

# Tax Treatment of Members of the European Parliament

## Section 127A of the Taxes Consolidation Act 1997

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## 1 Background

Regulations and conditions governing the performance of the duties of Members of the European Parliament (MEPs) are contained in **Decision of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament (2005/684/EC, Euratom)**.

While Article 12 of the Decision provides that a MEP salary is subject to tax for the benefit of the Communities, it does not prevent Member States from also taxing the salary, provided double taxation on that salary is avoided.

In accordance with that article, the Irish Government at that time decided to exercise its right to tax the salary of Irish MEPs.

## 2 Section 127A Taxes Consolidation Act 1997

Section 127A was inserted into the Taxes Consolidation Act 1997 by the European Parliament (Irish Constituency Members) Act 2009 and came into effect on the first day of the European Parliament parliamentary term beginning in 2009. The section provides that income arising to any individual as a MEP and payable out of money provided –

- (a) by the Oireachtas, shall be chargeable to tax under Schedule E, or
- (b) by the budget of the European Union, shall be chargeable to tax under Schedule D Case III.

MEPs are not a category of persons whose EU income is exempt from national taxes under the EU Protocol on Privileges and Immunities.

Where a MEP's salary is paid by the EU, it is chargeable to tax under Schedule D, Case III and, as the person is a 'chargeable person', he or she must therefore file a return of income each year. Tax is paid by way of the pay and file self-assessment system. Further information in relation to self-assessment on this is available on the [Revenue website](#).

As the EU tax deducted at source is similar to the Irish PAYE system, the PAYE (employee) Tax Credit is due.

Where a MEP's salary is paid by the Oireachtas, the income is subject to deductions under the PAYE system. Provided the MEP does not have any additional income, there is no requirement to file an annual income tax return unless required to do so by notice given to him or her by Revenue.

### **3 Relief from double taxation**

In order to avoid double taxation on a MEP's salary paid by the EU, credit for EU tax paid should be granted against the Irish tax due on the salary.

### **4 Allowances paid to MEPs**

Allowances paid to MEPs such as the general expenditure allowance, travel expenses allowances and the daily subsistence allowance which are granted by the EU budget are not subject to Irish tax. This is on the basis of the judgement of the European Court of Justice in *Lord Bruce of Donington v Aspden*, [C-208/80](#), EU:C:1981:194.

### **5 Transitional allowances and pensions paid to former MEPs**

Transitional allowances and pensions paid to former MEPs are chargeable to Irish income tax and USC. A former MEP who is in receipt of the transitional allowance and/or pension payment is required to return the amounts on their Form 11 Income Tax return for the year of payment.