

8. Taxes

Do I need to register for tax on my return to Ireland?

Yes. You must notify your Local Tax Office in Ireland that you are now living in the country permanently and they will assess you for income tax.

How does the income tax system in Ireland work?

Most employees in Ireland pay tax through the PAYE (Pay As You Earn) system. This means that your employer deducts the tax you owe directly from your wages, and pays this tax directly to the Revenue Commissioners. The Revenue Commissioners collect taxes from citizens on behalf of the Irish Government.

How much tax will I pay?

The amount of tax you pay depends on a variety of factors including your marital status, whether you have children, whether you are in rented accommodation and so on.

What are tax credits?

Tax credits are the part of your income on which you are taxed. In other words, you do not pay tax on all of your income and you can earn or receive a certain amount of income before you begin to pay tax. What this amount will be depends on the value of your tax credits. Tax credits consist of various allowances and relief's which you may be able to claim, depending on your circumstances. You may be able to claim tax relief for items such as private health insurance premiums and mortgage interest.

Will my foreign pension be taxed in Ireland?

If you are a tax resident in Ireland you must declare all income. 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 exception is made under the provisions of a double taxation agreement.

Who is a tax resident?

If you are resident in Ireland for 183 days or more, you are considered a tax resident.

8. Taxes

What is a double taxation agreement?

A double taxation agreement is an agreement between Ireland and another country which is designed to ensure people do not get taxed in both countries.

Some double taxation agreements allow you to be exempt from Irish income tax depending on what rate of tax you pay in the country from which you are returning. You will need to check with your local tax office about the nature of a specific double taxation agreement is because they are not all the same.

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

- Exempting the income from tax in one of the countries, or
- Allowing credit in one country for the tax paid in the other country on the same income

With what countries does Ireland have double taxation agreements?

Ireland has double taxation agreements with the following countries:

Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Italy, Israel, Japan, Republic of Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, UK, USA, and Zambia.

What if the country I am returning from does not have a tax agreement?

You will have to pay tax in Ireland and the country from which you are returning.

What is VAT?

VAT stands for Value Added Tax. It is a general sales tax charged on goods and services supplied within Ireland. Prices of goods and services will usually include VAT in the costs but if in doubt ask before you buy.

8. Taxes

Where can I get more information about tax?

You can go to your local tax office when you get to Ireland. For contact details for tax offices in Ireland or for direct queries contact The Irish Revenue Commissioners at +353-1-647 4444. The Dublin Regional Office is located at Apollo House, Tara St., Dublin 2. Phone: +353-1- 6330600.

Please read pages 4 and 5 for current tax rates and bands.

Customs and Excise

Will I have to pay Duty on my personal possessions that I bring with me on my return to Ireland?

If you are moving permanently to Ireland from abroad you will not have to pay Duty on any imported personal used goods. However used goods must be more than six months old and receipts are usually requested. All goods should arrive in Ireland within 12 months of your moving back permanently. Customs and Excise generally request a confirmation letter from your Irish employer and/or Garda station that you have taken up permanent residence in Ireland.

Where can I get more information about Customs and Excise?

You can contact the Customs and Excise Information Office, Customs House, Dublin 1. Tel: + 353 1 873 4555

8. Taxes

Tax Figures for the Tax Year 2008

Tax Credits for the Tax Year 2008

Personal Circumstances	Tax Year 2008, in Euros
Single Person's Tax Credit	1,830
Married Person's Tax Credit	3,660
Widowed Person's Tax Credit	
qualifying for One-Parent Family tax credit	1,830
without dependent children	2,430
In year of bereavement	3,660
One-Parent Family Tax Credit (See Note 1)	
Widowed, Deserted, Separated or Unmarried	1,830
Widowed Parent Tax Credit	
Bereaved in 2007	4,000
Bereaved in 2006	3,500
Bereaved in 2005	3,000
Bereaved in 2004	2,500
Bereaved in 2003	2,000
Bereaved in 2002	-
Home Carer's Tax Credit (Max)	900
PAYE Tax Credit	1,830
Age Tax Credit	
a) Single/Widowed	325
b) Married	650
Incapacitated Child Tax Credit (See Note 1)	3,660
Dependent Relative Tax Credit (See Note 1)	80
Blind Person's Tax Credit	
(single)	1,830
(one spouse blind)	1,830
(both spouses blind)	3,660
Additional Allowance for Guide Dog	*825
Incapacitated Person – Allowance for employing a Carer	*50,000 max

**Relief in respect of a guide dog and for employing a Carer are allowable at the individual's highest rate of tax i.e. 20% or 42% as appropriate in both years.*

Note 1: The child's/relative's income limits are:	€
One- Parent Family Tax Credit	nil
Incapacitated Child Tax Credit	nil
Dependent Relative Tax Credit	*13,473

**In the case of Dependent Relative Tax Credit, if the relative's income exceeds the relevant limit no tax credit is due.*

Tax Rates and Tax Bands for the Tax Year 2006

Personal Circumstances	Tax Year 2008, in euros
Single/Widowed	35,400 @ 20%
without dependent children	Balance @ 41%
Single/Widowed	39,400 @ 20%
Qualifying for One-Parent Family Tax Credit	Balance @ 41%
Married Couple	44,400 @ 20%
(one spouse with income)	Balance @ 41%
Married Couple	44,400 @ 20%
(both spouses with income)	(with an increase of 26,400 max) Balance @ 41%

Note: The spouse on the lower income in a married couple can have their standard rate (20%) tax band increased by 26,400. However if this increase of 26,400 euros exceeds the total of the lower earning spouse's income the surplus cannot be transferred to the higher earner's tax band.