 353 1 631 6700  
E-mail: dubdirs@revenue.ie  
(*Company Directors*)

#### Inspector of Taxes Provincial Districts

**Athlone Tax District**  
Government Offices, Pearse Street, Athlone, Co. Westmeath  
Telephone: 353 902 21800  
E-mail: athlntax@revenue.ie

**Castlebar Tax District**  
Michael Davitt House, Castlebar, Co. Mayo  
Telephone: 353 94 37000  
E-mail: mayotax@revenue.ie

**Cork Tax District**  
Government Offices, Sullivan's Quay, Cork  
Telephone: 353 21 496 6077  
E-mail: corkpaye@revenue.ie

**Dundalk Tax District**  
Earl House, Earl Street, Dundalk  
Telephone: 353 42 935 3700  
E-mail: louthtax@revenue.ie

**Galway Tax District**  
Hibernian House, Eyre Square, Galway  
Telephone: 353 91 536000  
E-mail: galwaytax@revenue.ie

**Kilkenny Tax District**  
Government Offices, Hebron Road, Kilkenny  
Telephone: 353 56 75300  
E-mail: kilkentax@revenue.ie

**Letterkenny Tax District**

High Road, Letterkenny, Co. Donegal  
Telephone: 353 74 694009  
E-mail: donegtax@revenue.ie

**Limerick Tax District**

River House, Charlotte Quay, Limerick  
Telephone: 353 61 212700  
E-mail: limtax@revenue.ie

**Sligo Tax District**

Government Offices, Cranmore Road,  
Sligo  
Telephone: 353 71 48600  
E-mail: sligotax@revenue.ie

**Thurles Tax District**

Government Offices, Stradavoher,  
Thurles, Co. Tipperary  
Telephone: 353 504 28700  
E-mail: tipptax@revenue.ie

**Tralee Tax District**

Government Offices, Spa Road, Tralee,  
Co. Kerry  
Telephone: 353 66 7183100  
E-mail: kerrytax@revenue.ie

**Waterford Tax District**

Government Offices, The Glen, Waterford  
Telephone: 353 51 317200  
E-mail: wfordtax@revenue.ie

**Wexford Tax District**

Government Offices, Anne Street,  
Wexford  
Telephone: 353 53 63300  
E-mail: wxfordtax@revenue.ie

## Appendix C

### Double Taxation Agreements entered into by Ireland

Ireland currently has comprehensive double taxation agreements in force with 40 countries. The agreements generally cover income tax, corporation tax and capital gains tax (direct taxes). The following is a list of those agreements:

Australia	India	Poland
Austria	Italy	Portugal
Belgium	Israel	Romania
Bulgaria	Japan	Russia
Canada	Korea (Rep of)	Slovak Republic
China	Latvia	South Africa
Cyprus	Lithuania	Spain
Czech Republic	Luxembourg	Sweden
Denmark	Malaysia	Switzerland
Estonia	Mexico	United Kingdom
Finland	Netherlands	United States
France	New Zealand	Zambia
Germany	Norway	
Hungary	Pakistan	

A number of new treaties are in the course of being negotiated with Croatia, Egypt, Iceland, Singapore, Slovenia, Turkey and Ukraine. Also, existing treaties are being re-negotiated with Canada and France. Copies of existing Double Taxation Agreements are available on the Revenue web site [www.revenue.ie/fra\\_pubs.htm](http://www.revenue.ie/fra_pubs.htm).