

CROSS BORDER WORKERS

Social Insurance

This is PRSI in the Republic of Ireland or National Insurance in the North of Ireland.

You can only pay it to one country at a time.

If you work in both countries a decision has to be made as to which country is responsible for you.

This can have enormous effects on your personal situation!

Income Tax

You are potentially liable to income tax in both countries.

HYBRID WORKING IF THIS IS REMOTE FROM THE OFFICE BUT IN THE SAME COUNTRY AS YOU WORK IN IT IS WITHIN THE NORMAL RULES OF EMPLOYMENT. NO ADJUSTMENTS REQUIRED!

- E.g Helen from Derry city works for a Sligo company as an Engineer. She works in the office 3 days a week and uses the Letterkenny Enterprise Centre hot desk 2 days a week. This is within the rules and does not affect her Taxes or PRSI contributions. As all her work duties are carried out in the Republic of Ireland.
- If Helen worked from home 2 days a week instead of the Enterprise Centre she will be liable to Tax and National Insurance in the North of Ireland. Any PRSI benefits such as Maternity benefit, Child benefit, State Pension and Welfare benefits will transfer to the North of Ireland because she is now liable to National insurance contributions instead of PRSI contributions. She will have no entitlements in the Republic of Ireland

EMPLOYERS & EMPLOYEES

- As an employer you may need to have a flexible approach to frontier workers. Allow them to use local hubs, relatives houses or connected companies nearer their home as their base away from the office but in the same country as your business.
- Moving employees to a new contract in their place of residence has complications the employer or employee may not be aware of at first.
- It can seriously disadvantage an employee to move them to a contract in the other jurisdiction. Consideration has to be given to their personal situation and what tax allowances and entitlements they have at present.
- **E.g** If you work for a North of Ireland employer and the contract is changed to a Republic of Ireland contract you would lose your access to free healthcare in the North of Ireland. In the opposite direction you would lose your entitlement to an Irish medical card without a means test.
- A Republic of Ireland employee living in the North of Ireland with a incapacitated child would lose their extra tax credits in the Republic of Ireland and have no entitlement to any extra tax allowances in the North of Ireland.
- Loss of benefits such as Universal Tax credits in the North of Ireland or Working Family Payment in the Republic of Ireland.

IF YOU WORK FROM HOME FULL TIME FOR AN EMPLOYER IN THE OTHER JURISDICTION

- You should be treated as if you work for an employer in the country you live in.
- All Taxes and Social Insurance will be paid in the country you live in.
- There will be no entitlements to any benefits in the other country.
- You will not be liable to tax in the other country.

Other considerations:

- Employment laws will be those of the country you live and work in.
- Your redundancy entitlements change once you move to the other jurisdiction.

Living in NI working in the Republic of Ireland: Tax Reliefs

- **Double Taxation Relief**
- **Section 1032 Aggregation Relief**
- **You are not entitled to the Marriage Allowance if your spouse has an income in the North of Ireland.**
- **Single Person Child Carer Credit**
- **Incapacitated Child Tax Credit**
- **Medical and Dental Health Expenses tax relief**
- **Income Protection premiums tax relief**
- **Tax relief for tuition fees paid for Third Level Education**

You are not entitled to

Mortgage Interest Tax Credit if you are not resident in the Republic of Ireland .

Income from two countries in the same tax year.

If at least 75 percent of your worldwide income is taxable in Ireland, you receive full tax credits. If less than 75 percent of your worldwide income is taxable in Ireland, you may receive a portion of tax credits. **This may lead to an underpayment of tax.**

Living in Ireland working in the North of Ireland: Tax Reliefs

- **Double Taxation Relief**
- **Transborder Workers' Relief**
- **Could be liable to tax in the Republic of Ireland if your partner working in the Republic of Ireland claims the married couples allowance.**

Tax Returns

- Cross border workers have to complete a tax return in the country they live in to declare their foreign income.
- If you work in the Republic of Ireland and live in the North of Ireland any outstanding Student Loans will be collected through the HMRC tax return.

Government Employees: the different tax rules and implications of hybrid working.

- If your Government income is your only source of income. You do not need to complete a HMRC Tax Return if you have confirmation from HMRC that you do not need to complete a Self Assessment Tax Return under Article 18.
- As a Public Sector employee -Do not assume that you do not have to complete a tax return.
- Those with the HMRC Exemption in place. If you are working from home or from outside of the Republic of Ireland this invalidates the Exemption and a Tax Return would be required for the days you are working from home in the North of Ireland.

Checklist .. Some of the areas affected by changing your country of employment...

State Pension

Widows/ Widowers Pension

Child Benefit

Working Family Payment

Illness Benefit

Maternity Benefit

Domiciliary Care Allowance

Redundancy Entitlements

Unemployment Benefit

DLA

Universal Credits

Company Pension payments and Death in Service

Mortgage application

Income protection cover

Healthcare entitlement

Employment laws

To finish.....

What seems a simple change in circumstances as a frontier worker can have huge effects either positively or negatively on someone's personal situation.

Knowing the impact before any decision is made is crucial.

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