

# Criteria for the payment of Country Money

## Criteria for the payment, tax free, of country money to workers in the Construction industry and the Electrical Contracting sector.

### 1. Introduction

The payment of tax-free travel and subsistence payments are governed by the criteria set out in Revenue Leaflets IT51 (Employees Motoring Expenses) and IT54 (Employees Subsistence Expenses). In general, employees in the construction industry **do not** satisfy the criteria set out for the payment of tax-free travel or subsistence payments.

Due to the transient nature of the work in the construction industry (employee's do not have a permanent fixed place of work and are required to travel to different building sites according to the duration of the employers contract at each site), an agreement was reached in 1976 between the Construction Industry Federation and the Construction and Electrical Workers Unions in relation to the payment of **country money** (also known as lodge allowance). The payment was designed to compensate employees for expenses incurred travelling varying distances to and from building sites and to cover subsistence expenses.

Historically, it has been accepted that country money provided for under the above agreement between Construction Industry Federation and the Construction and Electrical Workers Unions could be made **without deduction of Tax / PRSI** where certain conditions were satisfied.

Following representations from the Construction Industry Federation in 2003, it has been agreed that the payment of country money may continue to be made without deduction of Tax / PRSI where the revised conditions set out in paragraph 3 below apply. (The conditions that prevailed under the old agreement (pre 2004) are included in Appendix I).

### 2. Exclusions

#### 2.1 *Employees Engaged to work at One Site only*

Where an employee is engaged to work at one site only, any country money payments made to such an employee are fully taxable regardless of the distance travelled.

#### 2.2 *'Jobbed on Site' Employees*

The position outlined in Par 2.1 also applies to any employees 'jobbed on site' [i.e. where the employee is recruited at a particular site]. Any country money payments made to such an employees are fully taxable regardless of distance travelled.

In the event that a 'jobbed on site' employee remains in the employment of the contractor and takes up duty at a second site, payment of country money may be made tax-free in respect of that second site where all the relevant criteria in paragraph 3 below are satisfied.

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## 3. Revised Conditions and Tax Treatment (2004 et. seq.)

### Scope and Duration

The revised conditions apply to all employees covered by the registered employment agreement for the construction industry and the registered employment agreement for the electrical contracting industry registered with the Labour Court in the register of employment agreements under Section 28 of the Industrial Relations Act, 1946. The revised conditions outlined below are subject to review by the Revenue Commissioners or the Construction Industry Federation.

Country money may be made tax free where :-

#### For Dublin Based Contractors -

- the individual is employed by a construction company and is working at a site which is 20 miles or more from the G.P.O.,
- the employee actually incurs the expense of travelling to and from the site,
- the employee is not provided with board and lodgings by the employer,
- the employee is not provided with transport to and from the site by the employer,
- the employee is not recruited on site or at the employer's head office or elsewhere to work at one site only.

#### For Country Based Contractors -

- in the case of the construction industry, the individual is employed by the construction company and working at a site which is 30 miles or more from the employer's base,
- in the case of the electrical contracting sector, the individual is employed by the company and working at a site which is 20 miles or more from the employer's base,
- the employee actually incurs the expense of travelling to and from the site,
- the employee is not provided with board and lodgings by the employer,
- the employee is not provided with transport to and from the site by the employer.
- the employee is not recruited on site or at the employer's head office or elsewhere to work at one site only.

If any of the conditions are not satisfied, any country money paid must be subjected to Tax / PRSI deductions.

## 4. Salary Substitution

# **Criteria for the payment of Country Money**

Country money is payable in addition to the normal pay rate applicable for employees. In the event that the normal pay rate is suppressed and the country money payment is being used to avoid Tax / PRSI deductions due on the normal pay rate applicable, the payment no longer qualifies as tax free.

## **5. Revenue Audit**

It is accepted that the payment of country money / subsistence allowances in the circumstances outlined and subject to the conditions set out, no more than reimburses employees for expenses wholly, exclusively and necessarily incurred. All records relating to the country money / subsistence allowance payments must be retained by the employer and may be examined in the event of a Revenue audit. These records must be kept for six years unless the tax office indicates otherwise. The operation of the rules and conditions for the payment or reimbursement of country money / subsistence allowances without deduction of tax will be a feature of Revenue's Audit and Compliance programmes. Employers must ensure that those rules and conditions are complied with.

## **6. Current Rates**

The current rates of country money in force for the Construction Industry and the Construction and Electrical Contractors Association are set out overleaf. The rates and conditions pre 2004 are in Appendix I.

# Criteria for the payment of Country Money

## COUNTRY MONEY WEEKLY RATES: JULY 1995 to JANUARY 2006

†Table

| With effect from | Construction |  | With effect from | Electrical |
|------------------|--------------|--|------------------|------------|
| 1 Jan 2006       | €161.37      |  | 1 April 2006     | €161.17    |
| 1 July 2005      | €159.14      |  | 1 April 2005     | €157.09    |
| 1 Jan 2005       | €157.25      |  |                  |            |
| 1 July 2004      | €155.39      |  | 1 April 2004     | €152.66    |
| 1 July 2003      | €152.79      |  |                  |            |
| 1 Jan 2003       | €149.50      |  | 1 April 2003     | €149.37    |
| 1 July 2002      | €147.29      |  | 1 April 2002     | €142.53    |
| 1 Jan 2002       | €142.58      |  |                  |            |
| 1 July 2001      | £110.86      |  | 1 July 2001      | £108.00    |
| 1 Jan 2001       | £108.19      |  |                  |            |
| 1 July 2000      | £105.14      |  | 1 July 2000      | £105.00    |
| 1 Jan 2000       | £101.10      |  |                  |            |
| 1 July 1999      | £100.00      |  | 1 July 1999      | £99.90     |
| 1 Jan 1999       | £99.00       |  |                  |            |
| 1 July 1998      | £98.51       |  | 1 July 1998      | £98.42     |
| 1 Jan 1998       | £96.96       |  |                  |            |
| 1 July 1997      | £95.91       |  | 1 July 1997      | £95.83     |
| 1 Jan 1997       | £95.43       |  |                  |            |
| 1 July 1996      | £94.49       |  | 1 July 1996      | £94.41     |
| 1 Jan 1996       | £93.65       |  |                  |            |
| 1 July 1995      | £93.18       |  | 1 July 1995      | £93.11     |

### Daily Rates :

Under “Clause 8(c) Registered Employment Agreement - 21 July 1986”

‘Subsistence allowance’ (country money) shall be:

| <b>Construction Industry Federation:</b>  | <b>Electrical Contractors Association:</b>   |
|---|--|
| * <b>€161.37</b> per week for 5,6 or 7 days   | * <b>€161.17</b> per week for 5,6 or 7 days  |
| * <b>€32.27</b> per day for 4 days or less from <b>1<sup>st</sup> Jan 2006</b>                              | * <b>€32.27</b> per day for 4 days or less from <b>1<sup>st</sup> April 2006</b>                             |
| The allowance will be increased every 6 months in accordance with the increase in the consumer price index. | The allowance will be increased every 12 months in accordance with the increase in the consumer price index. |

\* Rate changes in accordance with the Table† above.

# Criteria for the payment of Country Money

## APPENDIX I

### Criteria for paying Country Money tax-free in years prior to 2004

#### For Dublin Based Employers

- the individual is employed by the company and is working at a site which is 20 miles or more from the G.P.O. ,
- the employee is not recruited on site or at the employer's head office or elsewhere to work at that site only,
- the employee actually incurs the expense of travelling to and from the site,
- the employee is not provided with board and lodgings by the employer,
- the employee is not provided with transport to and from the site by the employer.

#### For Country Based Employers

- the individual is employed by the company and working at a site which
  - (a) in the case of the construction industry is 30 – 35 miles or more from the employer's base - the 30 – 35 miles rule depends on the local agreement in place;
  - (b) in the case of the electrical contracting sector of the building industry is 20 miles or more from the employer's base,
- the employee is not recruited on site or at the employer's head office or elsewhere to work at that site only,
- the employee actually incurs the expense of travelling to and from the site,
- the employee is not provided with board and lodgings by the employer - in the case of the construction industry ( as distinct from the electrical contracting sector of the building industry) **the employee must actually stay in accommodation away from home,**
- the employee is not provided with transport to and from work by the employer.

If any of the conditions are not satisfied, any country money paid must be subjected to Tax / PRSI deductions.

# Criteria for the payment of Country Money

## Country Money: Weekly Rates Prior to 2004

†Table

| With Effect From: | Construction | With Effect From: | Electrical |
|-------------------|--------------|-------------------|------------|
| 01/01/1995        | £ 91.44      |                   |            |
| 01/07/1995        | £ 93.18      | 01/07/1995        | £ 93.11    |
| 01/01/1996        | £ 93.65      |                   |            |
| 01/07/1996        | £ 94.49      | 01/07/1996        | £ 94.41    |
| 01/01/1997        | £ 95.43      |                   |            |
| 01/07/1997        | £ 95.91      | 01/07/1997        | £ 95.83    |
| 01/01/1998        | £ 96.96      |                   |            |
| 01/07/1998        | £ 98.51      | 01/07/1998        | £ 98.42    |
| 01/01/1999        | £ 99.00      |                   |            |
| 01/07/1999        | £100.00      | 01/07/1999        | £ 99.90    |
| 01/01/2000        | £101.10      |                   |            |
| 01/07/2000        | £105.14      | 01/07/2000        | £105.09    |
| 01/01/2001        | £108.19      |                   |            |
| 01/07/2001        | £110.86      | 01/04/2001        | £108.15    |
| 01/01/2002        | €142.58      |                   |            |
| 01/01/2003        | €149.50      | 01/04/2002        | €142.53    |
| 01/07/2003        | €152.79      | 01/04/2003        | €149.37    |

## Daily Rate : (Prior to Year 2004)

Under “Clause 8(c) Registered Employment Agreement - 21 July 1986”

‘Subsistence allowance (country money) shall be:

| <b>Construction Industry Federation:</b>   | <b>Electrical Contractors Association:</b>  |
|--|---|
| <b>*€152.79</b> per week for 5,6 or 7 days   | <b>*€149.37</b> per week for 5,6 or 7 days  |
| <b>*€30.56</b> per day for 4 days or less from <b>1<sup>st</sup> JULY 2003</b>                                     | <b>*€29.87</b> per day for 4 days or less from <b>1<sup>st</sup> APRIL 2003</b>                                     |
| The allowance will be increased every <b>6 months</b> in accordance with the increase in the consumer price index. | The allowance will be increased every <b>12 months</b> in accordance with the increase in the consumer price index. |

\* Rate changes in accordance with the Table† above.