All Island Labour Mobility

Obstacles and Opportunities

Ibec-CBI Joint Business Council, **July 2026.**

About us

Ibec is Ireland's largest lobby and business representative group. Our purpose is to help build a better, sustainable future by influencing, supporting and delivering for business success. With over 300 employees, Ibec engages with key stakeholders in Ireland and internationally through our six regional offices and our Brussels office, along with an extensive international network in the UK and US.

Ibec's positioning on Budget 2025 is shaped by our diverse membership, which range from small to large, domestic to multinational. Input is led by our Economics and Taxation Committee, our 7 Regional Executive Committees, along with direct input from individual members and from our 39 trade associations which cover a wide range of industry sectors.

As well as lobbying, Ibec provides a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.

About the CBI

The CBI represents 850 members who themselves comprise 1,200 separate registered companies and over 150,000 trade association members. Founded 60 years ago and representing some of the biggest names in business, household brands and globally traded corporations that employ people in all sectors and across every region and nation of the UK, the CBI is the voice of business.

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Foreword

All-island economy

The business community welcomed the Prime Minister and Taoiseach's commitment at the UK-Ireland Summit 2026 in Cork to 'engage on reaching a decision in principle this year on a bilateral Ireland-UK approach to address concerns arising from hybrid cross-border working and to consider other aspects of the UK-Ireland Double Taxation Convention which may require updating.'[1] CBI NI and Ibec members are keen to see the governments progress this commitment and believe the bilateral approach should address key barriers preventing frictionless cross-border working.

The all-Island economy, worth more than €17bn (£14.6bn) in annual cross-border trade, represents a significant shared economic asset and natural foundation for strong regional supply chains across an already deeply interconnected island.[2] This is supported by the free movement of people across the jurisdictions of the island, enabled by the Belfast Good Friday Agreement and reinforced by the Common Travel Area. The ability to live and work between jurisdictions underpins the peace and prosperity of this island, especially for individuals and businesses in the border regions. Cross-border working also provides a practical mechanism for addressing skills shortages, supporting all-island business growth, and strengthening our economic resilience.

At least 25,000 people take advantage of the free movement on the island to work or study in the other jurisdiction. Approximately 18,000 of these are cross-border workers, a figure which is likely underestimated. Cross-border workers span the public and private sectors and across skill levels, with the highest concentration in the border regions.[3]

Despite its contribution to the economy, cross-border work falls short of its potential due to various obstacles impacting both employers and employees. This is a longstanding issue, requiring collaborative policy solutions to address it. The North South Ministerial Council laid out a set of recommendations in their 2001 report on labour mobility, however, businesses and employees face many of the same barriers 25 years on from its publication.[4] With the recent commitment from both the UK and Ireland to address barriers to cross-border working, businesses see an opportunity for the two governments to urgently address the obstacles outlined in this report to underpin the resilience of the all-island labour market in the face of changing work patterns and global uncertainty.

Maximising the economic opportunity of labour mobility on the island requires renewed focus and strategic cooperation between governments North-South and East-West. Policymakers must work together to address the barriers to cross-border work, reducing friction to allow economic growth. Strengthening labour mobility is a strategic economic imperative to improve competitiveness, productivity, and resilient economic growth across the island of Ireland.

1 Statement between Prime Minister Keir Starmer and Taoiseach Micheál Martin in Cork: 13 March 2026 - GOV.UK
2 InterTradeIreland, 'As all-island trade hits record high, InterTradeIreland launches new corporate strategy' https://intertradeireland.com/news/as-all-island-trade-hits-record-high-intertradeireland-launches-new-corporate-strategy
3 Centre for Cross Border Cooperation, All-island labour market study, 2024. All-island-labour-market-study-2024.pdf
4 North South Ministerial Council, Study of Obstacles to Mobility, 2001. crossborder.ie/pubs/NSMC.AllMainbody.pdf

Recommendations

Labour mobility across the island of Ireland is failing to operate at its full potential. Taxation complexity, visa mobility restrictions, and a lack of clear guidance are restricting firms' ability to recruit the skills they need, limiting competitiveness and reducing the growth potential of the all-island economy.

The CBI and Ibec interviewed a sample of businesses across the island and found that businesses face three principal barriers to cross-border employment:

1. Taxation complexity, especially around dual payroll obligations and permanent establishment, particularly in instances of hybrid work arrangements.
2. Difficultly hiring non-UK or Irish nationals who can work across jurisdictions due to work permit regimes.
3. Complex and unclear employment rules coupled with a lack of guidance to help businesses and employees navigate them.

Collaboration will be essential to address these barriers and enable the smooth functioning of the all-island economy and should focus on reducing friction to allow all-island economic growth and ensure the continued functioning of our shared supply chains.

The UK and Irish governments should establish a joint forum to progress the development and delivery of a bilateral approach to all-island labour mobility, with clear timelines for implementation.

Both the UK and Irish Governments have signalled welcome intent to agree on a bilateral approach to address the issues arising with cross-border work this year.[5] The two governments should now establish a forum for engagement to progress this commitment at pace, giving businesses across the island certainty that barriers will be addressed. This collaboration should be actioned as soon as possible, and the joint approach should include delivery of the following recommendations, which CBI and Ibec members see as priority areas for immediate action as part of the governments' commitment to seek a bilateral approach to address these issues:

1. Simplify taxation complexity, including to address hybrid work arrangements.
2. Introduce an All-Island Work Visa to allow non-British or Irish nationals to work across the island.
3. Establish a one-stop-shop of clear, reputable guidance on cross-border employment in relation to taxation, welfare, work visas, and other issues.

Strategic cooperation in these priority areas would reduce the main barriers to simplify cross-border worker mobility and support the smooth functioning of the all-island economy, allowing businesses on the island to operate seamlessly and fill skills gaps more smoothly.

5 Statement between Prime Minister Keir Starmer and Taoiseach Micheál Martin in Cork: 13 March 2026 - GOV.UK

Case Study 1: All-Island

Maxol is Ireland's leading family-owned forecourt and convenience retailer, with operations throughout the Republic of Ireland and Northern Ireland.

The Maxol Group operates across the island of Ireland, with administrative functions split between Dublin and Belfast. In common with many all-island businesses, visa-related restrictions and constraints on employee mobility can add administrative and compliance burdens, additional costs, and make filling some vacancies more difficult. The result is that Maxol, in many respects, finds itself operating much like a multinational business on a single island.

A minority of Maxol's employees work across both jurisdictions to an extent that triggers dual payroll obligations, with compliance responsibilities falling on both the business and the individual. In these cases, Maxol is required to monitor the time employees spend in each jurisdiction and engage consulting and accountancy firms in both to ensure tax and legal compliance. To manage this, Maxol sometimes limits cross-border working — meaning operational decisions are shaped by compliance rather than business need.

Meanwhile, individuals are often reluctant to take on the complexity of cross-border employment, which narrows the available talent pool in an already competitive labour market.

Visa restrictions add a further layer of complexity. Like many businesses, Maxol relies on overseas workers on visas to fill key roles, yet the terms of those visas prevent the employees from working across the border. In practice, this means a delivery driver cannot drive from Dublin to Belfast, or an IT specialist sponsored to work in Ireland is unable to support the company's operations in NI.

'Some key improvements around tax and visa arrangements would make an enormous difference to businesses like our own operating across the island of Ireland. These include: a simplified tax arrangement that allows employees to remain on a single payroll; a visa arrangement that would allow sponsored employees to work cross-border as required. Finally, we would welcome some clear, government-backed guidance on cross-border employment to help reduce administrative and cost pressures and help create greater efficiency.'

Taxation

Businesses consistently identify taxation as a key barrier to cross-border employment (see Exhibit 1), driven by complexity and administrative burden. Complexity, especially around dual payroll obligations and associated barriers to hybrid working, burdens both employers and employees, limiting the growth potential of the all island economy. Impacts are felt particularly by all-island businesses and businesses in the border regions.

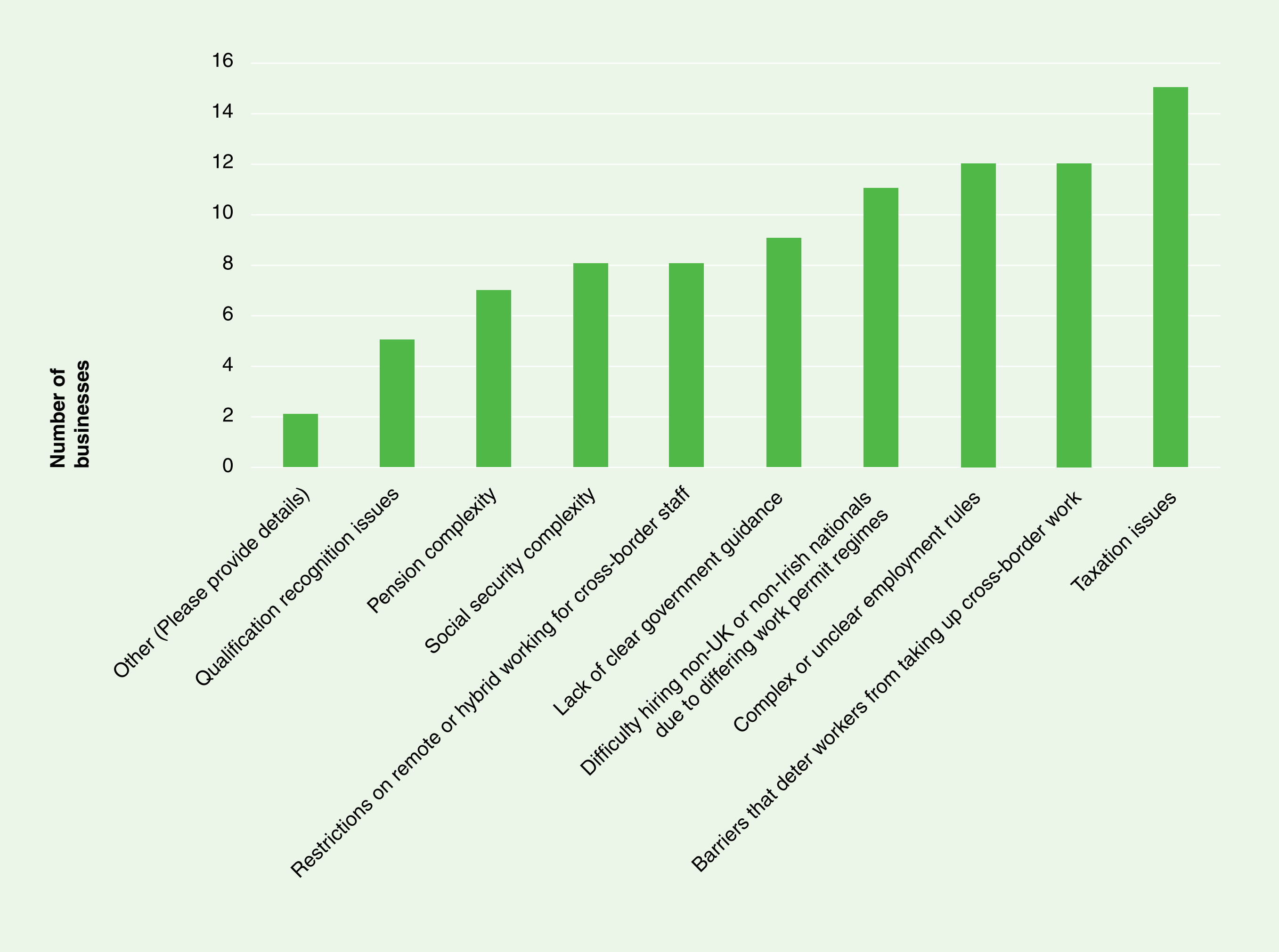

Exhibit 1: Barriers to recruiting cross-border employees [6]

A UK-Ireland joint approach should simplify taxation complexity for cross-border employment including to address hybrid work arrangements.

While the issues with cross-border employment taxation processes have been longstanding, the changing nature of work since the Covid-19 pandemic leading to expanded hybrid working patterns has exacerbated the issue. In some cases, businesses do not offer hybrid work arrangements for cross-border employees, making it increasingly difficult to fill roles as they become less competitive than employers who can offer hybrid arrangements (see Case Studies 2 and 3).

Dual payroll obligations are among the most frequently cited taxation challenges facing all-island businesses and those employing cross-border employees.[7] These obligations have knock-on effects including complications with social security, pensions, mortgage applications, and health insurance among others, dual payroll should be a priority area as governments collaborate to simplify cross-border working.

Dual payroll obligations can arise where employees work across jurisdictions. For example, a Northern Ireland (NI) resident employed in the Republic of Ireland (Ireland) who works remotely from NI part of the week. This working pattern can create compliance obligations for employers in both jurisdictions, including separate payroll registrations, parallel reporting to both revenue authorities, and ongoing monitoring of employee work patterns. Compliance therefore incurs increased

6 31 respondents ranked their top three barriers. Results reflect the share of respondents selecting each option within their top three. Totals exceed 31 as multiple responses were allowed.

7 33% of businesses in our sample who selected taxation issues said dual-payroll obligations affect their ability to hire cross-border workers, tied with lack of clarity on tax implications of cross-border work.

administrative and financial burden for both employer and employee.

The growth of hybrid working since the Covid-19 pandemic has increased the frequency of dual payroll obligations, forcing employers to choose between managing complex cross-border compliance or restricting flexible working, thereby limiting their access to talent. This choice is reflected in business behaviour, with 24% of firms from our sample of CBI and Ibec members to have already restricted hybrid work for cross-border employees.

Impact at a glance

From our sample of CBI-Ibec members…

- → **42% say mobility barriers are making it harder to fill skills gaps**
- → **39% find it hard to fill skills shortages because of labour mobility barriers**
- → **24% experience increased administrative and legal burdens**
- → **12% of respondents have chosen not to hire a candidate because of cross border administrative or legal complications**

Employers must also monitor cross-border remote work which can create a permanent establishment (PE) in the other jurisdiction, triggering additional corporation tax and administrative burdens. While the 2025 Update to the OECD Model Tax Convention provides greater clarity on PE risks in remote working scenarios, its application in an NI-Ireland context is uncertain.[8] The absence of a bilateral UK-Ireland framework or agreed thresholds under which PE would not apply means employers must continue to assess PE risk on a case-by-case basis.

For the employee, cross-border hybrid work can increase personal tax compliance requirements, including self-assessment in their country of residence. These processes are further complicated by fluctuating currency conversion rates and differing benefits rates in each jurisdiction. While in Ireland the Transborder Workers' Relief (TBWR) intends to ease this burden, it is designed for regular cross-border commuting and does not accommodate for hybrid working arrangements. Furthermore, no equivalent relief currently exists in NI.

The UK–Ireland Double Taxation Convention (DTC) aims to prevent instances of double taxation, but it does not fully reflect modern cross-border working realities on the island of Ireland, particularly in the context of a frictionless land border and hybrid working patterns.[9]

To address these complexities, the two governments should consider the following policy interventions:

- Deliver on the commitments made at the UK-Ireland Summit to address cross-border working to align with modern hybrid working patterns.
- Establish a UK-Ireland taskforce to drive forward both governments' commitment to progress a bilateral framework.
- Provide provisions for rules to reduce instances of dual payroll burdens, especially in the context of routine hybrid working.
- Establish a minimum threshold below which routine cross-border remote work would not, by itself, create permanent establishment risk.
- Implement a Transborder Workers Relief in Northern Ireland and update the relief in Republic of Ireland to accommodate hybrid work.
- Issue clear, joint guidance from HMRC and the Irish Revenue Commissioners on the tax-implications of cross-border work, including for hybrid working scenarios.

8 OECD, 2025 *Update to the Model Tax Convention*, 2025. https://www.gov.uk/government/publications/ireland-tax-treaties/synthesised-text-of-the-multilateral-instrument-and-the-1976-ireland-uk-double-taxation-convention-in-force

9 HM Government, Ireland-UK *Double Taxation Convention*,

A coordinated approach, which could include review of the DTC to provide provision for cross-border work in the context of the fluid nature of the all-island economy, a minimum threshold for PE, and Transborder Workers Relief would address the range of complications for both employers and employees, expanding willingness among both to consider cross-border work and enable access to a wider talent pool to fill vacancies.

There are several jurisdictions which have implemented bilateral agreements to limit PE which the governments might look to, including Belgium and the Netherlands who set out an agreement on non-recognition of 'home-office PE' in the case of cross-border hybrid working which allows a 50% threshold of work carried out in jurisdiction of residence without triggering PE requirements.[10]

Case Study 2: Border region technology company in County Donegal

A technology company based in County Donegal, employing around 1,000 people across data, technology, and payment services, has historically relied on cross-border talent, particularly from nearby Derry. The company previously employed 60–70 cross-border workers and viewed access to talent across the North West region as a key part of the site's value proposition for investment.

The growth of hybrid working significantly increased challenges around dual payroll and cross-border compliance. Concerns arose that employers could face audit risks if employees were not managing their tax obligations correctly across jurisdictions. Employees also experienced difficulties linked to their cross-border status, including around maternity leave, mortgages, bank loans, pensions, and other entitlements.

The company explored potential mitigations to continue facilitating hybrid cross-border, including managing employee tax compliance internally, but found the administrative burden and associated risks too significant. To avoid this risk, the company ultimately took the decision last year to stop hiring people based in Northern Ireland and limit NI-based employees to fully in-person or fully-remote work.

This has significantly reduced the available talent pool for its Donegal operations, including limiting access to graduates from universities in Derry. The company noted that investment decisions for Donegal had previously been supported by the ability to demonstrate access to talent from colleges and universities across the wider North West region.

While the Donegal site remains approximately 30% cheaper than Dublin as a business location and had been viewed as an attractive location for R&D investment due to regional incentives, the reduced talent pool is making recruitment more difficult and increasing pressure to expand operations in Dublin instead.

The company warned that broader initiatives to support the all-island economy and regional growth would be undermined if cross-border working issues remain unresolved, describing the current system as too complex and too risky for employers to undertake. The business called for a clear framework and timeline for resolving the issues, including a commitment from governments to deliver solutions within a defined timeframe to provide greater certainty for both employers and employees.

10 Centre for Cross Border Cooperation, *All-island labour market* study, 2024. All-island-labour-market-study-2024.pdf

Sponsored workers

Introduce an All-Island Work Visa to allow non-British or Irish nationals to work across the island.

Businesses say an All-Island Work Visa would allow them to fill skills shortages more easily, allocate staff seamlessly across roles, and cut administrative burden and complexity associated with foreign talent.

The interconnected nature of the all-island economy means operations often require employees to work across both jurisdictions. However, differing immigration regimes create practical challenges when employing non-Irish or non-British nationals who are often recruited to fill critical skills shortages, especially in IT and logistics (see Case Study 1). In Ireland, EU nationals can live and work visa-free but would need a visa to carry out work in NI.

These challenges have intensified since Brexit. While the Common Travel Area (CTA) continues to allow Irish and British nationals to work seamlessly across the island, there currently are no provisions for non-Irish EU nationals who previously would have benefitted from this same flexibility under the EU's free movement, nor for non-EU nationals. Non-British or Irish nationals, and their employers, must now navigate two separate immigration systems. This has reduced flexibility for employers and limited the available talent pool, particularly for all-island businesses and sectors where skills shortages are most acute and often filled by international talent.

Current arrangements risk constraining business ability to access the talent they need and limiting the potential of the all-island economy. Businesses therefore support an all-island approach to simplify employment of international talent that can work across the island.

Businesses face two key challenges in this area. First, sponsored employees are typically restricted to working within the jurisdiction that issued their visa, restricting their ability to carry out duties across the border even where this is a routine part of the role.

Second, differences in visa requirements in the UK and Ireland create added complexity in pay rates and benefits. For example, minimum salary thresholds under the UK's Skilled Worker Visa are often above the market rate for vacancies in Northern Ireland, yet below the threshold needed in Ireland. This means pay scales increase based on the visa rate rather than market rate, contributing to pay inflation and pay scale distortions (see Case Study 3). Together these challenges constrain workforce mobility and require businesses to structure operations and recruitment strategies around immigration rules.

To address these issues and allow for more seamless labour mobility, the governments should consider the following targeted measures to reduce friction:

- Introduce an all-island visa arrangement to allow non-Irish EU nationals, in the first instance, to work across the island of Ireland, without threatening the integrity of Great Britain. Consider later expansion to cover non-EU sponsored workers.
- Provide clear, joint government guidance to employers and employees on the rules governing cross-border working for sponsored employees.
- The UK Government should review salary thresholds for visa eligibility to reflect local pay scales and labour market conditions.

Case Study 3: Both sides of the border region

A manufacturing business operating across the island, with presence on either side of the border.

The business' strategic location in the border region, accessing its raw materials on both sides of that border, mean its approximate 820 staff are split nearly 50-50 between operations in NI and Ireland. Around 290 are frontier workers, who cross the border for work.

In practice, once administrative requirements are satisfied, cross-border working is manageable as employees typically carry out duties only in the jurisdiction where they are employed or don't spend enough time in the other jurisdiction to trigger dual payroll obligations. However, the measures required to ensure compliance with the complex taxation requirements in both NI and Ireland significantly reduces flexibility and makes the all-island business less attractive to jobseekers who are increasingly looking for hybrid roles.

Challenges also emerge with immigration rules. While businesses in Ireland often hire EU workers to fill skills gaps, doing so as an all-island business is much more challenging as EU and third country employees cannot carry out work outside of their sponsoring jurisdiction. This is even further constrained by the substantially higher salary threshold requirements and visa costs in NI, limiting access to international talent and reducing their operational flexibility and competitiveness.

Differences in tax regimes, benefits, and pay dynamics can also create complexity. Employees are often drawn to roles in Ireland for its better benefits and pension entitlements, or, over their working career, seek to qualify for pensions in both jurisdictions, making it harder to fill roles in NI. The company also must consider pay inflation and currency movement dynamics across both NI and Ireland, adding yet another layer to the complexity of navigating all-island business.

Conclusion

Realising the full potential of the all-island economy requires coordinated action from both governments to address the barriers to labour mobility. Addressing taxation complexity, improving mobility of sponsored workers, and providing clear, consistent guidance would significantly reduce friction for businesses and employees, strengthening the resilience and growth potential of the all-island economy. With a welcome commitment from both governments at the UK-Ireland Summit, there is now a clear opportunity to deliver the practical, joint solutions businesses seek.

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