

Country Tax Guide: Ireland



About this Guide:

This guide is based on information provided by international tax experts at IBFD to provide employers with a general overview of the tax treatment of key benefits in kind granted to resident employees. It is intended to offer practical insights to help multinational employers better understand potential tax implications when structuring benefit programs in-country. The guide does not include different tax concessions granted to non-residents and/or expatriates, tax reliefs employees may claim in their own tax returns, option arrangements and low interest bearing loans. While the content reflects extensive research and the expertise of IBFD, it is provided for informational purposes only and does not constitute formal tax advice. Employers are strongly encouraged to consult qualified tax advisors for guidance tailored to their specific business operations, workforce profile, and benefits design in the relevant jurisdiction.

Source of Information

The benefits provided by an employer to its employee are in principle taxable. If the employee's total income, including benefits, is more than €1,905 in a year, they need to pay (i) income tax, (ii) pay related social insurance (**PRSI**) and (iii) Universal Social Charge (**USC**) on their benefits under the Pay As Your Earn (**PAYE**) system. Income from a previous job is not counted towards the €1,905 limit.

For the non-cash benefit (i.e. benefit in kind (BIK)) there are specific rules setting out the way certain benefits should be treated for tax purposes. Depending on the nature of BIK, the main charging sections are: s118 and s122 of [Taxes Consolidation Act, 1997](#) (TCA 97). Please refer to **Appendix 1** for further details.

The cash benefits (i.e. perquisite) are taxable under s112 of the [TCA 97](#).

If an employer gives a benefit to an employee's spouse or civil partner, family members, dependants or guests, the employee must pay tax under PAYE system.

The guidance regarding the taxation of BIK/perquisite are available [here](#) and on Revenue [website](#).

Main principles

For any cash benefit (i.e. perquisite) generally, it is the market value of the perquisite (calculated on the date which it is given to an employee or director) that is taxable under Schedule E, and not the cost to the employer of providing the perquisite.

For any non-cash benefit (i.e. BIK) the taxable value, in general, is the higher of:

- the expense incurred by the employer in connection with the provision of the benefit to the employee, or,
- the value realisable by the employee for the benefit in money or money's worth less any amount made good to the employer by the employee.

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Unless the benefits qualify for the exemption, there is no other way for taxing the benefits then taxation under PAYE system.

Benefit types

Meals

- **Canteen meals:** An employer may provide free or subsidised meals in staff canteens for all employees. If this facility is made available to all employees, these meals are not a taxable Benefit in Kind. Meals must be provided in a staff canteen. This does not include external third-party restaurants, cafés or similar establishments.

If the canteen is only available to certain employees, the meals that you provide are taxable benefits. The employees are chargeable on the benefit under the [Pay As You Earn \(PAYE\)](#) system to: Income Tax, Pay Related Social Insurance (PRSI) and Universal Social Charge (USC).

To calculate the taxable value of the benefit for each employee, the employer must:

- divide the costs of the canteen between the employees who are allowed to use it
and
- not include any employee who does not wish to use the facilities provided.
- **Meal vouchers:** An employer may provide meal vouchers to the employees. These vouchers are a taxable BIK and therefore subject to PAYE, PRSI and USC on the value of benefit. The value of the benefit is the face value of the voucher less 19 cents.
- **Client entertainment expenses:** Reimbursement of vouched expenses incurred by employees for business entertainment expenses in order to perform the duties of their employment are not considered as taxable BIK.
- **Seasonal parties and other inclusive events:** The costs incurred by the employer for seasonal parties, special occasion meals or other inclusive events such as sports days, for the employees are not taxable BIKs, provided the expenses are reasonable and the events are available to all employees.

Cars

A company car is a taxable benefit. The taxable value of a company car is based on the:

- Original Market Value (OMV) of the car — the price of the car new in Ireland, including VAT and VRT.
- CO₂ emissions category of the vehicle (Category A–E).
- Annual business mileage (actual distance driven for work)

The BIK is calculated as:

(OMV – applicable reductions) × relevant percentage rate based on CO₂ band and mileage.

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In general, the taxable benefit is between 9%-37.5% of the OMV. Partial relief is available for electric cars. For the avoidance of any doubt, electric cars are those that get their power from electricity only. Hybrid cars do not qualify as electric cars. This treatment applies to both new and used cars.

The taxable benefit will not arise if the employee uses an employer provided car in a carpool arrangement. In addition, certain BIK exemptions and discounts are available where the car made available to your employee is an electric car.

The above treatment is only applicable where ownership of the car does not transfer to the employee. If employer transfers the ownership of the car to the employee, general benefit in kind (BIK) rules shall apply (refer to *Transfer of goods/asset* section).

Any allowance to an employee to allow them to purchase a car, will be taxable salary. Similarly, any car cash allowance will be treated as taxable salary.

Commuting

When an employer provides the employees with access to the travel pass scheme (i.e. monthly or annual travel passes for bus, train, Luas and ferry services) or the cycle to work scheme, it will not be treated as taxable benefit provided that the employer either:

- pays for the pass or cycling equipment on behalf of the employee; or
- enters into a salary sacrifice arrangement (i.e. arrangement under which the employee agrees to give up some of their pay in exchange for a benefit) with the employee.

The provision of bicycles up to a cost of EUR 1,250 for use by employees on journeys between home and work (up to EUR 1,500 for electrical bicycles and up to EUR 3,000 for cargo bikes), is a tax exempt benefit.

The use of a Lifestyle Spending Account (LSA) specifically for commuting benefits may be tax exempt if it meets the guidelines above in terms of eligibility of coverage and that it cannot be exchanged for cash. See <https://www.citizensinformation.ie/en/travel-and-recreation/cycling/cycle-to-work-scheme/>.

Childcare

Where the employer provides free of subsidies childcare facility at work for employees, it is considered as taxable BIK.

Well-Being

- **Sports and recreational facilities:** If an employer provides facilities on their premises and the facilities are available to all employees, this benefit is not deemed taxable. If the facilities are only available to selected employees, then it is deemed taxable benefit.

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- **Gym membership:** Where an employer pays for a corporate subscription membership to a sports or recreational facility for employees, it is a taxable BIK. The value of the benefit is the cost of the subscription or payment.
- **Medial insurance:** Where an employer pays medical insurance to an approved insurer on behalf of employees and family this is deemed as taxable BIK.

The value of the benefit is the gross value of the insurance premium.

- **Medical check-ups:** Where an employer pays for one medical checkup each year for each employee, it is not considered as taxable BIK.
- **Health and well-being expenses:** Where an employer incurs health expenses in the provision of healthcare for the prevention, diagnosis, alleviation or treatment of an ailment, injury, infirmity, defect or disability, the benefit is not deemed taxable provided that healthcare is made available generally to all employees.

See this helpful manual provided by the Revenue covering health and well-being benefits: <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-05/05-01-01n.pdf>

Tuition Assistance

If the employer pays for a course and exam fees for the employees, or repay them for the fees they have already paid, it is not a taxable benefit if the course or exam is relevant to employer's business.

A course is relevant to the employer's business if it:

- is necessary for the duties of the employment; or
- helps the employees perform their current or future work duties more effectively.
- In all other cases the benefit is considered a taxable benefit. It is generally the expense incurred by the employer less any amount made good by the employee that is considered for PAYE, PRSI and USC purposes.

Similarly, a cash award made to an employee in recognition of passing an examination or acquiring a qualification is a taxable payment.

Other Benefits, If Any

Remote working Daily allowance: An employer may pay a working from home allowance up to €3.20 per day without deducting PAYE (Pay As You Earn), PRSI (Pay Related Social Insurance), and USC (Universal Social Charge). This is deemed to cover the extra expenses of working from home such as heating, electricity and internet. If the employer does not pay such an allowance, the employee is permitted to make a deduction on their tax return.

Any amount over €3.20 per day provided by the employer is subject to standard taxation (PAYE, PRSI, USC).

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Professional subscriptions: This is a generally taxable benefit. However, charge to tax will not arise where there is a legal requirement for the employee to either:

- be a member of a professional body; or
- hold a practising certificate or licence.

An employer can also pay the subscription without deduction of tax where:

- the duties of the employee require them to either:
 - be a member of a professional body; or
 - hold a practising certificate or licence

and

- the employee cannot complete their duties without that membership or certificate.

Transfer of Assets / Goods: Where an employer gives assets / goods to an employee, the taxable benefit for the year must be calculated with reference to the higher of:

- expense incurred by the employer, and
- realisable value of the asset less any reimbursement to the employer by the employee.

Free Use of Assets (other than accommodation, employer-provided cars or vans): Where an employer provides the employee with free use of employer's assets for their private use, it is considered as taxable benefit. 'Free use' means that you allow your employee to use the asset without giving them ownership of it. The value of the benefit is the annual value of the use of the asset. This is generally 5% of the market value of the asset when you first provide it as a benefit.

Accommodation/free housing: This category of benefits constitutes a taxable benefit unless an employee is required to live in specific accommodation to perform their duties.

- **Employer-owned accommodation**

Taxable benefit. The value is calculated by adding together:

- the annual market value of the rent; and
- any related expenses paid by the employer such as light and heat.

The annual market value of the rent is the amount a landlord would charge a tenant (i.e., no one with a special relationship such as the one between employee-employer) to use the property.

The employer should value the property when it is first provided to the employee and review this value every year.

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If the property is furnished, this is also a BIK. The value of the benefit is 5% of its value when first provided it as a benefit.

- **Renting accommodation for an employee**

If employer rents accommodation for its employee, this is a BIK. The total benefit will be the cost of the rent less any payments the employee makes to the employer.

- **Accommodation costs paid as part of a relocation package**

Costs provided as part of relocation package may be exempt in certain cases.

Parking during work hours: If the employer rents the parking space directly, the benefit is tax exempt. If the employer reimburses the employee for the parking costs, the full benefit is taxable.

Transfer of Assets: Where an employer gives an asset (e.g. a car or house) to an employee by way of transfer, or otherwise, the value of the taxable benefit for the year in which the benefit is provided must be calculated by reference to the higher of:

- the expense incurred by the employer in connection with the provision of the benefit; or
- the value realisable on sale, less any amount made good to the employer by the employee.

Internet, computers, phones and work-related supplies: the benefit is not taxable if the mobile phone or internet service is for business use and private use is minimal. Similarly, the employer can provide equipment without deduction of tax if private use is minimal.

The employer may provide certain furniture, equipment and facilities to remote working employees to enable them to work from home. If their private use of this equipment is minimal, this is not a BIK. This provision is separate to the Remote Work daily allowance which is for utilities whereas this provision is for hardware and equipment.

Vouchers: A voucher is a token that can be exchanged for goods or services and is considered as taxable benefit. The face value of a voucher is generally the value of the benefit.

In addition, the following benefits are tax-exempt:

- From 1 January 2025, employer can give employees up to five small benefits, tax free, each year. The combined value of the five benefits cannot exceed €1,500. This will qualify as a [Small Benefit Exemption](#).
- a personnel rebate on goods or services produced or sold by the employer (provided that certain requirements are met);
- an anniversary present or other small gift that is not in money or in a comparable form.

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Procedures

Benefits which are fully or partly taxable at the level of the employee need to be included in the salary statement and are subject to PAYE withholding obligations.

The Enhanced Reporting Requirements (ERR) came into effect from 1 January 2024. Accordingly, employers must report specific non-taxable payments or benefits given to their employees, such as Travel and Subsistence, Small Benefit Exemption, and Remote Working Daily Allowance.

There is no information about special spending accounts granted to employees. If such an account is set, the full amount may be taxable for the employee (especially if the account has a cash value without restrictions).



Appendix 1 – Determining the Charge to Tax on Benefit in kind

There are specific rules setting out the way certain benefits should be treated for tax purposes, as outlined below:

- Provision of living accommodation - s118(3) TCA 1997
- Provision of travel passes - s118(5A) TCA 1997
- Provision of office equipment - s118(5B), (5C) and (5D) TCA 1997
- Provision of bicycle or safety equipment - s118(5G) TCA 1997
- Provision of security assets - s118A TCA 1997
- Salary sacrifice arrangements - s118B TCA 1997
- Provision of cars or vans - s121 and s121A TCA 1997
- Making of preferential loans - s122 TCA 1997

The specific tax treatment provided for under these rules is set out throughout the consolidated guidance on the taxation of benefits - see [TDM Part 05-01-01](#).

Where the benefit is not chargeable to income tax under one of the specific sections outlined above, the general BIK provisions set out in s118 TCA 1997 apply.



The information contained in this country tax guide has been provided by the international tax experts at IBFD based on available data as of July 2025.

About IBFD: Founded in 1938 as the International Bureau of Fiscal Documentation, IBFD has developed into one of the most respected organizations studying and documenting international taxation systems and investment legislation. Today, the IBFD's activities include (but are not limited to) research and provision of tax information, databases and publications, consultancy for governments and tax administrators, and training on international tax matters for the public and private sectors. IBFD clients include ministries, international corporations, legal and accountancy practices, banks, educational institutions and others who look to the IBFD as a first-class source of information. As an independent, not-for-profit research foundation, the IBFD offers objective and unbiased information. For more information go to [IBFD.org](https://www.ibfd.org).