



US Executive Compensation In Ireland: The US Chamber Of Commerce Weighs In On The Income Tax Question

Insights

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As reported January 28th in *The Irish Times*, the paper has obtained information using the Freedom of Information Act to discover that the US Chamber of Commerce has suggested that, to encourage them to live and work in Ireland, top executives working in Ireland should pay no more than twenty-five (25) percent of their total compensation in taxes including the universal social charge (USC). The Chamber has also proposed that that the present cap on the Special Assignee Relief Programme (SARP) be lifted. According to *The Irish Times*, “the chamber said high marginal tax rates were acting as a disincentive for attracting the best talent to live and work in Ireland.”

According to *The Irish Times*, under the SARP, as modified, an executive earning the top wages covered, € 500,000 which would normally be taxed at 41%, would be exempt from tax on €141,666 of earnings, for savings of €58,083. “A married executive in a single income household with a salary of €500,000 who avails of the programme now pays €172,540 in income tax and USC contributions. If income tax and USC were capped at 25 per cent of total salary, the same executive would pay €125,000, increasing net earnings by €47,457 a year.” This is in addition to tax breaks on school fees and trips home for the first five years. [Click here to read the article.](#)

While the Irish Minister for Finance has defended the Chamber’s proposals as being necessary to attract extra employment, the common Irish taxpayer is not happy, believing the suggested 25% ceiling on taxes for a foreign executive to be unfair.

Companies with US top executives in Ireland and those thinking of sending top executives to Ireland will want to follow this as it develops.