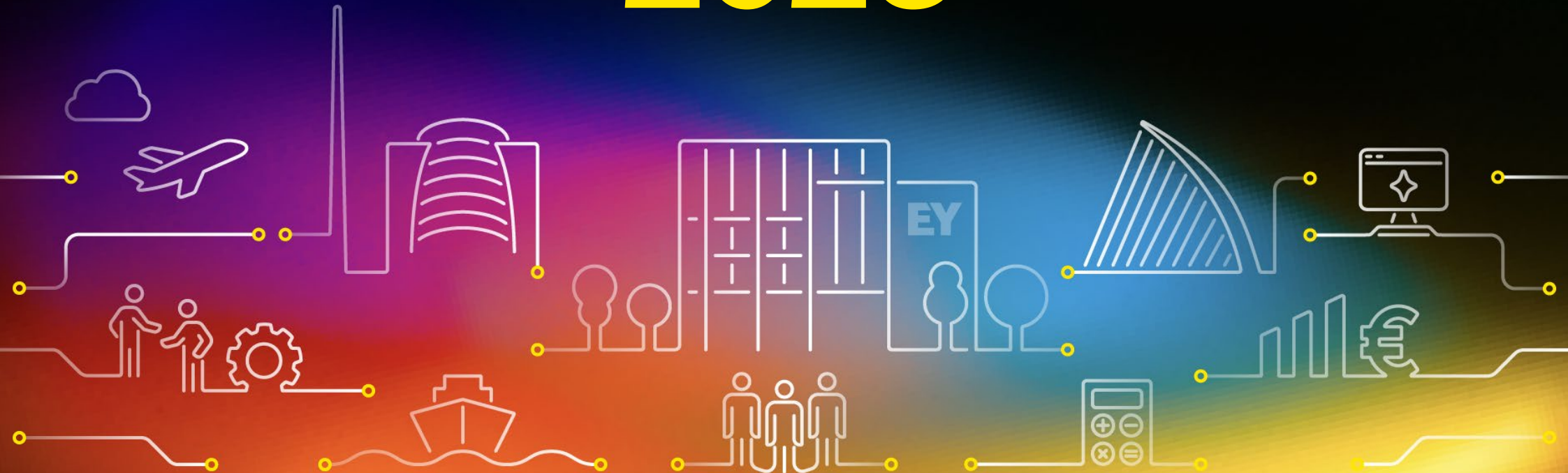




FINANCE (No. 2) BILL 2026



Finance (No. 2) Bill 2026 Published

On 19 October the Government published Finance (No. 2) Bill 2026, as initiated. The Finance Bill primarily seeks to implement the tax elements of Budget 2027 measures announced on 6 October.

It introduces the necessary legislation to implement the OECD's Pillar Two Side by Side Package, improvements to the R&D credit regime, some first steps to simplify the corporation tax treatment of interest and Ireland's new Investment Account. The Finance Bill also contains previously unannounced measures, some of which are highlighted below.

Research & Development (R&D) credit

The R&D Tax Credit regime currently provides a 35% cash refund or tax credit (whichever the company prefers to take via election) for all qualifying R&D expenditure. The Finance Bill introduces some welcome enhancements to the R&D Tax Credit regime aimed at improving access to the credit, increasing flexibility for claimants and simplifying certain aspects of the claim process.

It increases the ability to subcontract with third level institutions and unconnected third parties. The limits in each category are being increased to the greater of 20% of in-house R&D expenditure or €200,000 (previously 15% or €100,000) and subject to the company incurring at least the same level of expenditure in the carrying on by it of qualifying R&D activities. This acknowledges the level of collaboration within the R&D ecosystem.

An increase to the first-year payment threshold from €87,500 to €105,000 is also a welcome move, especially to those SME's who can now accelerate greater re-investment of cash back into their business. This 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 certain costs associated with undertaking R&D activities, a new deeming provision is being introduced to allow a company claim an amount equal to 105% of its qualifying R&D emoluments as expenditure on research and development, subject to certain conditions. This will benefit companies where a significant proportion of qualifying R&D costs are associated with R&D salary costs.

The above changes will apply in respect of any accounting period the specified return date of which is on or after 23 September 2028. The earliest such accounting period would be the accounting period ended 23 December 2027.

Preliminary Corporation Tax

The Finance Bill provides for some changes to the preliminary corporation tax regime that will come into effect for accounting periods commencing on or after 1 January 2027. These improvements to the regime include:

- The 'relevant limit' for the large company preliminary corporation tax regime increases from a corporation tax liability in the proceeding period of equal length of €200,000 to €350,000. This should reduce the number of companies required to follow the two-instalment preliminary corporation tax rules.
- For larger companies making payments in two instalments, an underpayment of a second instalment of preliminary tax will not result in a deemed underpayment of a first instalment by virtue of 45% of the current year tax liability not being paid if the first instalment amounted to at least 50% of the corresponding corporation tax and corresponding income tax for the prior accounting period.
- All companies that pay at least 80% (as opposed to 90%) of their final corporation tax liability by the final preliminary corporation tax instalment date can avoid late payment consequences if the shortfall is paid within four months of the accounting period end. Total payments must reach 100% of the final liability.

The amendments reflect some of the substantive changes advocated for as companies seek to navigate complicated and sometimes inequitable preliminary corporation tax rules. The Finance Bill also amends the preliminary tax rules to accommodate advance pricing agreements (APAs) that address transfer pricing and the attribution of income or costs to permanent establishments. Where an assessment is subsequently amended to give effect to one or more APAs, any additional tax arising from it will be deemed to be due within a month of the amendment provided the company had filed a corporation tax return containing a full and true disclosure or all material facts necessary for the making of an assessment.

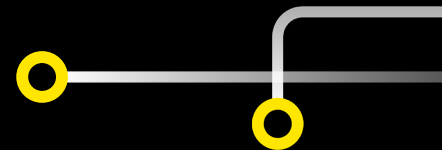
An amendment has also been introduced to the mechanism of offsetting R&D tax credit instalments for preliminary tax purposes. It will provide that a company can, where the company specifies that the instalment is to be treated as an overpayment of tax, take a second or third instalment that is due to the company from a prior R&D tax credit claim into account for the purposes of calculating the amount of preliminary tax due by the company in the accounting period or the subsequent accounting period.

Quoted Preference Share Dividends

Dividends received by companies on certain preference shares may be subject to Irish corporation tax notwithstanding that dividends from Irish companies are normally not chargeable. An exception exists for dividends in respect of shares quoted on an Irish stock exchange or which carry rights comparable to a fixed-dividend share quoted on the Irish stock exchange. With the recent delisting of the sole comparable, it has been necessary to update the relevant legislation.

The corporation tax charge will not apply to preference shares that are admitted to trading on a regulated market in an EEA State or otherwise if they carry rights in respect of dividends and capital comparable with fixed-dividend shares admitted to trading on a regulated market in an EEA State. Fixed dividend shares are relatively uncommon, so it remains to be seen if the expansion to encompass the wider EEA will resolve the lack of benchmark shares, particularly in the eurozone.

The Finance Bill makes no reference to existing arrangements that may have been comparable to the previously listed preference shares.



Tax treatment of interest

Interest deductions

Following a comprehensive review and consultation process that began in 2025, a multi-year programme of changes designed to modernise, simplify and enhance the competitiveness of Ireland's interest deductibility regime has commenced. The Finance Bill introduces the first phase of targeted amendments to existing provisions. Most changes apply to accounting periods commencing on or after 1 January 2027, although a new connected-party asset-acquisition exception applies to acquisitions made on or after 1 January 2024, and certain provisions apply only to loans made on or after 1 January 2027.

The Finance Bill amends the operation of what is known as the 'section 247' provisions, in particular, by introducing targeted exceptions, more flexible reinvestment (as described below) and allocation provisions and the removal of the 'common director' requirement.

Revisions to the recovery of capital rules will provide that interest relief will not be reduced following a recovery of capital if the relevant amount is reinvested in a qualifying investment within six months or used to repay a qualifying section 247 loan. New rules also govern the allocation of a recovery across multiple loans and cap the total amount treated as repaid at the capital recovered.

Further changes are under consideration. Any simplification of the section 247 interest deductibility regime is welcome. We look forward to engaging with the consultation process into the future.

Interest limitation rules - elections

In a welcome move, time limits within which companies may make certain elections under Irish interest limitation rules are to be extended.

Elections to participate in, or withdraw from, an Interest Group, or to avail of Equity Ratio or Group Ratio calculations, currently must be made on or before the time for filing the relevant tax return. This can be quite restrictive. With effect for accounting periods commencing on or after 1 January 2027, such elections may be made at any time within two years of the end of the relevant accounting period.

This will give companies more time to ascertain the overall group position before deciding whether these elections would be of benefit.

Pillar Two

The Finance Bill updates the Irish tax legislation giving effect to the OECD's January 2026 Side-by-Side Package. Ireland's Pillar Two rules will include a new Side-by-Side Safe Harbour for multinational groups where the ultimate parent entity (UPE) is located in a jurisdiction that has been recognised by the OECD as operating a qualified side-by-side regime.

These provisions apply for fiscal years or accounting periods commencing on or after 1 January 2026.

Where the safe harbour election applies Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR) liabilities are generally deemed to be nil. This means Ireland will not impose IIR top-up tax or UTPR top-up tax on low-taxed entities covered by a recognised side-by-side regime.

The Finance Bill also introduces a separate UPE Safe Harbour. Where the UPE jurisdiction has a recognised qualified UPE regime, UTPR top-up tax attributable to entities located in that UPE jurisdiction may be reduced to nil, again subject to OECD qualification and election requirements.

Additional amendments were made to reflect the OECD Pillar Two guidance published in May and September 2026, including the Administrative Guidance and updated Global Anti-Base Erosion (GloBE) Information Return requirements.

Controlled Foreign Companies and Non-Cooperative Jurisdictions

Certain 'defensive' measures against an EU-agreed list of non-cooperative jurisdictions exist, namely the non-availability of certain controlled foreign company exemptions and the potential denial of withholding tax reliefs for certain payments to these jurisdictions.

The measures have now been updated to include Turks and Caicos Islands and Vietnam and to remove Fiji, Samoa and Trinidad and Tobago as per the EU-agreed list of 17 February 2026, but they do not yet reflect revisions agreed on 9 October 2026 at ECOFIN.

The amendment will apply for accounting periods beginning on or after 1 January 2027. It is expected the more recently agreed list will be incorporated by way of amendment to the Finance Bill. If so, it would remove Panama and Vietnam.

Knowledge Development Box (KDB)

The Finance Bill has provided for an extension of the KDB relief for companies for a further five years to include accounting periods commencing on or before 1 January 2032. It also provides for a time limited option for existing claimant companies to elect out of the KDB regime in respect of all qualifying assets that are part of the specified trade, subject to certain conditions being met.

The election is irrevocable, but it is not mandatory and will be available for one accounting period only. The election must be made by the company within 24 months of the end of the relevant accounting period.

The ability to opt-out of the KDB regime will be available to a relevant company in their first accounting period commencing on or after 1 January 2027 and before 1 January 2028.

Where a relevant company elects to opt out:

- The company will no longer be a relevant company in relation to the specified trade.
- Any existing qualifying assets will cease to be qualifying assets, and the company cannot make any claim in respect of these assets in any future period.
- A claim cannot be made by the company to carry forward losses or claim terminal loss relief.
- A company may claim KDB relief in a future period in respect of new qualifying assets. It will be regarded as carrying on a new specified trade in respect of those new qualifying assets.

Technical amendments are also being introduced to clarify that KDB losses carried forward and offset against non KDB profits of a specified trade are to be utilised by reference to the KDB rate applicable when they are used. These technical amendments will apply in respect of losses offset against profits arising in accounting periods commencing on or after 1 January 2027.

Financial Services

Bank levy

As previously announced in the Budget, the Finance Bill extends the bank levy for a further year with a target yield of €200m and will be based on deposits at the four liable financial institutions at the end of 2024.

Taxation of other investments

The Finance Bill introduces a dedicated taxation provision for Irish resident investors in investment undertakings whose units are held through a recognised clearing system. Historically, investors in these holdings were generally taxed by reference to the equivalent offshore fund provisions. This is intended to simplify the legislation by consolidating the applicable tax treatment into a standalone section specifically designed for these investments.

The taxation of relevant investors is not fundamentally altered. The investment undertaking does not deduct Investment Undertaking Tax (IUT) for Irish-resident investors. Instead, the Irish investor must self-assess and pay the tax due on their investment. Gains arising on disposals, redemptions and eight-year deemed disposal events will continue to be subject to tax. Individual investors will generally remain subject to tax at 35%, increasing to 60% in the case of personal portfolio investment undertakings, while corporate investors will generally remain subject to tax at 25%.

The legislation retains the existing eight-year deemed disposal mechanism and confirms that losses arising on relevant fund unit events are not allowable for tax purposes. It also contains relieving provisions designed to prevent double taxation by allowing credit for tax paid on previous deemed disposal events when a subsequent chargeable event arises in respect of the same investment.

Irish Investment Accounts

The Finance Bill introduces the Individual Investment Account (IIA). The IIA provides a straightforward and tax-efficient framework designed to make retail investment more accessible for Irish households. The IIA will also sit alongside the Government's National Financial Literacy Strategy, which is intended to support individuals in developing the knowledge and confidence required to make informed saving and investment decisions. The regime will be available from 1 July 2027. The IIA will have the following tax attributes:

- Only a qualifying account provider can offer an individual investment account. The Revenue Commissioners (Revenue) will establish and maintain a register of qualifying account providers, which will be published on the Revenue website.
- The account will be available to Irish-resident individuals aged 18 years and over who hold a Personal Public Service Number (PPSN). Where an investor becomes non-resident, no further contributions may generally be made to the account and transfers between providers are restricted during the period of non-residence. Existing investments may remain within the account, and contributions may recommence once Irish tax residence is re-established.
- The IIA will be subject to an annual contribution limit of €12,000, with no minimum contribution requirement. The legislation also contains anti-avoidance measures designed to enforce the annual contribution limit. Where contributions exceed €12,000 in a year, a separate 1% Investment Account Tax applies to the excess amount.

- The existing taxation regimes that apply to retail investment products, including the deemed disposal regime, will not apply to qualifying investments held within an IIA. Income, profits and gains arising from eligible investments held within an IIA will be exempt from income tax, capital gains tax and exit tax. Instead, investors will be subject to a new Investment Account Tax equal to 1% per annum of the average annual account value in excess of €50,000.
- The Finance Bill provides for some technical amendments to existing legislation, including to Dividend Withholding Tax and Universal Social Charge (USC), to ensure that the IIA operates as intended.
- Investors will be able to hold a range of qualifying investments including shares, bonds, exchange traded funds (ETFs) and other investment funds through banks, investment firms and insurers. The preferential tax treatment applies only to qualifying investments. Where non-qualifying assets are held within an account, the associated income and gains will not benefit from the IIA exemption and may be taxed under the normal tax rules.

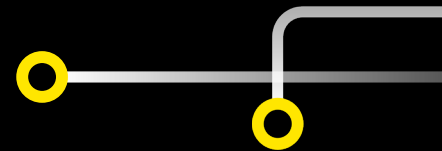
Account providers will be responsible for the administration of the account, including the calculation, reporting and payment of any tax due, removing the requirement for investors to engage directly with Revenue in relation to the operation of the account.

The legislation also includes detailed provisions facilitating the transfer of an IIA between qualifying account providers. A transfer will not be treated as a withdrawal or a new contribution, and the account will be treated as a continuation of the original IIA, preserving the investor's contribution history and tax position following the transfer.

The Finance Bill contains specific succession provisions for IIAs. The tax-exempt status of an account may continue for a limited period following the death of the account holder while the estate is being administered. No further contributions may be made following death and, ultimately, the account must be closed, with the investments realised and distributed through the estate.

The level of fees will impact on the attractiveness of the IIA. During the 2027 Budget speech, the Minister indicated that the expected wide choice of service providers will foster competition, thus helping to reduce fees. The new regime is likely to create opportunities for Ireland's pillar banks but also a range of other financial services providers, such as fund service providers, insurance providers, and other fintech providers to develop and offer investment products and qualifying investment products tailored to the IIA framework.

The combination of the annual contribution cap, the €50,000 tax-free threshold, and the simplified tax treatment may encourage greater investments and increase demand of savings products, potentially supporting greater customer engagement and long-term asset growth across the sector.



Termination Payments

When calculating the tax-free element of an ex-gratia payment under either the Increased Exemption or Standard Capital Superannuation Benefit (SCSB), the entitlement to a future tax-free lump sum payment from the employment pension scheme is considered in the calculation. Tax free lump sums payable on retirement arising from Pay Related Savings Account (PRSAs), the newly introduced My Future Fund (auto-enrolment) and certain other schemes were not included in these calculations.

The Finance Bill now includes any entitlement to a future tax-free lump sum payment from such schemes including other relevant pension arrangements. However, some practical considerations may remain around the valuation of the future tax-free lump sum and who is responsible for obtaining the details from the assurance provider if not operated by the employer.

Pensions

Budget 2027 signalled that the Finance Bill would revise the current age-related valuation factors used to value defined benefit pension entitlements for the purposes of the Standard Fund Threshold from 1 January 2027. These factors are not yet included in the Finance Bill.

Payments from Nurturing Skills Learner Fund

The Nurturing Skills Learner Fund (NSLF) allows Early Years Educators to enrol in approved courses with a view to upskilling and keeping people working in the sector.

Provided the individual completes a qualifying course successfully and works for a relevant service provider on completion of the course, the Finance Bill provides that a rebate of the course fees can be paid back to the individual tax free up to €400 for each academic year of a qualifying course or up to €1,600 in total of tuition fees in respect of one or more qualifying courses over the individual's lifetime. The relief will apply for tax years from 2027 to 2035.

Medical Expenses

Tax relief for medical expenses has been expanded to include prescription drugs prescribed by a pharmacist and consultation fees charged by the pharmacist for the service. Previously a pharmacist was not included as a qualifying practitioner. This has been accepted as Revenue practice for the past year, and the changes now bring Revenue practice on legislative footing.

Relief for fees paid to third level education

Tax relief for fees paid in respect of a third level course has been increased. The Finance Bill provides for a reduction in the amount of qualifying fees disregarded when calculating the amount of the relief. The first €2,350 of qualifying fees will be disregarded for full-time courses (previously €3,000) and €1,175 for part-time courses (previously €1,500). The increased relief is applicable from 2026.

Childcare services relief

An individual can currently provide childcare or childminding services in their own home for up to three children under the age of 18 years and receive income up to €15,000 per annum tax free under the childcare services relief where all relevant conditions are met. Effective from 2027, the Finance Bill removes the limit of three qualifying children, allowing practitioners to care for more children in their home and it increases the income threshold to €20,000 per annum.

Rent-a-Room income

Income arising to an individual in respect of the renting for residential purposes of a room or rooms in his/her home may be exempt from income tax where applicable conditions are met and the annual limit for the tax year is not exceeded. As announced in the Budget, the rent-a-room income ceiling is being increased by the Finance Bill from €14,000 to €16,000 from 1 January 2027. It is also confirmed that the relief will be extended, retrospectively back to 27 July 2026, to certain detached auxiliary dwellings between 32 sqm and 45 sqm built in the grounds of homes under the revised planning rules.

Farm Consolidation Relief

The Finance Bill makes technical amendments to farm consolidation relief. These revise the calculation of the relief to limit the relief where the existing calculation would produce a negative value and to ensure that the relief applies consistently regardless of the order in which the relevant disposals and acquisitions of farmland take place. The changes place existing Revenue administrative practice on a statutory footing.

Residential Zoned Land Tax (RZLT)

The RZLT became effective on 1 February 2025 and is designed to increase the supply of zoned serviced land. The Finance Bill contains several amendments to the RZLT provisions. As anticipated, the Finance Bill provides a further opportunity for landowners whose land appears on the revised RZLT map for 2027 to request that the land be rezoned. The relevant request may be made to the local authority between 1 February 2027 and 1 April 2027.

Where the relevant conditions are satisfied, landowners may claim an exemption from RZLT for 2027 in their RZLT returns, which must be filed by 23 May 2027. The exemption may not apply where the land is subject to a current planning application proposing residential development or an extant planning permission permitting residential development.

The Finance Bill also introduces a new provision allowing Tailte Éireann (Ireland's State agency for land and property registration) to provide information to Revenue in relation to land identified on a revised RZLT map where Revenue require that information to administer the tax. The information may include the address and Eircode of the land, Land Registry identifiers and details of the registered owner.

Derelict Property Tax (DPT)

The Finance Bill legislates for the new DPT which will be administered by Revenue. Local authorities will be responsible for identifying derelict properties and maintaining the relevant registers. Under the proposed regime, DPT will apply to properties within specified built-up areas which meet the statutory criteria for being derelict. The regime will initially apply to built-up areas with a population of 4,000 or more for the preliminary registers published in 2027, extending to areas with a population of 2,000 or more for preliminary registers published in 2028 and subsequent years.

Local authorities will be required to publish their first preliminary registers by 1 September 2027, with the corresponding final registers to be published by 28 February 2028. DPT will be charged annually at 7% of the market value of the relevant property. The liability date will be 1 March, with the tax payable and the relevant return due by 23 June. The owner of the property on the liability date will generally be the liable person and will be required to file a self-assessed DPT return with Revenue.

The new regime includes specific exemptions and deferrals, including provisions relating to properties affected by defective concrete blocks, certain court orders and ongoing proceedings, recently acquired derelict properties and properties undergoing remediation works. Where the statutory conditions are satisfied, DPT arising during remediation may be deferred and may ultimately cease to be payable where the remediation is completed within the prescribed period. Credits will also be available against DPT for certain Local Property Tax and Vacant Homes Tax actually paid in respect of the same property, subject to conditions.

Indirect taxes

VAT modernisation

Ireland's e-invoicing journey has taken an important step forward with the publication of the Finance Bill. The Finance Bill provides the legislative framework for mandatory structured e-invoicing and digital VAT reporting. The first phase is due to begin on 1 November 2028 for certain businesses managed by Revenue's Large Corporates Division, with the scope set to expand from 1 November 2029. The proposed legislation introduces:

- Mandatory structured e-invoicing for relevant domestic transactions
- Electronic reporting of prescribed transaction-level data to Revenue
- Requirements relating to customer identification, structured invoice retention, business controls and reliable audit trails
- Specific rules for areas including self-billing, credit and debit notes, and certain domestic reverse-charge transactions

This is much more than a change to invoice format. It will affect how invoice data is created, validated, exchanged, reported and retained, requiring coordination across tax, finance, technology, procurement and the wider business.

While the detailed technical specifications will follow through regulations, the direction of travel is clear.

Businesses should start assessing their scope, invoice flows, finance systems, data quality and VAT governance well in advance of implementation. E-invoicing is not simply a tax compliance project. It is a significant finance, data and business transformation programme. While the first phase is not expected until 2028, organisations should begin preparing now by:

- Confirming which mandated wave they will fall into
- Reviewing current invoice processes and underlying systems to understand the impact of the forthcoming changes
- Evaluating invoice and master data quality
- Evaluating what changes and third-party solutions will be required to meet e-invoicing and e-reporting requirements going forward

Import One Stop Shop (IOSS)

An intermediary registered for IOSS in Ireland will be required to hold a tax clearance certificate for the duration of its registration and notify Revenue if it ceases to satisfy that requirement.

Livestock respiratory vaccines

As announced in the Budget, the VAT rate on non-oral vaccines used to prevent respiratory illness in livestock will be reduced from 23% to 9% with effect from the date of enactment of the Finance Act.

Exempt activities

The Finance Bill amends the wording of the Irish VAT exemption for payment services, replacing the existing reference to 'operating' a current, deposit or savings accounts and 'negotiating or dealing in' payments and transfers with 'transactions concerning' those activities.

The amendment appears to be technical in nature as it has been confirmed in the Explanatory Memorandum accompanying the Finance Bill that it is intended to align the domestic legislation with the EU VAT Directive and that there will be no change in practice, which already applies the rules set out in the EU VAT Directive.

Banks, payment service providers and fintech businesses in particular will take note of the amendment. More broadly however, it serves as a useful reminder that the scope of Irish VAT exemptions must be considered in the context of the EU VAT Directive and the relevant jurisprudence of the Court of Justice of the European Union.

Excise duty

For customs and trade clients, the Finance Bill measures were announced on Budget Day. For excise and environmental taxes, the legislation softens the carbon-tax trajectory while retaining targeted increases in tobacco, vaping products, carbon-linked vehicle taxation and new betting duty provisions on pool betting operators and betting intermediaries. No significant changes affecting the administration of excise or environmental taxes are contained in the Finance Bill.

Sports Bodies

The Finance Bill contains several measures relevant to sports bodies and sports National Governing Bodies (NGBs).

Incorporation of sports bodies

- The Finance Bill introduces a deferral for capital gains tax (CGT) arising on the disposal of chargeable assets by unincorporated sports bodies to a newly incorporated company limited by guarantee (CLG). It will apply, from 1 January 2027, where a transfer of all activities previously undertaken by the unincorporated sports body occurs at the time of incorporation.
- Subject to conditions, the above reorganisation into a CLG by a relevant sports body, with effect from the date of passing of Finance (No.2) Act 2026, will also be exempt from stamp duty. Clawback provisions may apply if the CLG ceases to use the assets transferred at any time or disposes of the property without reapplying fully the proceeds directly or indirectly to the sole purpose of promoting athletic or amateur games or sports.
- The relevant transfer of assets to the CLG will also not be taken into account for capital acquisitions tax (CAT) purposes. However, clawback provisions may apply where the property transferred is disposed of without applying the proceeds within a (unspecified) reasonable period for the sole purpose of promoting athletic or amateur games or sports, or, where the property ceases to be so used at any time by the CLG.

Other measures

- The tax relief scheme for donations to NGBs is to be extended to include approved fundraising bodies of NGBs.
- An annual cap for aggregate relevant donations of €1m or, if lower, 10% of an individual donor's total income if the donor is associated with an approved sports body, is to be introduced (from 1 January 2027).
- Upon request from the Minister for Finance, approved sports bodies shall be required to report details of relevant donations received, tax repayment claims made and, where applicable, transferred by an approved fundraising body to its NGB shareholder.
- For domicile levy purposes, deductions to NGBs will not be deductible in considering if world-wide income is above €1m.
- Donations made to NGBs will also be added to the list of in-scope specified tax reliefs for high earners' restriction purposes. Thus, they may not be fully available to reduce an individual's taxable income.

Miscellaneous

Support, maintenance and education payments

The Finance Bill amends the CAT exemption for certain payments made for the support, maintenance and education of children following the death of a parent. Under the previous rules, the exemption generally only applied where both parents were deceased at the time the payment was made.

The amendment removes this requirement so that qualifying payments made from the estate of a deceased parent may benefit from the exemption regardless of whether the other parent is living. The exemption continues to apply only where the payments are normal and reasonable having regard to the deceased parent's circumstances immediately prior to death and are made for the support, maintenance or education of a qualifying child.

Accelerated Capital Allowances for Farm Safety Equipment

The Finance Bill confirms the extension of the accelerated capital allowances scheme for certain farm safety equipment to 31 December 2029. The additional eligible equipment to be included in the scheme are:

- Mobile cattle crushes and penning
- Hoof paring crates
- Mobile sheep handling equipment
- Wheel changing and wheel pumping crates
- Protective fencing around, and safety agitation platforms for, existing slurry tanks
- Safety rails on silo walls
- Hydraulic motors to substitute power take-off shafts
- Horse handling facilities
- Bale slices

Double Taxation Agreements

Once enacted, the Finance (No. 2) Act will ratify the new double taxation agreement with Liechtenstein. It will also complete Irish ratification of a protocol to update the agreement with Sweden.

eWithholding Tax (eWHT)

In Budget 2027, the Government announced that the Professional Services Withholding Tax system is to be modernised by replacing the current flat rate of 20% with personalised deduction rates.

The Finance Bill does not yet contain any measures to implement this policy.

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 (No.2) Bill 2026 progresses towards enactment. It is expected that this Finance Bill will be enacted by the end of 2026.



Rates at a glance 2027

Income tax rates	
Standard	20%
Marginal	40%
Standard rate bands	
Single (2026: €44,000)	€46,500
Married/civil partnership (two income) (2026: €88,000)	€93,000
Married/civil partnership (one income) (2026: €53,000)	€55,500
Single parent (2026: €48,000)	€50,500
Income tax credits	
Single (2026: €2,000)	€2,125
Married/civil partnership (2026: €4,000)	€4,250
Single person child carer tax credit (primary carer only)	€1,900
Employee tax credit (2026: €2,000)	€2,125
Earned income credit (2026: €2,000)	€2,125
Age credit - single (married/civil partnership x2)	€245
Medical insurance relief max premium - adult/child	€1,000/ €500
Home carer credit (2026: €1,950)	€2,050
Dependent relative tax credit	€305
Rent credit individual/couple jointly assessed (2026: €1,000/€2,000)	€1,150/ €2,300
Income tax age exemption	
Single and widowed	€18,000
Married (either spouse aged 65 or over)	€36,000
Housing	
Rent-a-Room relief (2026: €14,000)	€16,000
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	
A1 category for zero emission vehicles (depends on mileage)	6%-15%
OMV reduction for 2027	€10,000
Additional OMV reduction	€5,000
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 €30,300	2%
€30,301 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 (w.e.f. 1 Oct 2026)	11.4%
Lower rate	9.15%
Weekly lower rate limit (w.e.f. 1 Jan 2027)	€600
Employee	
PRSI (w.e.f. 1 Oct 2026)	4.35%
Weekly PRSI threshold (tapering relief available)	€352
Self-employed	
PRSI (w.e.f. 1 Oct 2026)	4.35%
Minimum contribution	€650
*Further PRSI rate increases are scheduled from 1 Oct 2027	
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 (2026: 33%)	31%
Development land	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 (2026: €400,000)	€420,000
Group B (2026: €40,000)	€44,000
Group C (2026: €20,000)	€22,000
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 (2026: 38%)	35%
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 (2026: 4.5%)	4.8%
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	
Auto fuels - per tonne/CO2 (w.e.f. 1 May 2027)	€78.50
Planned incremental increases each year to €100 per tonne/ CO2 by 2030	
Natural Gas/Kerosene (until 2030)	€48.50
Excise duties	
Excise duty on a packet of 20 cigarettes (pro rata increase to other tobacco products)	+€1
E-Liquid products tax per millilitre	+€0.20

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