

XI. Taxation of Nonresident Individuals

For a definition of resident and domiciled, and for a discussion of the effects of residence, ordinary residence and domicile, see X.B., above. The discussion that follows compares residents and nonresidents.

Individuals who are both nonresident and non-ordinarily resident (as defined at X.B.1., above) are generally taxed on income from Irish sources only, unless otherwise provided for under a tax treaty.

Income earned by a nonresident individual is generally assessed in the same way as that earned by a resident under the schedular system. A nonresident individual is also liable to tax at the standard rate and the higher rate. In general, a nonresident individual is not entitled to personal tax credits and reliefs. Where, however, the individual can prove to the Revenue that he or she is:

- (i) A citizen of Ireland;
- (ii) Resident outside Ireland because of his or her health or that of a family member, and that before such residence outside Ireland he or she was resident in Ireland; or
- (iii) Entitled under a tax treaty to the same personal allowances and reliefs as an Irish citizen not resident in Ireland; or
- (iv) A European Union (EU) citizen,

he or she will be entitled to a portion of the personal tax credits and reliefs that would be available to him or her if he or she were Irish resident, in the same proportion that his or her in-

come liable to Irish tax bears to his or her worldwide income (including income that is not subject to Irish tax).

In addition, if the nonresident proves to the Revenue that he or she is a resident of another EU Member State and that the proportion of his or her income that is chargeable to Irish tax amounts to at least 75% of his or her total income, he or she will be entitled to full personal tax credits and reliefs.

Individuals who are nonresidents and not ordinarily resident in Ireland are exempt from income tax on certain Irish government securities.

An individual who is neither resident nor ordinarily resident in Ireland but is either resident in another EU Member State or a country with which Ireland has a tax treaty is exempt from income tax in respect of distributions made by Irish resident companies. It is necessary for the nonresident individual to hold a certificate given by the tax authority of the territory in which he or she is resident, certifying that the individual is so resident in that territory. Other nonresidents who do not qualify for this exemption will suffer withholding tax at the standard rate of tax (i.e., 20% for 2022) and this will represent the full extent of the liability due.

Comment: There are several planning opportunities for persons going to Ireland who have yet to become Irish resident. Similarly, nondomiciled persons can avail themselves of the “remittance basis” of tax, except with respect to employment income insofar as the employment is exercised in Ireland. Certain planning opportunities are also available to minimize the ongoing exposure to Irish tax of individuals who come within these categories.

