

Income Tax Processing for Temporary Assignees

Document last reviewed January 2024

A more recent version of this manual is available.

Table of Contents

1.	Introduction	3
1.1	Temporary Assignees	3
1.2	Tax Equalisation.....	3
1.3	Payment of Irish tax under a tax equalisation arrangement	4
2	Temporary Assignee Service	4
2.1	Tax return submission	4
2.2	Bulk Processing.....	4
2.3	Operational Guidelines.....	5
2.3.1	Application for inclusion in the scheme	5
2.3.2	Operational procedures – Employer obligations	5
	Appendix 1	7
	Appendix 2	8

1. Introduction

This manual outlines the procedures in place for the processing of Income Tax refunds for Temporary Assignees who are paid via a tax equalisation agreement with their employer. This bulk processing service is only available to employers who are dealt with in Revenue's Large Corporates Division (LCD). All other Income Tax returns are processed by the Branch proper to the employee.

1.1 Temporary Assignees

Temporary Assignees are internationally mobile employees who are seconded, transferred, or assigned to work in one jurisdiction while being paid by an employer in another. There are two types of assignee:

- Inbound assignees are temporarily assigned to work in the State while continuing to be paid by an employer in their home country.
- Outbound assignees are individuals with an Irish employment contract who are temporarily assigned to work in a foreign jurisdiction, while continuing to be paid by their Irish employer.

1.2 Tax Equalisation

Some Temporary Assignees may enter into a tax equalisation arrangement with their home country employer upon being assigned to the State or abroad.

A tax equalisation arrangement means that an assignee pays no more and no less tax on assignment than they would have paid had they not gone on assignment. In effect, the employee is held to home country tax rates while working abroad, thereby ensuring that there is no increase or decrease to their net pay as a result of the assignment.

Under a tax equalisation arrangement, the home country employer is responsible for the payment of all actual taxes arising on the employment income in the home and host countries on behalf of the assignee (and potentially other income, depending on the arrangement). The employee's contribution to this is the hypothetical tax (or hypotax), which mirrors the level of tax that they would have paid had they not gone on assignment. The hypotax amount is deducted from the employee's salary through their home country payroll.

Conversely, where a refund of tax arises on the employment income (and potentially other income, depending on the arrangement), the home country employer is entitled to the benefit of the refund, whether this arises in the home country or host country.

1.3 Payment of Irish tax under a tax equalisation arrangement

Irrespective of the tax residence position of the employee or the employer, income from a non-Irish employment attributable to the performance in the State of the duties of that employment is chargeable to income tax in the State and is within the scope of the PAYE system of deduction at source. The requirements are outlined in detail in [Tax and Duty Manual \(TDM\) Part 42-04-65](#) - Employee payroll deductions in relation to non-Irish employments exercised in the State.

In practice, a “shadow payroll” is operated to account for the PAYE liability arising on behalf of a tax equalised Temporary Assignee. Employers should ensure that payroll submissions under shadow payroll arrangements are accurate and are reviewed for accuracy on an ongoing basis.

2 Temporary Assignee Service

2.1 Tax return submission

A tax equalised Temporary Assignee will generally be required to submit a year-end Irish tax return to establish his/her final Irish tax liability for the year. A refund of tax may be due after the Temporary Assignee’s final Irish tax liability for the year has been established through the submission of a Form 11/Form 12 tax return. Under the principles of tax equalisation, the home country employer is entitled to the benefit of this refund.

In addition, if an employee has a balance of tax payable for the year on his/her overseas employment income, then the home country employer will be responsible for payment of the liability. This would arise, for example, if the Temporary Assignee remits foreign employment income to the State which is attributable to the performance of employment duties outside the State. This income is not within the scope of the PAYE system of deduction at source by the foreign employer and is liable to Irish tax under the self-assessment system.

2.2 Bulk Processing

The Temporary Assignee service allows any underpayments or overpayments arising from tax equalisation arrangements to be dealt with in bulk for each employer. The final liability for each employee is declared and settled via the filing of income tax returns which are signed by an employee or on his or her behalf by an agent specialising in employee global mobility matters and who is familiar with the application of tax equalisation concepts in practice. The employee also, in accordance with section 865 of the Taxes Consolidation Act 1997, specifies by way of written mandate to LCD that should any tax repayment arise it is to be paid into his or her employer’s bank account.

It is important to note that an employee retains the right to file/amend a tax return at any time. If a refund issues to an employee, and an employer considers that refund to be proper to itself because of a tax equalisation agreement between the two parties, the matter should be resolved directly between the two parties. Revenue has no role in any such dispute.

2.3 Operational Guidelines

2.3.1 Application for inclusion in the scheme

Applications for inclusion in the Assignee scheme should be submitted to Revenue via myEnquiries using the categories 'Employers' PAYE' and 'Employer's PAYE General Query'. An employer's tax affairs will be reviewed prior to acceptance into the scheme and the final decision will be issued via response in myEnquiries.

Continued access to the service is dependent on the employer continuing to meet all the requirements outlined below. Failure to comply with the procedures in this TDM will result in the service being withdrawn from the employer.

2.3.2 Operational procedures – Employer obligations

In advance of filing any income tax returns, the employer must submit the details of the individual employees by completing the spreadsheet linked at [Appendix 1](#) and submitting it to lcdassignees@revenue.ie. The following documentation must also be included:

- Tax computations for each employee
- A mandate signed by the employee stating that any tax repayment relating to the employment in the relevant period can be paid into the employer's bank account. The template which must be used is available at [Appendix 2](#).

If a tax return includes a claim for SARP relief, then this return cannot be included in the LCD Assignee scheme. These tax returns must be filed online as normal. Please see [TDM Part 34-00-10](#) - Special Assignee Relief Programme

The assignee cases on a spreadsheet will be worked by LCD as a single bulk request. Multiple spreadsheets may be submitted for each employer.

No tax returns should be filed until the LCD caseworker confirms that it is appropriate to do so. Once the tax return has been filed the employer must inform the LCD caseworker immediately via lcdassignees@revenue.ie. Failure to inform LCD could result in the return being processed outside of the assignee process and the refund being issued directly to the employee.

In accordance with standard Income Tax processing, additional documentation may be requested to support the tax declaration.

Once all cases in a bulk request have been processed the monies available from any resultant refunds will be used to settle any tax liabilities arising for individuals. Once these offsets have been completed, any final refund will be issued to the employer via the bank account associated with the PREM registration.

If individual cases require prolonged time to process, e.g. due to complexity or delays in obtaining supporting documentation, these may be dealt with separately so as not to delay the issue of other refunds included in the bulk request. If an employer wants to avail of this option they should inform the caseworker dealing with their case.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

A more recent version of this manual is available.

Appendix 1

The spreadsheet at the link below must be completed for each bulk request.

All mandatory fields should be completed. Incorrectly completed spreadsheets will be returned.

A signed mandate and computations must be supplied on behalf of each employee.

An employee retains the right to file/amend a tax return at any time. If a refund issues to an employee, and an employer considers that refund to be proper to itself because of the tax equalisation agreement between the two parties, the matter should be resolved between the two parties. Where this occurs, Revenue has no role to play in resolving matters.

[Assignee template.xlsx](#)

Appendix 2

To whom it may concern,

I [name, PPSN] give my consent that refunds of Income Tax due to me for the year YYYY may be issued to the nominated bank account of my Employer [employer name] [employer registration number].

I understand that any refund made by the Revenue Commissioners to the above bank account is refunded as if the payment has been made directly to me, and I have no further call upon the Revenue Commissioners in respect of same.

A more recent version of this manual is available.