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Minister for the Economy
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By email: private.office@economy-ni.gov.uk

16 February 2026

Dear Minister,

Cross-border workers: taxation policy and administrative issues affecting the all-island labour market

Introduction

Firstly, we wish to take the opportunity to thank you again for your time at the meeting on 3 July 2025 convened by InterTrade Ireland when you and Minister Peter Burke from the Irish government met with our Head of Tax, Gearóid O’Sullivan, to briefly discuss some of the complex issues affecting the mobility of workers on the island of Ireland.

By way of follow up from that meeting, we (Chartered Accountants Ireland) are now formally writing to you to set out these issues in more detail as part of the ongoing work being undertaken by our specialist Joint Working Sub-Group on Cross Border and Remote/Hybrid Working (Working Sub-Group).

Ultimately the issues set out below are negatively impacting on the Northern Ireland (NI) economy and labour market, however in recognition that their origin is derived from tax legislation and policy, we have also written to your colleague in government, John O’Dowd Minister of Finance. Letters have also been sent on this issue to Ministers Peter Burke and Simon Harris in the Irish Government.

About us

Chartered Accountants Ireland is Ireland’s leading professional accountancy body and represents over 39,000 members in more than 100 countries, which includes over 5,500 members based in NI

and over 1,700 in Great Britain. Two thirds of our members in NI work in business. We also educate over 8,600 students. Our members provide provide leadership across both the public and private sector, bringing experience, trusted expertise, and strict standards to all aspects of their work.

As the largest professional body on the island of Ireland, we engage with numerous stakeholders including governments, policy makers, regulators, and business groups on key issues affecting the profession and the wider economy.

The Institute’s Working Sub-Group was established in September 2024 as a joint initiative of our NI Tax Committee (NITC) and Tax Committee South (TCS).

The NITC is the Committee responsible for advising the Institute’s Council on taxation issues in the UK and NI. It interacts primarily with HM Revenue and Customs, HM Treasury, local and national Government, and other representative bodies. The Committee makes regular submissions on relevant tax consultations, calls for evidence, draft legislation, and policy papers.

In late 2024 and throughout 2025 the Committee lobbied the UK Government extensively on the April 2026 changes to two key inheritance tax reliefs, agricultural property relief and business property relief. Subsequent to this our UK Tax Manager from Northern Ireland, Leontia Doran, delivered oral evidence to the House of Lords Finance Bill Sub-Committee in October 2025 which is available to view on parliamentlive.tv following [our submission to that Committee’s inquiry into draft Finance Bill 2025/26](#).

TCS is the tax committee which actively engages with the Irish Revenue Commissioners and the Department of Finance on tax matters. It also contributes to relevant public consultations through formal submissions on pertinent issues and is a member of the Business Tax Stakeholder Forum and a member of the Tax Administration Liaison Committee.

All representations made by us on both UK and Irish tax matters are available to view on our website at: <https://www.charteredaccountants.ie/knowledge-centre/Tax/Representations/2026>.

The all-island labour market

The Working Sub-Group, which has identified the issues set out herein, comprises representatives from across the island of Ireland, all of whom are employment taxes and payroll specialists with years of experience both in industry and practice. Each representative brings a wealth of practical expertise and specialist knowledge to the group. Later in this letter we set out the initial key issues which the group has prioritised for action.

We note with interest your recent letters to both the British and Irish Governments voicing concerns about the threats that additional US tariffs would present for NI's economy. We are in agreement that NI's unique circumstances require careful consideration in striking a balancing act to minimise the potential for divergence between any British response compared to that of the EU.

There is now a similar and pressing need for the same governments to also address how current tax policy and tax administration divergence is negatively affecting the all-island labour market.

Although the tax issues affecting cross border working on this island have long been problematic, in recent years the increasing prevalence of hybrid/remote working arrangements means that these challenges are now being felt to an even greater degree by a great many more employers with some actively prohibiting such working arrangements. For some, the challenges have become insurmountable which is ultimately damaging the economy and actively preventing employers from accessing the wider talent pool available on the island of Ireland.

As you will be aware, cross-border working is commonplace on this island. Figures from the [latest all-island joint census](#), a result of collaborative research from official statisticians in both NI and Ireland, indicate that over 18,000 people regularly cross the border for work with circa 10,500 going from NI to Ireland, and almost 7,800 moving in the opposite direction. These are therefore not issues which affect a small number of citizens.

The compelling and growing support for an all-island approach to addressing the shared economic and social challenges in both our jurisdictions extends to the treatment of frontier workers who live in one jurisdiction but work in the other and typically commute across the border on a regular basis for work purposes. Frontier workers and their employers are having to navigate two different sets of complex rules across a range of areas, including taxation. These issues are exacerbated for those frontier workers who work on a remote or hybrid basis in their country of residence.

Embracing a more integrated approach to cross border working would offer the opportunity to drive growth, build a more stable future for the entire island, and improve outcomes for communities and citizens in both jurisdictions.

Although there are numerous areas to address within the context of a conjoined economic approach, the all-island labour market and the trend of remote/hybrid working models could play a central role in driving productivity, mobility, and growth. Currently there are significant tax policy/administration and associated barriers which are preventing the market from realising its full potential.

Summary of key issues

The work undertaken to date by our Working Sub-Group has closely examined the wide range of complex and challenging tax implications for both the employer and the employee which arise from cross-border and remote/hybrid working arrangements. We have examined payroll taxes including social insurance contributions, pensions, social benefits, and the wider personal and business impacts which arise in this context. Our analysis is based on the professional experience of our members who either assist both employees and employers or actively work in businesses and organisations dealing with these issues daily. These issues highlight the key obstacles and challenges that currently exist which are hindering trade and, ultimately, the full implementation of a truly all-island labour market.

We summarise the key issues arising under three main headings.

The added administrative responsibilities for both employers and employees when a frontier worker works from home a few days a week

A high-level summary of the administrative impacts is set out in the appendices to this letter. In particular, these highlight how hybrid working requires dual payroll to be operated by the employer in accordance with the individual tax rules in each jurisdiction. This administrative burden and its complexities are further increased because often social welfare obligations and benefits can arise in the home jurisdiction rather than in the country of employment when the frontier worker works remotely or on a hybrid basis.

Pension contributions and retirement income.

The tax treatment of pension contributions and retirement income is also extremely complex and its treatment is often unknown and uncertain for frontier workers. For instance, employee pension contributions paid in one jurisdiction often qualify for tax relief in that jurisdiction but do not attract relief in the country of residence meaning employees in the same organisation are treated differently simply because of their country of residence.

Additionally, employer pension contributions paid in one jurisdiction may be classified as a taxable benefit-in-kind in the other jurisdiction, which adds further to the disparity of financial outcomes for employees in otherwise comparable circumstances. This particular issue has been exacerbated in recent months since Ireland's Auto-Enrolment Retirement Savings Scheme (MyFutureFund) launched from 1 January 2026.

The need for education, training and better guidance from government bodies and tax authorities on the implications and complexities which arise from these working arrangements

Although much of the existing guidance in each jurisdiction addresses routine matters affecting frontier workers, there is a notable gap in detailed guidance on more complex challenges, particularly those related to remote or hybrid working arrangements. Having initially raised this guidance issue with both the UK and Irish Government, in depth work is underway by the Working Sub-Group to identify those areas in need of the most improvement and to identify solutions to enhance existing education and training offerings.

Next steps

We would welcome the opportunity to meet with you and your colleagues to present our findings in more detail, discuss potential solutions, and begin collaborative work with both Governments on the island with the objective of achieving a truly cohesive all-Ireland labour market.

Do not hesitate to contact the Institute's UK Tax Manager, Leontia Doran (leontia.doran@charteredaccountants.ie) or Head of Tax, Gearóid O'Sullivan, (gearoid.osullivan@charteredaccountants.ie) to take this issue forward.

Freedom of Information

This letter will be published on our website and will be available to all our members and the public.

We look forward to hearing from you.

Yours sincerely,

Cróna Clohisey

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Director of Members & Advocacy

Appendix 1

The administrative obligations arising when a UK tax resident individual is employed under an Irish employment contract are outlined below:

Administrative obligations	Working 5 days in office in Ireland	Working 3 days in office in Ireland, 2 days from home in UK
Employer:		
UK payroll (including National Insurance Contributions (NIC))		✓
UK payroll (excluding NIC)		
Irish payroll (including Pay Related Social Insurance (PRSI))	✓	
Irish payroll (excluding PRSI)		✓
Employee:		
UK self-assessment tax return		✓
Social welfare benefit availability:		
UK only		✓
Ireland only	✓	

Appendix 2

The administrative obligations arising when an Irish tax resident individual is employed under a UK employment contract are outlined below:

Administrative obligations	Working 5 days in office in UK	Working 3 days in office in UK, 2 days from home in Ireland
Employer:		
UK payroll (including NIC)	✓	
UK payroll (excluding NIC)		✓
Irish payroll (including PRSI)		✓
Irish payroll (excluding PRSI)		
Employee:		
Irish tax return		✓
UK tax return		✓
Social welfare benefit availability:		
UK only	✓	
Ireland only		✓