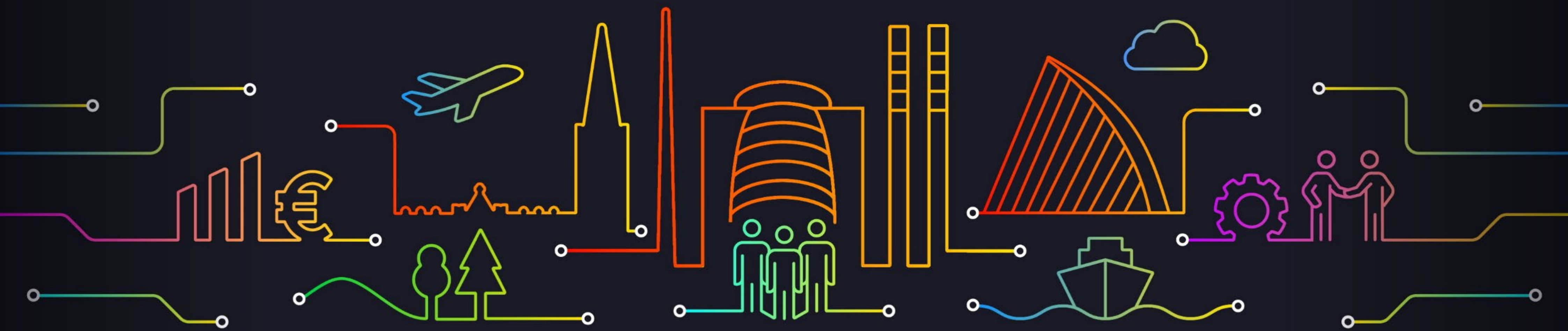
EY

FINANCE BILL 2025

THE EY PERSPECTIVE

TAX ALERT



Finance Bill 2025 Published

On 16 October the Government published Finance Bill 2025, as initiated. The Finance Bill primarily seeks to implement the tax elements of Budget 2026 measures announced on 7 October.

It introduces the necessary legislation to implement improvements to the participation exemption for foreign dividends and to increase the R&D credit rate to 35%. The Finance Bill also contains previously unannounced measures, some of which are highlighted below.

Business Taxes

Participation exemption

Ireland introduced the dividend participation exemption regime with effect from 1 January 2025 following extensive consultation. The Finance Bill proposes to make a number of enhancements to the regime, as follows:

- Clarifications with respect to the application of the tainted acquisition rule though the insertion of a definition of 'excluded acquisition'. Particularly noting, the exclusion of a business previously carried on in the State from the definition.
- Extension of the definition of a 'relevant subsidiary' to include a company resident in the State.
- Reduction in the 'reference period' and 'relevant period' from 5 to 3 years.
- Extension of the meaning of a 'relevant territory' to include a territory which generally imposes a foreign non-repayable withholding tax on distributions, thus extending the scope of the participation exemption.
- The clarifications with respect to the definition of an 'excluded acquisition' will be retroactively effective from 1 January 2025.

The amendments to the legislation are welcome and reflect some of the issues advocated for.

Specified Intangible assets

As expected, the Finance Bill provides that the 80% ringfence and cap that is applied with respect to the use of capital allowances on specified intangible assets is extended to apply to balancing allowances. The extension applies with respect to any disposal occurring on or after 8 October 2025.

The Finance Bill provides technical clarification with respect to excess capital allowances carried forward, such that they are considered to have been 'made'. This may be relevant for the purposes of the computation of balancing allowances on disposals of specified intangible assets.

It also clarified that in the case of a transfer of specified intangible assets pursuant to the reconstruction without change of ownership provisions, the acquirer of the qualifying intangible assets should be entitled to claim wear and tear allowances on the same basis as the predecessor would have been so entitled.

Helpfully, technical clarification is also provided that the successor to a trade under these provisions will also keep any entitlement of the predecessor to both unutilised capital allowances and unutilised interest that have been carried forward as a result of the application of the 80% cap.

Other than the balancing allowance measure, these changes will have effect for accounting periods commencing on or after 1 January 2026.

Pillar Two

The Finance Bill updates the Irish tax legislation giving effect to the global minimum tax rate of 15% (also known as 'Pillar Two'). This includes some detailed text, with a variety of purposes, including measures that implement elements of the OECD administrative guidance published in January 2025 (including treatment of deferred tax assets/liabilities arising from certain governmental arrangements).

The Finance Bill also provides for exchange of information under the Directive on Administrative Cooperation with respect to Pillar Two (DAC9) and the OECD Pillar Two Multilateral Competent Authority Agreement (MCAA) and now refers to the list of Pillar Two examples published by the OECD in May 2025.

Some other technical amendments are made to ensure the legislative provisions operate as intended, particularly for securitisation entities. These clarify, amongst other matters, that a minority-owned constituent entity can include an orphan entity and that secondary liability to the Undertaxed Profits Rule (UTPR) or domestic top-up tax (QDTT) will not apply where there is at least one other non-securitisation entity in the UTPR group or QDTT group.

An existing provision for continuance of transferor tax payment, filing and reporting obligations and liabilities in the context of transfers of assets and liabilities to successor companies pursuant to a merger or division under the Companies Act 2014 will also apply (from 31 December 2023) to rights and obligations under Pillar Two rules.

Business Taxes

Interest limitation rules: Large scale assets

Interest limitation rules do not apply to income or expenses directly connected with a qualifying long-term infrastructure project in respect of certain specified large scale assets. Subject to a Ministerial order, the list of large scale assets is to be updated to include certain electricity and strategic infrastructure developments and large-scale residential developments that have received planning permission under the Planning and Development Act 2024.

Interest deductibility: Intra-group asset acquisitions

An existing anti-avoidance provision that generally denies a corporation tax deduction for interest payable on connected party loans used to acquire assets from connected companies is to be relaxed. The Finance Bill will permit an interest deduction to the extent that the seller was entitled, immediately prior to the intra-group sale, to a corporation tax deduction for interest payable on a loan used to acquire the asset concerned.

The acquirer's deduction will be limited to the amount of interest arising on the loan principal outstanding in respect of the asset immediately prior to the intra-group sale. The relief is subject to conditions, one of which is that the lender be subject to Irish tax on the interest income or be resident in a tax treaty partner jurisdiction (and be subject to tax therein on the interest income).

This will apply to transfers of assets on or after 1 January 2024.

Group payments

Certain payments made between members of a 51% group may currently be made without deduction of tax subject to conditions. In considering whether a 51% group exists it is currently not permissible to trace ownership though companies not resident in the European Economic Area (EEA) or the UK. The Finance Bill provides that it will be possible, for payments made on or after the date of passing of Finance Act 2025, to trace ownership through companies that are resident in jurisdictions with which Ireland has a double tax treaty.

Research and Development (R&D) Tax Credit

The R&D tax credit currently provides a 30% tax credit for all qualifying R&D expenditure. Finance Bill 2025 provides for a welcome increase in the rate of the R&D tax credit to 35% and an increase to the first-year payment threshold from €75,000 to €87,500. The first-year payment threshold is the amount up to which a claim can be paid in full in the first year, rather than paid in instalments over three years.

In recognition of the need to simplify the R&D regime, a new deeming provision is being introduced in relation to the amount of time an employee spends dedicated to qualifying R&D activities. Where companies can evidence that at least 95% of an R&D employee's time is spent on qualifying R&D activities, then those emoluments are deemed to have been incurred fully for qualifying R&D activities.

All of the above changes shall apply in respect of any accounting period the specified return date of which is on or after 23 September 2027. The earliest such accounting period would be the accounting period ended 23 December 2026.

The Finance Bill extends the meaning of expenditure incurred on the construction of an R&D building to now also include expenditure incurred on the construction of an R&D laboratory but carves out any part for use as an office or any purpose ancillary to an office. This change takes effect from the passing of the Finance Act.

Finally, the Finance Bill has also introduced some simplification measures with respect to the instalment arrangements.

Digital Games Tax Credit

The Digital Games Tax Credit, introduced in 2022, takes the form of a corporation tax credit related to the cost of development of certain digital games. The credit available per digital game is 32% up to €25m.

The Finance Bill provides for an extension to the regime to 31 December 2031, which will be welcome news to those involved in the digital games sector in Ireland. In addition, the Finance Bill provides for an enhancement to the credit to allow for claims in respect of post-release content work, subject to certain conditions.

Both amendments to the credit are subject to the approval of the European Commission.

Film credit enhancement for visual effects projects

The Finance Bill confirms the increase in the film corporation tax credit to 40% for qualifying visual effects projects where eligible expenditure on relevant visual effects work in the State is at least €1,000,000. The credit will be calculated at 40% on a maximum of €10,000,000 of the qualifying amount for the film with the remainder qualifying at the standard 32% credit rate. It will be necessary to apply for the enhanced credit at the time of application to the Department of Culture, Communications and Sport for a cultural certificate prior to commencing Irish production. The enhanced credit is subject to a commencement order as EU approval is required.

Dividend Withholding Tax Exemption for Investment Limited Partnerships

A dividend withholding tax exemption for Investment Limited Partnerships and equivalent EU/EEA partnerships is being introduced in Finance Bill 2025 to support opportunities for growth in the funds industry, specifically in the private assets space. This amendment is intended to increase the attractiveness of the Investment Limited Partnership as a fund structure and to help cement Ireland's position as a desirable location for regulated investment funds. To avail of the exemption, an Investment Limited Partnership or equivalent EU/EEA partnership must be beneficially entitled to not less than 51 per cent of the ordinary share capital of the Irish company making the distribution. The exemption is subject to the application of outbound payments rules.

Country-by-Country Reporting (CbCR)

The Finance Bill provides for clarification of the requirements to prepare a CbCR.

- It puts the May 2024 OECD Guidance on the Implementation of Country-by-Country Reporting (2024 Guidance) on a statutory footing. It requires that Irish Country-by-Country Reporting legislation and any regulations made thereunder be interpreted so as to ensure consistency between the Irish tax code, OECD Model Legislation on CbCR, the BEPS Action 13 Report of 2015 and the 2024 Guidance, unless this would be inconsistent with Council Directive 2011/16/EU (as amended) – the Directive governing the implementation of CbCR in the EU. This will apply to both the determination of whether a group is an MNE group and to the preparation of a CbCR.
- The Finance Bill provides for the pro-rating of revenue recorded in the fiscal year immediately preceding the fiscal year covered by the CbCR if the immediately preceding fiscal year was less than 12 months.
- If a group has been divested from another group in the fiscal year immediately preceding the fiscal year covered by the CbCR, it shall be deemed to have had revenue of less than €750m in the immediately preceding fiscal year.
- The Finance Bill provides that extraordinary income and gains from investment activities shall be included in the consolidated revenue to determine applicability of the CbCR rules, if the extraordinary income or gains are included in the consolidated financial statements of the ultimate parent entity (UPE) or the surrogate parent entity (SPE), as the case may be. This is not applicable if, for the purposes of determining the requirement to prepare a CbCR, the tax residence of the UPE or the SPE does not require these items to be included in the group revenue, unless they are included in accordance with the applicable accounting standard under which the consolidated financial statements are prepared.

Employment Taxes

Foreign Earnings Deduction (FED)

The FED is an income tax relief that applies, subject to conditions, to employment income of Irish residents working in certain developing markets. It was announced in the Budget that the relief, which was due to expire on 31 December 2025, would be extended for a further five years. This is reflected in the Finance Bill, as is the increase in the maximum employment income qualifying for the relief from €35,000 to €50,000 and the introduction of two new countries, namely Turkey and the Philippines. The Finance Bill also provides an update to the definition of a qualifying day which previously had to be part of three consecutive days spent in a qualifying country. From 1 January 2026, a qualifying day is any day the whole of which is spent in the qualifying country for the purposes of work. FED relief will not apply where the employee chooses to work in that foreign country for personal reasons, such as remote working.

Special Assignee Relief Programme (SARP)

SARP is an income tax exemption for assignees to Ireland of 30% of relevant employment income between €100,000 and €1million subject to certain conditions, including a minimum annual base salary of €100,000. As outlined in the Budget, the Finance Bill provides for an increase in the minimum qualifying income available for SARP relief to €125,000 as well as an increase to the minimum base salary criteria to €125,000. It also provides for an extension to the deadline to apply for SARP relief from 90 days to 180 days from the date of arrival in Ireland, which was not signalled previously. If the application for SARP relief is submitted within 90 days of arrival, SARP relief will be available for a maximum period of five consecutive years, as has been the case since its introduction in 2012. If the application is submitted after 90 days but within 180 days of arrival in Ireland, then SARP relief will be available for a maximum of only four consecutive years.

The combination of the increased base salary requirement, the increase in the minimum qualifying income threshold and the potential reduction in the eligibility period all serves to make SARP relief less of an incentive for foreign executives to relocate to Ireland.

Approved Retirement Fund (ARF): new reporting requirement

The Finance Bill introduces a new reporting requirement in respect of ARFs. With effect from the 2026 tax year, the qualifying fund manager will be required to submit an annual return to Revenue setting out details relating to the ARF holder including details and value of assets held in the ARF and details of any transactions which may be a deemed distribution. Reporting will commence on 1 January 2027 in respect of the 2026 year of assessment.

Auto Enrolment (AE)

The Finance Bill inserts a revised new chapter into the Taxes Act which sets out the tax rules and reliefs for Auto Enrolment (AE). The key provisions introduced include an exemption from tax for employer contributions to AE and an exemption from tax on any income or gains arising on AE funds. The draft legislation also provides for any payments from the AE fund to be subject to tax, other than any tax-free lump sum received on retirement.

A number of other technical amendments are proposed, for example to bring payments from AE within the scope of "relevant pension arrangements" for the purposes of calculating the pension lump sum limits.

Personal Taxes

Taxation of Investments

The Finance Bill reduces the rate of taxation (from 41% to 38%) that applies to income and gains from domestic life assurance policies, certain foreign life policies, Irish domiciled investment funds and equivalent offshore investment funds in other EU Member States, EEA States and OECD countries with which Ireland has double taxation agreements. The reduced rate will take effect from 1 January 2026.

This new rate is still above the capital gains tax rate of 33% and does not go far enough to address the structural barriers facing retail investors. More was expected in this area. The Minister's stated intention in the Budget speech to publish a roadmap early next year, setting out the intended approach to simplify and adapt the tax framework to encourage retail investment, is noted. An Implementation Plan for the overall Funds Sector 2030 Report was published on 7 October.

Direct debit preliminary tax payments

The Finance Bill introduces changes as to how individuals can pay preliminary tax for income tax purposes by direct debit, aiming to make the process more flexible.

Self-assessment taxpayers are typically required to pay preliminary tax. The purpose of preliminary tax is to ensure that taxpayers pay most of their expected tax liabilities for the year in question by 31 October. The amount paid as preliminary tax is then credited against the final tax bill for the year, with any balance due or overpayment settled when the tax return is filed. At present, anyone paying preliminary tax by direct debit must make at least three payments in the first year and at least eight payments in each subsequent year. Payments are automatically debited from the taxpayer's account on the 9th of each month.

This measure provides for the removal of these minimum instalment requirements and the requirement for the payments to be debited on the 9th of the month. It is expected that this update will allow Revenue to offer more modern payment options, including variable direct debits. This should mean greater flexibility for taxpayers, with the process becoming more aligned with current banking practices.

Property

Residential Development Stamp Duty Repayment Scheme

As part of Budget 2026, an extension was announced to the commencement and completion periods under the Residential Development Stamp Duty Repayment Scheme, increasing the timelines from 30 months to 36 months. The Finance Bill provides the legislative detail, confining the 36-month extension to Large-Scale Developments (LSDs) only. The concept of LSDs is drawn from planning legislation and refers to developments comprising:

- 100 or more housing units
- 200 or more student bed spaces; or
- A combination of both meeting the above thresholds
- In addition, up to 30% of the gross floor area may be allocated to non-residential uses (e.g., commercial or community facilities), provided the residential thresholds are met.

For non-LSD residential developments, the original 30-month timeframe remains in place.

The extended 36-month period will not apply to any stamp duty refund claims submitted prior to the commencement of this amendment (i.e., on signing of the Finance Bill into law).

Residential Zoned Land Tax (RZLT)

Following Budget 2026 announcements, the Finance Bill introduces several important changes to the operation of RZLT:

- Zoning review: landowners may also seek exemption in 2026 by requesting a change in zoning.
- Third-party appeals: exemption for land subject to An Coimisiún Pleanála proceedings initiated by a third party, applying from the grant of planning permission, for the duration of the proceedings, irrespective of the determination.
- Pre-development deferral: RZLT can be deferred for a period of 12-months from the date of grant of planning permission. The Finance Bill clarifies that the deferred liability becomes due on the later of 12 months after the grant of planning permission or the return date (23 May) following the liability date (1 February). This is subject to the opportunity to seeking a further deferral where development commences.
- Death of liable person: RZLT arising post-death is deferred until the later of 12 months after the grant of administration or 24 months from death, but not before the next return date. This applies even if the land is sold during the estate administration.
- Planning permission period: the definition now includes both the original and extended periods under planning legislation. This is critical for assessing eligibility for abatement of the deferred RZLT on completion of a residential development.

The Finance Bill does not address the premature crystallisation of deferred RZLT on a site transfer in forward fund arrangements. This omission adds cost and misaligns with housing supply objectives. A legislative carve-out remains a key policy ask.

Living City Initiative (LCI)

The Finance Bill brings forward the technical amendments to the LCI announced on Budget Day. In addition, for qualifying expenditure incurred on or after 1 January 2026, relief may be allowed over two years (i.e., 50% per annum) in respect of both the commercial premises and rented residential elements of the scheme. This was previously seven years.

Accelerated industrial building allowances are to be available at 50% per annum for the conversion of rateable properties within a special regeneration area into residential premises.

Corporation tax exemption for cost rental income

An exemption from corporation tax for rental profits arising from homes designated as ‘cost rental’ properties was announced in the Budget. The Finance Bill clarifies that this is not applicable to properties designated as ‘cost rental’ prior to 8 October 2025.

Enhanced corporation tax deduction for apartment construction costs

The Finance Bill clarifies which costs are to be eligible for consideration for the enhanced corporation tax deduction for new apartments. An apartment (as defined) must be part of a ‘qualifying apartment block’, which is defined as a multi-storey building principally comprised of not fewer than 10 apartments and is either newly erected or meets the criterion of a ‘material change’ following a qualifying refurbishment, and includes land as its garden or grounds.

‘Eligible expenditure' includes expenditure incurred in connection with construction operations carried out to complete the development, but specifically excludes financing, insurance or marketing costs, professional / legal fees or fees imposed by any enactment in respect of the completed development, taxes and other costs.

Indirect Taxes

VAT

VAT waiver of exemption

The Finance Bill includes provision for the removal of the VAT on property waiver of exemption provisions and the cancellation of all waivers from the date of passing of Finance Act 2025. This follows the High Court case of *Killarney Consortium vs. The Revenue Commissioners* and subsequent published Revenue guidance confirming Revenue will no longer collect the payment of a waiver cancellation amount.

Farmers

The Finance Bill proposes amendments to align the time period to be taken into consideration when determining whether VAT registration thresholds have been breached by farmers, with all other businesses, as required by EU legislation. The definition of 'farmer' will be amended and their obligation to register for Irish VAT will be based on their annual turnover in the current calendar year or the previous calendar year, rather than consideration in any continuous period of 12 months.

9% VAT on gas and electricity extended

Following on from the Budget announcement, the Finance Bill provides that the temporary 9% VAT rate on domestic gas and electricity is being extended to 31 December 2030.

VAT exemption for the management of special investment funds

The Finance Bill extends the VAT exemption for the management of special investment funds to the Automatic Enrolment Retirement Savings System (AERSS). The AERSS will be introduced on 1 January 2026, and the extension ensures that fund management services provided to the AERSS will be treated in the same way as those provided to defined contribution pension schemes and unit trust schemes established solely for the purpose of superannuation fund schemes.

Penalties

Finance Act 2024 introduced fixed charge penalties for non-compliance with CESOP information reporting. The Finance Bill now introduces a fixed penalty of €4,000 where returns are filed after the due date. In addition, a further penalty of €4,000 will arise for each subsequent quarter that the data remains outstanding.

Excise

Relief from natural gas carbon tax and solid fuel carbon tax

The Finance Bill proposes an amendment to the scope of the total reliefs from natural gas carbon tax and solid fuel carbon tax such that the relief for the natural gas or solid fuel supplied solely for generation of electricity is restricted to those installations generating electricity being covered by a greenhouse gas emissions permit for compliance with Emissions Trading System 2 requirements. This change is subject to a commencement order.

Betting duty

There are a variety of provisions in the Finance Bill which may impact the operation of betting duty, including certain changes and amendments to the licensing framework brought about by the Gambling Regulation Act 2024. Provisions include:

- Clarifying that remote betting duty also falls due at the time that a bet is entered into by a bookmaker, rather than at the time a bet is accepted by a bookmaker
- Reconfirming betting duties must be paid and filed by the 15th day following the end of the relevant accounting period
- Further confirming remote betting duty must be discharged by the bookmaker and cannot be passed on to the consumer
- Extending Revenue powers to enter into arrangements and take security from betting intermediaries
- Reliefs from betting duties must be claimed by electronic means

Miscellaneous and tax administration

Claims made in tax returns filed late

The Finance Bill clarifies that a claim for an allowance, deduction or relief in a return will not be precluded by any requirement in the self-assessment rules to file that return by a specified return date unless there is a specific time limit or provision elsewhere in the tax code. This offers welcome clarity following a determination of a Tax Appeal Commissioner that had put claims made in 'late' returns in doubt.

Taxation of certain foreign body corporates

The tax treatment of foreign entities with some of the characteristics of partnerships, for example UK LLPs has been under review for some time. The Finance Bill introduces a new measure that will allow a body corporate and each of its members to be taxed as partnerships. This will apply where a body corporate is incorporated or formed under the laws of a foreign jurisdiction and where, having regard to the characteristics of the body corporate and the rights and obligations of each of its members, that body corporate is substantially similar to an Irish partnership.

Implementation of MAPs reached under TIEAs

Consistent with the approach adopted to give effect to a Mutual Agreement Procedure (MAP) reached under a double taxation agreement, a Revenue officer will be empowered to make or amend assessments outside of normal time limits to give effect to a MAP reached under certain other tax agreements that are grouped in the tax code with Tax Information Exchange Agreements (TIEAs). These would include, for example, the tax agreements with Jersey, Guernsey and the Isle of Man, all of which have an article enabling transfer pricing adjustments.

Tax treatment of charities, sports bodies and donations

The Finance Bill will provide that the income tax exemptions applicable to charities and certain bodies established for the promotion of athletic or amateur games or sports will be dependent on a claim being made for such exemptions. The exemptions will only be available from the date of the Revenue determination of applications granting the exemption.

Certain other administrative changes are being introduced in connection with donations to approved sports bodies and to national governing bodies (NGBs).

- A decision of an individual donor that is a chargeable person to claim tax relief or give it to the approved sports body will be regarded as irrevocable at the specified return date or if earlier, the date the return is filed. For non-chargeable persons, e.g., PAYE taxpayers, this is the date of claim. No changes will be permitted in any case after 1 December in the year after the donation was made.
- Donors will be required to provide both an approved project number and a unique receipt number to Revenue when claiming a deduction against total income. These will be used by Revenue to validate claims.
- Maximum tax-relieved pension contribution levels will not be impacted by deductions.

Estimates of tax due

This new provision allows the Revenue issue a notice of estimate of the amount of income tax/corporation tax due by an individual/company for a chargeable period where the chargeable person has not submitted its tax return by the due date. The estimate shall be based on the greater of the average of the tax liability returned on the two most recently filed tax returns or €1,000.

The taxpayer may within 30 days displace the notice of estimate by submitting a tax return for the period concerned and paying any tax, surcharge, interest and penalties arising therefrom. Otherwise, the notice may also be displaced within the 30 day period by the tax taxpayer notifying the Revenue in writing that it is not a chargeable person. The provision contains no reference to appeals or rectifying the matter after the 30 day period has expired.

Date for payment of tax: amended assessments

This new provision sets out the due date for payment of tax as a result of a second subsequent amendment of an income or corporation tax assessment. Subject to some exceptions, where a tax return is amended (due to a deficiency in the original return) the payment date for the additional tax is as per the due dates for the original assessment and this has interest implications for the taxpayer. The new provision confirms that any additional tax arising on a second or subsequent amendment of the assessment will also have the same due date as per the original assessment.

Miscellaneous and tax administration

Gift or inheritance of a life policy

It is currently provided that an interest in a life assurance policy does not fall within the charge to capital acquisitions tax (CAT) until the policy matures, is surrendered or is paid out. The Finance Bill proposes that if a person receives a gift or inheritance of a life policy and disposes of this interest prior to a maturity, surrender or payment, a charge to CAT will arise at the time of the disposal.

Assessment of executors and administrators

Amendments are proposed in relation to the making or amending of an assessment in relation to profits or gains accruing to a deceased person before his/her death to take account of changes to the probate application process following the introduction of eProbate in 2020.

Capital acquisitions tax (CAT) business relief

In determining the value of business assets which qualify for CAT business relief there is a requirement to exclude the value of certain 'excepted assets' from the calculation. Excepted assets include assets which have not been used wholly or mainly for the purposes of the business for at least two years prior to the gift/inheritance. The Finance Bill proposes that an asset will not be an excepted asset, if at the date of the gift/inheritance it was required to be used for a specific purpose of the business within the following six years, notwithstanding that it may not have met the current two year rule. However, if the asset is subsequently not used within that six year period, it will be considered an excepted asset and any business relief will be clawed back.

A further change is introduced in relation to the clawback of business relief where assets are sold and the proceeds are not reinvested within one year. Under the proposed changes, where assets are sold at below market value, the open market value will be taken into account in determining the amount of any clawback.

What’s next?

The next stage of the process at which amendments may be tabled is the select committee stage, which is expected to commence in mid-November.

Tax Alerts on selected measures may issue over the coming weeks as Finance Bill 2025 progresses towards enactment. It is expected that this Finance Bill will be enacted by the end of 2025.

Rates at a glance 2026

Income tax rates	
Standard	20%
Marginal	40%
Standard rate bands	
Single	€44,000
Married/civil partnership (two income)	€88,000
Married/civil partnership (one income)	€53,000
Single parent	€48,000
Income tax credits	
Single	€2,000
Married/civil partnership	€4,000
Single person child carer tax credit (primary carer only)	€1,900
Employee tax credit	€2,000
Earned income credit	€2,000
Age credit - single (married/civil partnership x2)	€245
Medical insurance relief max premium - adult/child	€1,000/ €500
Home carer credit	€1,950
Dependent relative tax credit	€305
Rent credit individual/couple jointly assessed	€1,000/ €2,000
Income tax age exemption	
Single and widowed	€18,000
Married (either spouse aged 65 or over)	€36,000
Housing	
Rent-a-room relief	€14,000
Mortgage interest tax relief (2025 minus 2022 interest @20%) (2026 minus 2022 interest @20%) *subject to mortgage balance restrictions	Max €1,250 Max €625
Residential premises rental income relief (landlords) (max)	€1,000
Vacant homes tax	LPT x 7

Preferential loan specified rates - benefit-in-kind	
Qualifying home loans	4%
All other loans	13.5%
Electric vehicles - benefit in kind	
BIK exemption capped at €20,000 of OMV for 2026 BIK relief of €10,000 on OMV to 31/12/2026	0%
Small benefit exemption	
Non-cash vouchers (Annual limit: first 5 benefits)	€1,500
Universal Social Charge	
Earnings	
0 to €12,012*	0.5%
€12,013 to €28,700	2%
€28,701 to €70,044**	3%
€70,045 to €100,000	8%
PAYE income > €100,000	8%
Self-employed income > €100,000	11%

**Exempt if income < €13,000*
***Reduced rate 2% for persons holding medical card and/or aged 70, where income < €60,000*

PRSI rates	
Employer	
Standard rate	11.25%
Lower rate	9%
Weekly lower rate limit	€527
Employee	
PRSI	4.2%
Weekly PRSI threshold (tapering relief available)	€352
Self-employed	
PRSI	4.2%
Minimum contribution	€650
Pensions	
Annual earnings cap	€115,000
Marginal rate deduction	40%
Tax free lump sum limit	€200,000
Standard fund threshold	€2,000,000

Capital gains tax	
Standard rate	33%
Withholding tax rate	15%
Entrepreneur relief (up to €1.5m chargeable gains)	10%
Angel investor relief	16%/18%
Annual exemption	€1,270
Capital acquisitions tax	
Standard rate	33%
Thresholds	
Group A	€400,000
Group B	€40,000
Group C	€20,000
Stamp duty	
Residential property	
First €1,000,000	1%
Next €500,000	2%
Excess over €1,500,000	6%
Bulk/cumulative purchases of 10 or more residential units in a 12-month period	15%
Non-residential property	7.5%
Local Property Tax (residential property only) 2026-2030	
Band 1: 0 - €240,000	€95
Band 2: €240,001 - €315,000	€235
Band 3: €315,001- €420,000	€333
Band 4-19: €420,001 - €2,100,000	Range from €428-€3,110
Value > €2,100,000 (calculated on valuation of property)	
First €1,260,000	0.0906%
Next €840,000	0.25%
Balance	0.30%

** Local Authorities can adjust annually + 25%/ - 15% basic LPT rate*

DIRT	
Deposit accounts	33%
Investment funds	38%
Corporation tax rates	
Standard rate	12.5%
Qualified Domestic Top-up Tax rate (companies within scope of BEPS Pillar 2 rules only)	15%
Higher rate on passive income	25%
Knowledge Development Box rate	10%
R&D tax credit rate	35%
Exit tax rate*	12.5%

**Applies to unrealised capital gains where companies migrate/transfer assets offshore such that they leave the scope of Irish tax*

Dividend Withholding Tax	
Dividend Withholding Tax	25%
VAT rates and limits	
Standard rate	23%
Reduced rate	13.5%
Second reduced rate	9%
Farmer's flat rate	4.5%
Distance selling limit	€10,000
Registration limit - taxable goods	€85,000
Registration limit - taxable services	€42,500
Cash receipts basis limit	€2,000,000
Carbon taxes	
Per tonne/CO2 (2025: €63.50. To be increased incrementally each year to €100 per tonne/ CO2 by 2030)	€71

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