



An Bille Airgeadais, 2025
Finance Bill 2025

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Explanatory Memorandum



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FINANCE BILL 2025

EXPLANATORY MEMORANDUM

PART 1

**UNIVERSAL SOCIAL CHARGE, INCOME TAX, CORPORATION
TAX AND CAPITAL GAINS TAX**

Chapter 1

Definition

Section 1 contains a definition of “Principal Act” (i.e. the Taxes Consolidation Act (TCA) 1997) for the purposes of Part 1 of the Bill.

Chapter 2

Universal Social Charge

Section 2 amends section 531AN of the TCA 1997 as follows:

- to increase the Universal Social Charge (USC) 2 per cent ceiling by €1,318 from €27,382 to €28,700 for the 2026 year of assessment onwards. This change is made in line with the increase in the national minimum wage applicable in 2026 and will ensure that the 2 per cent rate remains the highest rate of USC that is charged on the income of a full-time worker on the national minimum wage.
- to extend the reduced rate of USC for full medical card holders under 70 years of age whose individual annual income does not exceed €60,000 for a further two years until the end of the 2027 tax year.

Chapter 3

Income Tax

Section 3 amends section 473B of the TCA 1997 to extend the rent tax credit for three years to 31 December 2028. The value of the credit and all conditions pertaining to the credit remain unchanged.

Section 4 amends section 473C of the TCA 1997 to extend Mortgage Interest Tax Relief to the 2025 and 2026 years of assessment. For 2025, the relief will be calculated based on the increase in interest paid in 2025 compared with interest paid in 2022, with maximum relief of €1,250. For 2026, the relief will be calculated based on 50 per cent of the increase in interest paid in 2026 compared with interest paid in 2022, with maximum relief of €625. All other conditions pertaining to the relief remain unchanged.

Section 5 amends section 204B of the TCA 1997 which provides that the compensation payable to a living donor of a kidney or a lobe of a liver under conditions defined by the Minister for Health, shall be exempt from income tax and shall not be reckoned in computing income for the purposes of the Income Tax Acts.

This section updates the reference to the underlying payment scheme to subsections (3) and (4) of section 12 of the Human Tissue (Transplantation, Post-Mortem, Anatomical Examination and Public Display) Act 2024.

Section 6 amends section 208B of the TCA 1997 which contains the administrative provisions for the charitable tax exemptions in sections 207 and 208 of that Act and the arrangements concerning overseas charities in section 208A of that Act.

The amendment provides that the exemptions under sections 207, 208 and 208A will apply from the date the application under the respective section is approved by the Revenue Commissioners.

Section 7 amends section 235 of the TCA 1997 which provides for an exemption from income tax and corporation tax on the income of certain bodies established for the purpose of the promotion of athletic or amateur games or sports, where such income is applied to a sporting purpose as defined in the section. The amendment provides that the exemption applies from the date an application for the exemption is approved by Revenue.

Section 8 makes a number of amendments to section 847A of the TCA 1997 which provides a scheme of tax relief for donations to “approved sports bodies” for the funding of certain capital projects.

The first amendment provides that an individual’s decision about whether to claim the relief themselves or give it to the approved sports body is irrevocable, either from the date a taxpayer claims the relief or files a tax return, or at the latest by 1 December in the year after the donation was made.

The second amendment provides that donors should provide the “approved project number” and a “unique receipt number” to Revenue Commissioners when claiming a deduction against total income. The approved sports body will provide these numbers at the time when the donation is received. The Revenue Commissioners will use these numbers to validate claims.

The third amendment provides that a donation will not affect the calculation of maximum tax relieved pension contributions.

The section also makes a number of technical amendments.

Section 9 amends section 531AM of the TCA 1997 which contains the main charging provisions for USC, to provide that the calculation of an individual’s USC liability will not take into account a “relevant donation” to a sports national governing body under section 847AA of the TCA 1997.

Section 10 makes a number of amendments to section 847AA of the TCA 1997 which provides a scheme of tax relief for donations to certain sports national governing bodies (NGBs), where the donations are used to fund projects to purchase certain sporting equipment, to support elite athletes in competitive sport, and to increase the participation of women and people with disabilities in sport.

The first amendment provides that an individual's decision about whether to claim the relief themselves or give it to the NGB is irrevocable, either from the date a taxpayer claims the relief or files a tax return, or at the latest by 1 December in the year after the donation was made.

The second amendment provides that donors should provide the "qualifying project number" and a "unique receipt number" to the Revenue Commissioners when claiming a deduction against total income. The NGB will provide these numbers at the time of when the donation is received. The Revenue Commissioners will use these numbers to validate claims.

The third amendment provides that a donation will not affect the calculation of maximum tax relieved pension contributions.

The section also makes a number of technical amendments.

Section 11 amends section 216D of the TCA 1997 which provides for an exemption of up to €400 per year from income tax, USC and PRSI for certain profits arising to an individual from the microgeneration of electricity at their sole or main residence for their own consumption.

The section provides for an extension of the scheme to 31 December 2028.

Section 12 amends section 216F of the TCA 1997 which provides for an exemption of up to €20,000 from income tax to individuals for certain profits from the production, maintenance and repair of uilleann pipes, early Irish harps or Irish lever harps.

The section provides for an extension of the scheme to 31 December 2028.

Section 13 introduces a new section 784BA to Part 30 of the TCA 1997 which will require qualifying fund managers (QFMs) to submit an annual return to Revenue in respect of each Approved Retirement Fund which the QFM administers. The obligation applies in respect of the year of assessment 2026 and each subsequent year of assessment, with reporting to commence from 1 January 2027.

Section 14 repeals section 14 of Finance Act 2024, which has not been commenced, to be reinserted by *section (15)* with certain amendments.

Section 15 re-inserts Chapter 2E into Part 30 of the TCA 1997. The Chapter sets out the taxation and relief rules for the Automatic Enrolment Retirement Savings Scheme (AE). The Automatic Enrolment Retirement Savings System Act 2024 (AE Act) provides the legislative basis for AE. While AE is a policy initiative of the Department of Social Protection, the legislation governing the taxation elements of the AE scheme are being introduced in this Bill.

Chapter 2E comprises five new sections. The key features of the provisions include:

- employer contributions to AE will be exempt from tax;
- income and gains of AE funds while held by an AE provider will be exempt from tax;
- amounts paid from the fund (after any tax-free lump sum) will be taxed.

New provisions in this year's Bill deal with the tax treatment of AE retirement savings on the death of the participant, as well as ensuring that the exemption in respect of AE provider schemes extends to all relevant fund structures.

Section 16 repeals section 15 of Finance Act 2024, which has not been commenced, to be reinserted by *section (17)* with certain amendments.

Section 17 makes a number of auxiliary amendments dealing with AE to the TCA 1997, Capital Acquisitions Tax Consolidation Act (CATCA) 2003 and the Stamp Duties Consolidation Act (SDCA) 1999. The provisions amended in the TCA 1997 include:

- section 118, to provide that an employer contribution to AE is removed from the charge to BIK;
- a new section 192Q, to provide that a State contribution to the AE system shall be exempt from income tax and USC;
- section 246, to exclude from the obligation to withhold tax from payments of yearly interest, as provided for by section 246(2), payments of interest to and payments of interest from the National Automatic Enrolment Retirement Savings Authority (“the Authority”);
- section 256(1), to provide that the Authority will not be liable to Deposit Interest Retention Tax (DIRT) on any deposit interest earned on deposits of the AE contributions;
- section 531AM, which contains the main charging provisions for USC, to provide that employer contributions to AE on behalf of an employee are exempt from USC;
- section 608, to provide that gains arising from the disposal of investments held as part of specified superannuation funds includes gains arising on the disposal of units held in an AE Provider Scheme, which are therefore exempt from Capital Gains Tax (CGT);
- section 706, to provide that the premiums payable under contracts with an AE provider scheme are to be attributed to the pensions business of an assurance company;
- section 739B, to insert definitions for the purposes of Chapter 1A of Part 27;
- section 739D, to provide that a gain is not treated as arising to an investment undertaking on the happening of a chargeable event where, immediately before the chargeable event, the Authority has made a declaration to an investment undertaking confirming that the units are registered in its name on behalf of the participant;
- 787O, to insert a number of new definitions for the purposes of bringing AE within the scope of Chapter 2C and Schedule 23B, for the purposes of calculating a benefit crystallisation event (BCE);
- section 790AA, to provide for the inclusion of payments from AE within the scope of a “relevant pension arrangement”, for the purposes of calculating an individual’s limit on lump sum payments.

In addition to this:

- section 85 CATCA 2003 is amended in order to bring any balance remaining in an AE account where a participant in an AE Scheme dies after reaching pensionable age within the meaning of “retirement fund”, as defined in that section. Section 85 provides for an exemption from inheritance tax on an inheritance comprising all or part of a retirement fund which passes on the death of a person to that person’s child who is at least 21 years of age (such an inheritance is subject to income tax under Schedule D Case IV at 30 per cent); and

- section 82C SDCA 1999 is amended in order to bring an AE provider scheme within the meaning of a “pension scheme”, as defined in that section. Section 82C provides for an exemption from Stamp Duty on certain transfers of property involving pension schemes and charities.

Section 18 amends section 128F of the TCA 1997 which provides for an exemption from income tax, USC and PRSI on any gain realised on the exercise of a qualifying share option granted under the Key Employee Engagement Programme (KEEP). The amendment extends the scheme up to 31 December 2028 and aligns the terminology with that of section 489 of the Act, which was amended in Finance Act 2024, by replacing the phrase “financial activities” with “financing activities”. The conditions of KEEP remain unchanged. The extension of KEEP is subject to commencement order, as the measure is a notified State Aid, and must be approved by the European Commission prior to commencement.

Section 19 provides for a number of amendments to Schedule 13 of the TCA 1997 by adding five entities to the list of accountable persons required to operate Professional Services Withholding Tax and by amending the name of one entity.

Section 20 amends section 530A of the TCA 1997 by substituting the current wording of subsection (1)(d) with a new wording which reflects amendments to the Housing Act 1966 and the provisions of section 7 of the Housing (Miscellaneous Provisions) Act 1979.

Section 21 amends section 823A of the TCA 1997 in relation to the Foreign Earnings Deduction. The section provides for a 5-year extension of the scheme to 31 December 2030. From 1 January 2026 the Philippines and Türkiye are included as relevant states, while the maximum amount of income from an office or employment which is subject to relief is increased to €50,000.

In addition, the definition of qualifying day is amended to remove the requirement for an individual to spend 3 consecutive days working in a relevant state, while it also provides that the relief will be not available where an individual chooses to spend time working in a relevant state for personal reasons.

Section 22 amends section 825C of the TCA 1997 in relation to the Special Assignee Relief Programme (SARP), which is being extended for a further 5-year period until 31 December 2030. To qualify for the relief, an employee who first arrives in the State on or after 1 January 2026 will be required to have an annualised base salary figure of not less than €125,000 in the year of their arrival. From 1 January 2026, the minimum employment income which is used in the calculation of the relief is increased to €125,000 for such employees. The section is also amended to provide that the employee will qualify for the relief where the employer certification is made after 90 days but within 180 days from the employee’s date of arrival in the State, however, relief will be restricted to a maximum of 4 consecutive tax years. This will commence in the tax year after which the relevant employee is first entitled to relief under the section.

The amendment also extends the filing date for the employer annual end of year return to 30 June in respect of the tax year 2025 and subsequent tax years.

Section 23 amends section 121 of the TCA 1997 to introduce a new vehicle category A1 for zero CO₂ emission cars. With effect from 1 January 2026, tables A and B of section 121, which are used to calculate

Benefit-in-Kind (BIK) (income tax, PRSI and USC) payable on employer-provided cars, will be amended to incorporate the new vehicle category. Category A will also be amended to reflect that from 1 January 2026, it will apply to cars with emissions of over 0g/km and not exceeding 59g/km.

The temporary reduction in the Original Market Value (OMV), for the purpose of determining the BIK payable of cars in categories A1-D inclusive, will be extended on a tapered basis. The OMV will be reduced by €10,000 for the 2026 year of assessment, €5,000 for the 2027 year of assessment and €2,500 for the 2028 year of assessment.

Additionally, the lower mileage limit in the highest mileage band which applies to employer-provided cars will remain at 48,001km permanently.

Section 24 amends section 121A of the TCA 1997 to extend the temporary reduction in the Original Market Value (OMV) of vans, including electric vans, for the purpose of determining the BIK payable. The OMV will be reduced by €10,000 for the 2026 year of assessment, €5,000 for the 2027 year of assessment and €2,500 for the 2028 year of assessment.

Chapter 4

Income Tax, Corporation Tax and Capital Gains Tax

Section 25 amends section 285A of the TCA 1997 which provides for the acceleration of wear and tear allowances on capital expenditure incurred on certain energy-efficient equipment used for the purposes of carrying on a trade. The section provides for an extension of the scheme to 31 December 2030.

Section 26 amends section 285C of the TCA 1997 which provides for the acceleration of wear and tear allowances on capital expenditure incurred on gas and hydrogen vehicles and refuelling equipment used for the purposes of carrying on a trade. The section provides for an extension of the scheme to 31 December 2030.

Section 27 amends the accelerated capital allowances scheme for capital expenditure incurred on certain farm safety equipment by inserting updates to references to relevant EU Regulations.

Section 28 provides for an extension of the accelerated capital allowances scheme for capital expenditure incurred on slurry storage scheme to 31 December 2029.

The section also provides for a technical amendment to update references to relevant EU Regulations.

Section 29 makes a number of amendments to the Living City Initiative (LCI).

It is provided that the LCI is extended to 31 December 2030.

The pre-1915 building age requirement that applied for owner occupier and rented residential relief is amended to provide that residential premises built before 1975 will be eligible for relief in respect of qualifying or eligible expenditure incurred on or after 1 January 2026.

The commercial premises and rented residential elements of the LCI are amended to provide that:

- relief for qualifying or eligible expenditure incurred on or after 1 January 2026 is allowed over two years at a rate of 50 per cent per annum;

- the period over which unused relief may be carried forward is extended from seven years to ten years;
- the restriction which requires three times the amount of a grant received or receivable to be deducted from qualifying or eligible expenditure is removed;
- a consequential amendment is made to the definition of qualifying and eligible expenditure to provide that the amount of the grant received or receivable is deducted from qualifying and eligible expenditure as required; and
- the restriction on property developers or connected parties claiming relief in certain circumstances is removed.

The LCI operates in accordance with Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. This regulation allows de minimis state aid to undertakings up to a maximum of €300,000 per undertaking over a rolling 3-year period. Commission Regulation (EU) 2023/2831 of 13 December 2023 also applies to section 372AAE. It is therefore also provided to remove the cap of €200,000 of tax relief per project by undertakings and to remove the restriction on claims by a person who is part of an undertaking in difficulty.

Section 372AAE provides for the extension of the LCI to the conversion or refurbishment of certain commercial or industrial properties into residential properties, including utilisation of “over the shop” premises for residential purposes. There will be no building age restriction on these properties. Accelerated industrial buildings allowances are available over two years at a rate of 50 per cent per annum for the part or full conversion or refurbishment of properties which are rateable premises within the meaning of Schedule 3 of the Valuation Act 2001, into residential premises. The period over which unused relief may be carried forward is ten years.

Section 409F TCA 1997 which relates to the termination of capital allowances is amended to include the new section 372AAE.

Schedule 25B TCA 1997 (the list of specified reliefs) is amended to include section 372AAE thereby applying the High Income Earner Restriction.

These amendments apply to qualifying or eligible expenditure incurred from 1 January 2026.

Section 30 amends section 97B of the TCA 1997 which provides a deduction for certain retrofitting expenditure incurred by landlords of rented residential properties. There are three amendments to the section. The first extends the relief for a further three years to 31 December 2028. The second allows a landlord to claim for retrofitting expenses in the year of expenditure (rather than in the following year) from 2026 onwards. The third amendment increases the number of premises for which the expenditure can be claimed from 2 to 3, from 2026 onwards.

Section 31 inserts a new section 959AX into Chapter 8 of Part 41A of the TCA 1997 to provide that, where an individual or company that should have filed a tax return has failed to do so, Revenue can estimate the income tax or corporation tax, as appropriate, due for the relevant chargeable period.

The measure will operate in a similar way to section 110 Value Added Tax Consolidation Act (VATCA) 2010 which allows Revenue to raise VAT estimates.

The estimate figure will be based on previous returns filed by the taxpayer, or €1,000, whichever is higher. A taxpayer may displace the estimate by submitting a return and self-assessment and paying the tax due, along with any related interest, penalties and surcharges, or by ceasing their tax registration if they are no longer a chargeable person.

Section 32 inserts a new section 222A into the TCA 1997 to provide a corporation tax exemption for rental income arising from dwellings designated as cost rental under Part 3 of the Affordable Housing Act 2021. The exemption will apply to rental income arising from properties designated as cost rental dwellings by the Minister for Housing, Local Government and Heritage from 8 October 2025 onwards. Income arising from properties that were designated as cost rental dwelling before that date will not qualify for the exemption.

Section 33 makes an amendment to Schedule 4 of the TCA 1997 to include the Property Services Regulatory Authority in the list of specified non-commercial state-sponsored bodies that qualify for exemption from certain tax provisions under section 227 of the TCA 1997. This section exempts from income tax and corporation tax certain income arising to the specified bodies which would otherwise be chargeable to tax under Cases III, IV and V of Schedule D. The exemption is being provided to this body in order to avoid circular payments in and out of the Exchequer. The exemption is to take effect from the date of establishment of the body.

Section 34 amends sections 766, 766A, 766C and 766D of the TCA 1997 which provide for the Research and Development (R&D) corporation tax credit.

The amendments are as follows:

- The rate of the R&D corporation tax credit is increased from 30 per cent to 35 per cent.
- The amount of the first instalment as set out in section 766C, which is available to claimant companies in full in year one, is increased from €75,000 to €87,500.
- A simplification measure is being introduced in relation to the amount of time an employee spends dedicated to qualifying R&D activities. Where at least 95 per cent of an R&D employee's time is spent on qualifying R&D activities, then 100 per cent of that employee's emoluments will be deemed to have been incurred wholly and exclusively in the carrying on by the company of R&D activities.
- Section 766A is amended to clarify that expenditure incurred by a company on the construction of a qualifying building shall include expenditure incurred by the company on the construction of a laboratory for use in the carrying on of R&D activities.
- Sections 766C and 766D are amended to clarify the point at which claimant companies shall specify whether each of the three annual instalments should be treated as an overpayment of tax for the purposes of section 960H or paid to the company by Revenue.
- Sections 766C(11) and 766D(12) are amended to clarify the timing of the payment of the third instalment.

Section 35 inserts section 1009A into Part 43 of the TCA 1997. This new section 1009A provides that a foreign body corporate and its members will be chargeable to tax on the basis that the foreign body corporate is a partnership, where it is substantially similar to an Irish partnership.

Section 36 provides for amendments to sections 730F, 730J, 730K, 739D, 739E, 747D and 747E of the TCA 1997 to provide, with effect from 1 January 2026, for a reduction in the rate of tax from 41 per cent to 38 per cent on 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.

Section 37 amends section 731(5)(a)(i) of the TCA 1997 to clarify that for the purposes of that section, any gain accruing on the disposal of units in an exempt unit trust by an investment undertaking is not treated as being wholly exempt from CGT.

Section 38 amends sections 172A, 172C and Schedule 2A of the TCA 1997 to allow dividends to be paid free from dividend withholding tax to an investment limited partnership or to an equivalent partnership authorised in the EEA, where the partners are beneficially entitled to not less than 51 per cent of the ordinary share capital of the Irish company making the distribution. This treatment is subject to the application of the outbound payments defensive measures in section 817X TCA 1997. Provision is also made to simplify the filing requirements of the investment limited partnership.

Section 39 amends section 410 of the TCA 1997 which provides that certain payments between companies that are members of a group may be made without deduction of tax provided that certain conditions are met. One of the conditions is that it is necessary for the companies to form part of a 51 per cent group and, in determining whether a group exists, it is currently necessary to disregard any share capital held either directly or indirectly in a company not resident in a relevant Member State (which includes Member States of the EU, Member States of the EEA with which Ireland has a double tax treaty and the UK). This amendment provides that share capital held either directly or indirectly in a company which is tax resident in a country with which Ireland has a double tax treaty will also not be disregarded for the purposes of determining whether a group exists.

Section 39 also amends section 243 of the TCA 1997 to include a reference to section 410 in order to ensure that payments to which section 410 applies remain deductible as a charge on income where appropriate.

Chapter 5

Corporation Tax

Section 40 inserts section 81E into Part 4 of the TCA 1997.

Subject to certain conditions, this new section 81E provides for an enhanced deduction in the computation of the amount of the profits or gains of a trading company. The enhanced deduction is calculated with reference to certain eligible expenditure incurred on the construction of a qualifying apartment block, which must consist of 10 or more apartments, and for the conversion of non-residential buildings into a qualifying apartment block.

The enhanced deduction is available in respect of the accounting period in which the relevant certificate of compliance on completion for the completed development is lodged with the local authority in whose functional area the development concerned is situated. The enhanced deduction is calculated by multiplying the eligible expenditure by 25 per cent, giving a total deduction of 125 per cent of eligible expenditure, subject to certain conditions. The maximum enhanced deduction is limited to €50,000 per apartment in the qualifying apartment block.

The enhanced deduction is available in respect of qualifying completed developments for which a first Commencement Notice is lodged on or after 8 October 2025 and on or before 31 December 2030.

Section 41 makes a number of amendments to section 291A of the TCA 1997, which makes provision for capital allowances for expenditure incurred by companies on specified intangible assets. The amendments include:

- An extension of the ring-fencing provisions and 80 per cent cap provided for in section 291A(6) of the TCA 1997 to balancing allowances arising in respect of specified intangible assets. This amendment will apply to any event referred to in section 288(1) of the TCA 1997, giving rise to a balancing allowance in respect of specified intangible assets, which occurs on or after 8 October 2025.
- A clarification which will put beyond any doubt that the “excess amount” of allowances, which are unallowed due to the imposition of the ring-fencing provisions and 80 per cent cap, are regarded as having been made (other than for the purposes of the restriction and carry forward of unallowed amounts for use to future periods) in the first accounting period that they were subject to the restriction.
- A clarification regarding the availability of capital allowances in respect of the acquisition of a specified intangible asset where reliefs in respect of a group reconstruction or intra-group transfer under section 615(2) or 617(1) apply and the acquisition occurs on the transfer of a trade to which section 400 (company reconstructions without a change of ownership) applies.

Section 42 amends section 400 of the TCA 1997 which enables the transfer of certain tax attributes from one company (“predecessor”) to another company (“successor”) where a trading company ceases to carry on a trade and, following the cessation, a successor carries on the trade, provided the necessary conditions are satisfied. These tax attributes include the right to capital allowances (and liability to balancing charges), relief for losses, and relief for deemed borrowing cost and total spare capacity arising from interest limitation rules.

Section 42 makes two changes to section 400 of the TCA 1997. Firstly, an amendment is made to clarify that, in order for the right to capital allowances (and liability to balancing charges) to transfer, the asset upon which such allowances and charges arise must transfer to the successor company. Secondly, where excess allowances and excess interest of the predecessor company are carried forward due to the imposition of the ring-fencing provisions and 80 per cent cap as provided for under 291A(6) of the TCA 1997, such amounts will transfer to the successor company, provided all of the necessary conditions are satisfied.

Section 43 amends section 481 of the TCA 1997, which provides for the film corporation tax credit, to introduce an enhanced tax credit of 40 per cent for qualifying visual effects projects.

The enhanced credit will be available to section 481 projects which incur eligible expenditure on relevant visual effects work in the State of not less than €1,000,000.

A request for the enhanced credit amount for visual effects to apply must be included with an application to the Department of Culture, Communications and Sport for a cultural certificate, which is applied for in advance of Irish production commencing. For films that qualify for the enhanced rate, the credit will be calculated on completion at the rate of 40 per cent up to a maximum of €10,000,000 of expenditure. Eligible expenditure in excess of €10,000,000 will qualify for the section 481 tax credit at the standard credit rate of 32 per cent.

This section is subject to a commencement order as the amendment requires the approval of the European Commission.

Section 44 makes a number of amendments to section 481A of the TCA 1997 which provides for relief for investment in digital games.

The amendments include the extension of the digital games corporation tax credit for a period of 6 years to 31 December 2031 and the extension of the scope of the credit to the development of post-release digital content. The key features of the amendments are:

- A digital games development company that has developed and released a digital game may apply to the Minister for Culture, Communications and Sport for a post-release extension of an interim certificate. If granted, this will allow the company to claim the credit in respect of expenditure incurred on digital content that is developed after the release of the game and during the period of the extension.
- Applications may be made to extend:
 - (i) existing interim certificates provided a final certificate has not been issued in respect of the game concerned, and
 - (ii) interim certificates issued from the date the relevant provisions come into operation.
- It will be mandatory for companies to apply for interim certificates in respect of games that commence development on or after the date the provisions relating to post release content come into operation.
- These amendments require European Commission State aid approval and are therefore subject to a commencement order.

The definition of “qualifying expenditure” is amended to provide clarification that, for corporation tax purposes, the expenditure must be allowable as a deduction in computing, or against, the income of the trade of developing digital games as referred to in the definition of “digital games development company” which is chargeable under Case I of Schedule D.

A number of technical amendments are made to ensure that the section operates as intended.

Section 45 provides for a number of amendments to section 831B of the TCA 1997 in relation to the participation exemption for certain foreign distributions.

- Distributions from a territory with which Ireland does not have a double tax agreement will be within scope of the exemption where non-refundable withholding tax has been paid on the full amount of the distribution.

- A company resident in a territory with which Ireland has newly-signed a double tax agreement will be able to qualify as a relevant subsidiary from the date of signature.
- The definitions of “reference period” and “relevant period” will be reduced from five years to three years, reducing the period in which a company must be resident in a relevant territory prior to making a distribution in scope of the exemption.
- A distribution will not be excluded from scope as a result of it being deductible for the purposes of calculating a tax similar to the close company surcharge in section 440 of the TCA 1997.
- The residence of a company will be determined under the terms of a relevant territory’s double tax agreement with Ireland in cases where the domestic law of the territory does not determine company residence.

Other technical amendments will be made to ensure the provision operates as intended. These amendments will take effect from 1 January 2026.

Finally, the legislation clarifies that a distributing company will not be excluded where, during the reference period, it acquired a business or business assets consisting of shares, or moved residence from Ireland, or had certain merger and acquisition activity involving an Irish resident company. This amendment will take effect from 1 January 2025.

Section 46 amends section 835AY of the TCA 1997 at subsection (1) by amending the definition of “large scale asset” to update the definition for relevant references to the Planning and Development Act 2024. This amendment will come into operation on such day as the Minister for Finance may appoint by order.

Section 47 amends section 840A of the TCA 1997. This section is an anti-avoidance provision that generally denies a deduction for interest payable by a company on a loan from a connected person used to purchase assets from a connected company. The amendment seeks to allow an interest deduction for the acquirer of an asset where, subject to certain conditions, there is an intra-group sale of the asset for bona fide commercial purposes, which is funded by connected party borrowings, and the seller was entitled to a deduction for interest payable on a loan used to acquire the asset concerned immediately before the intra-group sale. The deductible interest for the acquirer is limited to the amount of interest arising on the principal outstanding on the borrowings of the seller in respect of the asset concerned at the time immediately prior to the intra-group sale.

Section 48 amends section 891H (country-by-country reporting) of the TCA 1997 which gave effect to both the OECD Base Erosion and Profit Shifting (BEPS) project recommendations for Country-by-Country (CbC) Reporting and Council Directive (EU) 2016/881 of 25 May 2016, which brought the OECD BEPS recommendations for CbC Reporting into EU legislation. Section 891H requires an Irish resident ultimate parent company of a large Multinational Enterprise (MNE) group to provide a CbC report to the Revenue Commissioners. The report must contain a breakdown of the amount of revenue, profits, taxes and other indicators of economic activities for each tax jurisdiction in which the MNE group does business. CbC Reporting applies to an MNE group where its annual consolidated revenue in the preceding fiscal year is €750 million or more.

This section amends section 891H in order to provide that (i) the CbC legislation is to be interpreted and (ii) CbC reports are to be completed, in

accordance with the relevant OECD guidance on CbC Reporting. Section 891H is also amended to legislate for the approach adopted by Ireland for specific circumstances where the OECD guidance provides flexibility to jurisdictions for the purposes of applying the €750 million threshold for determining whether a group is within scope of the CbC reporting requirements (for example where the preceding fiscal year of the ultimate parent company of the MNE is shorter than 12 months).

Chapter 6

Capital Gains Tax

Section 49 amends section 597AA of the TCA 1997 which provides for revised entrepreneur relief. That section provides for CGT relief in respect of chargeable gains arising on the disposal by a relevant individual of chargeable business assets on or after 1 January 2016, up to a lifetime limit of €1 million. This section increases the lifetime limit from €1 million to €1.5 million with effect from 1 January 2026 and amends the existing aggregation rules which apply to the relief in light of the increased lifetime limit.

Section 50 amends section 604B of the TCA 1997. That section provides for a CGT relief for farm restructuring where the first transaction in the restructuring (e.g. sale, purchase or exchange of land) is carried out on or before 31 December 2025. Each transaction in the restructuring must be completed within 24 months of the first transaction. The first and second amendments proposed to be made to section 604B of the TCA 1997 extend CGT farm restructuring relief such that it applies to the sale, purchase or exchange of commercial woodland, and non-commercial woodland that is used for sustainability and biodiversity purposes. These amendments will come into effect by way of a commencement order to be made by the Minister for Finance.

The third amendment proposed to be made to section 604B of the TCA 1997 extends the deadline for the completion of the first restructuring transaction to 31 December 2029. This extension to the deadline will also come into effect by way of a commencement order to be made by the Minister for Finance.

PART 2

EXCISE

Section 51 amends sections 71(1)(a) and 71(2) of Finance Act 2010. Section 71(1)(a) is amended to restrict the scope of relief from Natural Gas Carbon Tax to natural gas supplied for electricity production in an installation covered by a greenhouse gas emissions permit, in order to comply with Emissions Trading System 2 requirements. A consequential amendment is made to section 71(2) to ensure that it continues to operate independently to section 71(1)(a). These amendments are subject to a commencement order to be made by the Minister for Finance.

Section 52 amends sections 82(1)(a) and 82(2) of Chapter 3 of Part 3 of Finance Act 2010. Section 82(1)(a) is amended to restrict the scope of relief from Solid Fuel Carbon Tax to solid fuel delivered for electricity production in an installation covered by a greenhouse gas emissions permit, in order to comply with Emissions Trading System 2 requirements. A consequential amendment is made to section 82(2) to ensure that it continues to operate independently to section 82(1)(a). A further amendment is made to section 82(2) to replace “supplied” with “delivered” for consistency with other provisions. These amendments are subject to a commencement order to be made by the Minister for Finance.

Section 53 confirms the Budget increases in the rates of Tobacco Products Tax. The Tobacco Products Tax rate increase amounts to 50 cent on a pack of 20 cigarettes in the most popular price category, on a VAT inclusive basis, with pro-rata increases on other tobacco products.

Section 54 amends section 64 of the Finance Act 2002 to insert new and revised terms in order to account for the changes to the licensing framework brought about by the Gambling Regulation Act 2024.

Section 55 amends section 69 of Chapter 1 of Part 2 of the Finance Act 2002 by confirming that remote betting duty also falls due at the time that a bet is entered into by a bookmaker.

Section 56 clarifies that all persons that incur a liability to betting duty, remote betting duty or betting intermediary duty must file returns and pay the relevant duty by the 15th day following the end of the relevant accounting period.

Section 57 amends section 71 of the Finance Act 2002 by providing that remote betting duty must be discharged by the bookmaker and cannot be passed on to the consumer. As the existing text of the provision already notes that this requirement applies to duty liabilities under section 67A, the amendment is solely to provide greater clarity to taxpayers and to reflect updated nomenclature arising from amendments in the Finance Act 2024.

Section 58 extends Revenue's power to enter into arrangements and take security from specified taxpayers by applying this power to betting intermediaries. It also updates the section to remove obsolete terminology.

Section 59 provides for the recasting of certain subsections within section 78 of the Finance Act 2002 and the removal of others. The sections provide for-

- i. The amendment of subsection (6), which outlines offences related to the accepting of in-person bets other than in registered premises, as it will only be possible for the holders of licences issued under the 2002 Finance Act, and not the holders licences issued under the Gambling Regulation Act 2024, to adhere to this requirement.
- ii. The deletion of all Revenue powers related to the de-registration of existing registered premises, subject to commencement upon the expiry of all bookmaking licences issued under the Betting Act 1931.
- iii. The recasting of subsection (7), which outlines offences related to the creation of false bookmaking records by the employees of licensed betting operators in light of updated regulations in the Gambling Regulation Act 2024.

Section 60 deletes Chapter III of Part II of the Finance Act 1992 subject to Ministerial Order. This follows a review of the regulatory framework in light of the Gambling Regulation Act 2024.

Section 61 amends section 68A of Chapter 1 of Part 2 of the Finance Act 2002. The amendment clarifies the heads of duty in respect of which excise duty relief may be claimed and the persons so entitled to claim. It also clarifies that persons who wish to claim the relief must do so via electronic return.

Section 62 amends section 135 of Finance Act 1992 to include Northern Ireland in the provisions regarding the temporary exemption from registration for company vehicles brought into the State by an individual established in the State for such individual's private or business

use. The Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2020 provided for amendments to national legislation as a result of Brexit. By omission, it did not include an amendment of section 135 of Finance Act 1992.

Section 63 amends section 135C of Finance Act 1992 to extend the vehicle registration tax relief for battery electric vehicles to 31 December 2026.

PART 3

VALUE-ADDED TAX

Section 64 contains a definition of “Principal Act” (i.e. the Value-Added Tax Consolidation Act (VATCA) 2010) for the purposes of Part 3 of the Bill.

Section 65 amends sections 4, 6 and 17 of, and paragraph 12 of Schedule 3 to, the VATCA 2010 to align the time period to be reviewed when undertaking the VAT registration assessment of farmers, with all other businesses, as required by EU legislation. It also provides that turnover from activities excluded from the flat-rate addition on foot of an order under Section 86A should be included in such an assessment.

Section 66 amends section 46 of the VATCA 2010 to provide for the extension of the 9 per cent rate of VAT on the supply of gas and electricity until 31 December 2030.

Section 67 amends section 46 of, and Schedule 3 to, the VATCA 2010 to provide for a 9 per cent rate of VAT on the sale of certain apartments as part of a social policy. The 9 per cent rate comes into effect on 8 October 2025 until 31 December 2030.

Section 68 amends section 46 of the VATCA 2010 to provide, from 1 July 2026, for the application of the 9 per cent rate of VAT to the supply of hairdressing services, and food and drink supplied in the hospitality sector, excluding soft drinks and alcoholic beverages, but including hot tea and coffee.

Section 69 amends sections 60 and 120 of, and paragraph 11 of Schedule 3 to, the VATCA 2010 to provide, from 1 January 2026, for the standard rate of VAT on the hire of rooms in hotels and guesthouses for use other than as accommodation.

Section 70 amends section 86 of the VATCA 2010 to provide, from 1 January 2026, for the flat-rate addition for farmers to be decreased to 4.5 per cent.

Section 71 amends section 96 of the VATCA 2010 to provide from the date of passing of the Finance Act 2025, for the removal of the VAT on property waiver of exemption provisions, and the cancellation of all waivers from that date.

Section 72 amends sections 15 and 120 of the VATCA 2010. These are consequential amendments required following the removal of VAT on property waiver of exemption provisions in Section 71 of Finance Bill 2025.

Section 73 amends section 115 of the VATCA 2010 to clarify that a penalty of €4,000 may be applied from the day after the filing date by which a Payment Service Provider is required to report data on certain cross-border payments. A further penalty of €4,000 may be applied from the day after subsequent filing dates where the Payment Service Provider has still failed to report that data.

Section 74 amends paragraph 6 of Schedule 1 to the VATCA 2010 to provide that the supply of financial services, which consist of the managing of the Automatic Enrolment Retirement Savings System, are exempt from VAT.

PART 4

STAMP DUTIES

Section 75 contains a definition of “Principal Act” (i.e. the Stamp Duties Consolidation Act (SDCA) 1999) for the purposes of Part 4 of the Bill.

Section 76 amends section 83D of the SDCA 1999, which provides for a partial repayment of Stamp Duty paid on a conveyance or transfer of land where the land is subsequently developed for residential purposes. Where the conditions of the scheme are met, the amount to be repaid is the difference between Stamp Duty paid at the rate of 7.5 per cent on the acquisition of the land and the amount that would have been paid had the rate of 2 per cent applied.

Currently, section 83D provides that construction operations on the land must commence pursuant to a commencement notice within 30 months of the date of execution of the conveyance or transfer and on or before 31 December 2025. Where a development is carried out in phases, either a partial repayment can be claimed in respect of each phase of the development, or a full repayment can be claimed after the entire development has been completed. Certain conditions must be met in order to avoid a clawback of a repayment, including the requirement that the residential development specified in the commencement notice is completed within 30 months.

This section proposes to make the following changes to the repayment scheme, which will apply to repayments claimed under section 83D once Finance Bill 2025 is enacted:

- extend to 31 December 2030 the latest date by which construction operations must commence,
- extend the two time limits that apply (acquisition to commencement, and commencement to completion) from 30 months to 36 months for large-scale residential developments (LRDs),
- allow for a full repayment of Stamp Duty to be claimed in respect of a multi-phase development once the first phase commences,
- provide that Revenue will be precluded from repaying Stamp Duty if any of the conditions to avoid a clawback of a repayment are not met, and
- provide that where a residential development is carried out in phases and a repayment is claimed in respect of the entire residential development, the last phase must be completed within 30 months of the date of the commencement notice related to that phase to avoid a clawback (36 months in the case of LRDs).

Section 77 proposes to repeal section 110A of the SDCA 1999 and amend section 125C of the SDCA 1999 to provide that the exemption from Stamp Duty for permanent health insurance policies and critical illness policies that is currently provided for in section 110A will instead be provided for in section 125C. In addition, section 77 amends Schedule 1 to the SDCA 1999 to clarify that Stamp Duty on a conveyance, transfer or lease of residential property is charged at the rates of 1, 2 and 6 per cent of the consideration other than any consideration that is attributable

to 3 or more apartments in an apartment block (which is charged at the rates of 1 and 2 per cent) or a relevant residential unit within the meaning of section 31E of the SDCA 1999 (which is charged at the rate of 15 per cent).

Section 78 proposes to amend sections 31A, 31B and 50A of the SDCA 1999 to provide that the chargeable instrument referred to in those sections, i.e. the contract or agreement for sale (section 31A), licence agreement (section 31B) or agreement for a lease (section 50A), will be deemed to be executed on the date on which the instrument becomes chargeable with Stamp Duty under those sections, i.e., the date on which the 25 per cent payment threshold is reached. Section 78 also proposes to amend section 31E of the SDCA 1999, which provides for Stamp Duty to be charged on certain acquisitions of residential property at a higher rate of 15 per cent. Section 31E(2) is to be amended to clarify that where a contract or agreement for sale referred to in section 31A or an agreement for a lease referred to in section 50A comes within scope of section 31E, the date of acquisition of the residential property concerned will be the date on which the chargeable instrument is deemed to be executed in accordance with section 31A or 50A, as the case may be.

Section 79 proposes to repeal section 86A of the SDCA 1999. Section 86A currently provides for an exemption from Stamp Duty on a conveyance or transfer of stocks or marketable securities admitted to trading on the Euronext Growth market operated by the Irish Stock Exchange plc trading as Euronext Dublin. The repeal is to take effect on 1 January 2026.

Section 79 also proposes to insert a new section 86B in the SDCA 1999. The new section provides for an exemption from Stamp Duty on a conveyance or transfer of stocks or marketable securities where the securities are admitted to trading on a “relevant market” and the closing market capitalisation of the company that issued the securities was below €1 billion on 1 December in the previous year. In a case where the securities were admitted to trading after 1 December in the previous year, the exemption will apply if the expected market capitalisation of the company upon admission to the relevant market was below €1 billion.

For these purposes, a “relevant market” means a regulated market or multilateral trading facility (within the meaning of Directive 2014/65/EU) or a market located outside the European Union which is equivalent to such markets.

The exemption will not apply unless the operator of the relevant market or the company that issued the securities makes a valid notification to the Revenue Commissioners of the applicable market capitalisation. Where such a notification is made, the exemption will apply to any conveyance or transfer of the securities that is executed in the period commencing 14 days after the notification is made or the following 1 January, whichever is the later, and ending on 31 December. For example, if a notification in respect of the market capitalisation of a company on 1 December 2025 is made on 16 December 2025, the exemption will apply in relation to any conveyance or transfer of those securities that is executed in the period commencing on 1 January 2026 and ending on 31 December 2026. The Revenue Commissioners will publish details of the information notified to them. The exemption will take effect from 1 January 2026.

Section 80 amends section 126AB of the SDCA 1999. Section 126AB currently provides for a Stamp Duty to be levied on four named financial institutions, i.e. Allied Irish Banks plc, EBS DAC, permanent tsb plc, and

The Governor and Company of the Bank of Ireland, for the years 2024 and 2025.

This section provides for the levy to be extended to 2026. For 2026, the levy will apply at the rate of 0.1025 per cent on the value of deposits held by each bank on 31 December 2024, to the extent that such deposits are “eligible deposits” within the meaning of the European Union (Deposit Guarantee Schemes) Regulations 2015 (S.I. 516 of 2015).

Section 81 proposes to amend section 125A of the SDCA 1999 which provides for a Stamp Duty to be levied on certain health insurance contracts between insurers and their customers that are entered into or renewed during each quarterly accounting period. The levy is paid by insurers.

Currently, the levy is calculated by reference to the age of each person insured under a health insurance contract on the first day of the accounting period in which the contract is entered into or renewed. Section 125A is to be amended to provide that the levy will be calculated by reference to the age of the persons insured under the contract on the date the contract is entered into or renewed.

Section 125A is also to be amended to provide that where an insured person’s health insurance cover ceases within 12 months of the date the contract was entered into or renewed, the health insurer may submit a claim to the Revenue Commissioners for a partial repayment of the Stamp Duty paid in relation to the insured person. The repayment will be calculated by reference to the number of complete months remaining in the 12-month period.

These proposed amendments are to come into operation on 1 April 2027.

Section 82 proposes to amend section 81AA of the SDCA 1999 which currently provides for a relief from Stamp Duty in respect of a conveyance or transfer of land to a young trained farmer executed on or before 31 December 2025. This section provides for a 4-year extension of the relief so that it will apply to instruments executed on or before 31 December 2029. The extension of the relief is subject to a commencement order to be made by the Minister of Finance.

Section 83 proposes to amend section 81C of the SDCA 1999 which provides for a relief from Stamp Duty where, within a 24-month period, land holdings are consolidated by way of linked disposals of qualifying land and acquisitions of qualifying land.

The relief currently applies to instruments executed on or before 31 December 2025. This section provides for a 4-year extension of the relief so that it will apply to instruments executed on or before 31 December 2029.

In its current form, the relief is available in respect of agricultural land which, as defined in the section, includes commercial woodland. To qualify for the relief, it must be the intention of the person acquiring the land to retain ownership of it, and use it for farming, for 5 years. This section proposes to extend the relief to include non-commercial woodland. Where the relief is claimed in respect of non-commercial woodland, it must be the intention of the person acquiring the land to retain ownership of it, and use it for conservation purposes, for 5 years.

The proposed changes are subject to a commencement order (or orders) to be made by the Minister of Finance.

PART 5

CAPITAL ACQUISITIONS TAX

Section 84 contains a definition of “Principal Act” (i.e. the Capital Acquisitions Tax Consolidation Act (CATCA) 2003) for the purposes of Part 5 of the Bill.

Section 85 amends section 41 CATCA 2003. Section 41 provides that, for Capital Acquisitions Tax (CAT) purposes, an interest in a policy of assurance on human life does not become an interest in possession until the policy matures, is surrendered to the insurer for consideration or the insurer otherwise makes a payment under the policy. The effect of section 41 is that where such a policy has been the subject of a gift or inheritance, a charge to CAT will not arise until one of these events occurs. This section of the Finance Bill proposes to amend section 41 to provide that where a person, having received a gift or inheritance of a policy of assurance, disposes of their interest in the policy before any of the aforementioned events occur, a charge to CAT will arise at the time of the disposal. The amendment will apply to a disposal of a policy of assurance on or after 1 January 2026.

Section 86 amends sections 100 and 101 CATCA 2003. These sections are contained in Part 10 CATCA 2003, the provisions of which provides for a relief from CAT for gifts and inheritances of qualifying business property, generally referred to as “business relief”.

In determining the value of a gift or inheritance that qualifies for business relief, section 100 requires that certain assets, including “excepted assets”, must be excluded from the calculation. Currently, an asset is an “excepted” asset if it is not used wholly or mainly for the purposes of the business concerned for a 2-year period prior to the date of the gift or inheritance. Subsection (1)(a) proposes to amend section 100 to provide that, in addition to this test, an asset will not be an excepted asset if, at the date of the gift or inheritance, it was required to be used for a specific purpose of the business concerned within the following 6-year period.

Subsection (1)(b) amends section 101 to provide that where property on which business relief has been claimed is disposed of, the relief will be withdrawn to the extent that the full proceeds from the disposal are not used, within a year after the disposal, to acquire other qualifying property. Where the property is disposed of for less than full consideration, the “full proceeds” will be deemed to be equal to its market value immediately before the disposal.

These amendments will apply to gifts or inheritances taken on or after 1 January 2026.

Section 87 amends section 1048 of the TCA 1997 which allows Revenue to make or amend tax assessments in relation to a deceased person in respect of profits or gains accruing to the deceased person before his or her death. Section 1048(2) prohibits Revenue from making or amending such assessments outside a specified time limit, which is extended in circumstances where there is a requirement, as part of the probate application process, to deliver an additional affidavit under section 48 CATCA 2003. To take account of changes to the probate application process following the introduction of eProbate in 2020, this section amends section 1048 to replace references to the requirement to deliver an additional affidavit under section 48 CATCA 2003 with references to the requirement to rectify a material error or omission in information delivered to the Revenue Commissioners under the Capital Acquisitions Tax (Electronic Probate) Regulations 2020. The amendments

will not apply where a material error or omission is rectified prior to 1 January 2026.

PART 6

MISCELLANEOUS

Section 88 contains a definition of “Principal Act” (i.e. the Taxes Consolidation Act (TCA) 1997) for the purposes of Part 1 of the Bill.

Section 89 inserts section 891HA into Part 38 of the TCA 1997.

This new section 891HA provides for the transposition of Part I of the OECD (2023), International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework (commonly referred to as CARF).

CARF provides for the introduction of reporting obligations for Reporting Crypto Asset Service Providers and for exchange of information rules for tax authorities.

The CARF rules are very similar to the rules contained in Article 1(6) and Annex III of Council Directive (EU) 2023/2226 (commonly referred to as “DAC 8”).

Section 90 amends subsection 4 of section 811C in Part 33 of the TCA 1997. This subsection provides that where a person has submitted a return, declaration, statement or account, or makes a claim, Revenue can withdraw a tax advantage arising from a tax avoidance transaction. The amendment provides that Revenue can also withdraw that tax advantage where it has arisen from any other actions taken or failed to be taken by the person.

Section 91 amends section 891F of the TCA 1997 to provide for the transposition of Part II of the OECD (2023), International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard, published on 8 June 2023.

Section 92 amends Part 4A of the TCA 1997, which was introduced in Finance (No.2) Act 2023 to provide for the implementation of the EU Minimum Tax Directive (*Council Directive (EU) 2022/2523 of 15 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union*). The Directive was based on the Global Anti-Base Erosion (GloBE) Rules, known as “Pillar Two”, developed by the OECD.

Three developments of relevance to Part 4A in 2025 were:

- In January 2025 the OECD published two sets of administrative guidance in relation to certain aspects of the GloBE Rules.
- Council Directive (EU) 2025/872 of 14 April 2025, known as “DAC 9”, which amended Directive 2011/16/EU on administrative cooperation in the field of taxation, was adopted. DAC 9 contains provisions with respect to exchange of information in relation to Pillar Two.
- The OECD developed a Multilateral Competent Authority Agreement (MCAA) that provides for the automatic exchange of information with respect to the filing of top-up tax information returns between Pillar Two implementing jurisdictions around the world, which Ireland signed in August 2025.

The amendments provided for in *section 92* can be split into four categories:

- 1) Amendments to provide for elements of the OECD January 2025 administrative guidance in primary legislation, including a number of amendments to sections 111AI, 111AJ and 111AW relating to the treatment of certain deferred tax assets that arose prior to the application of the global minimum tax rules as a result of certain governmental arrangements or following the introduction of a new corporate income tax in other jurisdictions.
- 2) Amendments to provide for the exchange of information aspects of Pillar Two in accordance with DAC 9 and the MCAA.
- 3) Amendments to provide further clarity on the operation of existing sections of the Pillar Two legislation contained within Part 4A. These include:
 - An amendment to the definition of ultimate parent entity (UPE) in section 111A to clarify that it excludes an orphan entity where there is another entity in the group that is not an orphan entity and meets the definition of a UPE.
 - An amendment to section 111AAC to include an additional subsection to provide that any domestic top-up tax (QD TT) calculated for a securitisation entity that is a minority-owned constituent entity, as defined in section 111AH, will be allocated to other group members in line with the existing mechanism in section 111AAC(4).
 - An amendment to the definition of minority-owned constituent entity in section 111AH to clarify that it includes an orphan entity that is a constituent entity.
 - Amendments to both section 111AAM and section 111AAP to provide that the secondary collection mechanism will not apply to a securitisation entity where there is at least one other non-securitisation entity in the UTPR group or QD TT group, as the case may be, which is not the UTPR or QD TT group filer.
- 4) Lastly, a number of amendments are being made to provide for technical adjustments to ensure that the Pillar Two legislation operates as intended.

Section 93 amends section 638A of the TCA 1997. The Companies Act 2014 provides for the transfer of assets and liabilities of a “transferor company” to a “successor company” pursuant to a merger or division. Section 638A provides that certain rights and obligations of the transferor company, including tax payment, filing and reporting obligations and liabilities, will transfer to the successor company or companies. This amendment extends the provisions of section 638A to rights and obligations arising under Part 4A of the TCA 1997, which implements the EU Minimum Tax Directive (*Council Directive (EU) 2022/2523 of 15 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union*).

Section 94 amends section 869(1) of the TCA 1997 to provide that a notice to a taxpayer issued under section 879 TCA to make a return of income may be issued by electronic means where the taxpayer has signed up to receive electronic notices from Revenue through MyAccount.

Section 95 amends section 959AA of the TCA 1997 to provide that a Revenue officer may make or amend an assessment on a chargeable

person outside the normal 4-year period to give effect to a Mutual Agreement Procedure (MAP) reached under a Tax Information Exchange Agreement which is given the force of law by virtue of section 826(1B) TCA 1997. This is consistent with the current provision in section 959AA(2A) which allows a Revenue officer to make or amend an assessment outside the 4-year period to give effect to a MAP reached under a double taxation agreement having the force of law by virtue of section 826(1) TCA 1997.

Section 96 amends section 959AP of the TCA 1997 to facilitate the modernisation of direct debit payments and the introduction of variable direct debits, giving taxpayers flexibility in managing their income tax payments. The amendment removes the requirement for individuals paying income tax via direct debit to pay a minimum of three instalments in the first year and eight instalments in subsequent years. It also removes the requirement for the Collector-General to debit an individual's bank account on the 9th day of each month.

Section 97 amends section 959AU of the TCA 1997 to clarify that, where an assessment is amended more than once, the date for payment of tax arising from a second or subsequent amended assessment is determined in isolation from the due date for tax arising from the first amended assessment.

Section 98 adds a new subsection (6) to section 959I of the TCA 1997 to provide that claims for allowances, deductions or reliefs can be made in a return that is filed late by a chargeable person for a chargeable period, except in circumstances where such a claim is precluded by other provisions in the Acts.

Section 99 makes a number of amendments to Part 22A of the TCA 1997, which provides for Residential Zoned Land Tax (RZLT).

Section 653I of the TCA 1997 is amended to provide a further opportunity to landowners whose land will appear on a revised map to be published by 31 January 2026 to request the rezoning of such land by the local authority in whose functional area the land is situated. Section 653IA of the TCA 1997 is amended to provide for an exemption from the 2026 RZLT liability in respect of land which will appear on a revised map to be published by 31 January 2026, where the owner has availed of the opportunity provided by the amendment to section 653I of the TCA 1997 to request the rezoning of such land. The exemption may not apply if the rezoning request relates to land that is the subject of a current planning application which proposes, or an extant planning permission which allows, residential development of the land in question.

Section 653AF of the TCA 1997 previously provided for a deferral of RZLT where a person could not commence development because planning permission granted in respect of the relevant site is the subject of appeal proceedings by an unconnected third-party. The amendments to this section introduce an exemption, rather than a deferral, from RZLT, in respect of relevant appeal proceedings, bringing them in line with the treatment for corresponding judicial review proceedings. The exemption will apply from the grant of planning permission which is the subject of the proceedings and for the duration of those proceedings, irrespective of the eventual outcome of same.

Section 653AG of the TCA 1997 provides that the commencement of non-residential development brings a relevant site, or part of such a site, outside the scope of the tax and places an obligation on the owners of such sites to make a declaration to Revenue within 30 days

of the lodgement of a commencement notice relating to non-residential development. The amendment to this section provides that where non-residential development commenced prior to the land becoming a relevant site, the owners of the land are required to make such a declaration within 30 days of the land becoming a relevant site.

Section 653AGA of the TCA 1997 provides for a deferral of RZLT arising in respect of a relevant site within the first 12 months after the date of grant of planning permission. This amendment ensures that the RZLT deferred shall not be due and payable until the later of 12 months after the date of the grant of planning permission or the return date relating to the liability date on which the RZLT arose.

Section 653AI of the TCA 1997 provides for the ongoing administration of RZLT in respect of a relevant site in circumstances where the liable person in respect of the site has died. The section is amended to ensure that RZLT that arises in respect of liability dates in the period after the death of the liable person and before the administration of the estate is completed, will not become due and payable until the expiry of a period of 12 months from the grant of probate or grant of letters of administration of the deceased liable person's estate, or 24 months from the date of death of the liable person, but in any case will not become due in advance of the latest return date on which any of the tax during the administration period would otherwise be payable. The amendment to subsection (5) clarifies that the provisions of section 653Z of the TCA 1997 do not take precedence over the provisions of section 653AI of the TCA 1997, thus ensuring that RZLT that arises in respect of liability dates in the period after the death of the liable person and before the administration of the estate is completed, will not become due and payable until the expiry of a period of 12 months from the grant of probate or grant of letters of administration of the deceased liable person's estate, or 24 months from the date of death of the liable person, even where the land is sold during the administration period.

The amendments to section 653AF of the TCA 1997 outlined above necessitate the making of a number of consequential amendments to the provisions of section 653AI of the TCA 1997.

This section also makes a number of consequential amendments to Part 22A of the TCA 1997 on foot of the introduction of the Planning and Development Act 2024.

The operation of RZLT relies on functions and processes that are part of the planning system and Part 22A of the TCA 1997 includes many references to the Planning and Development Act 2000, and related regulations. As a result of the introduction of the Planning and Development Act 2024, one of the objectives of which is to repeal and replace the Planning and Development Act 2000, it is necessary to include references to the relevant provisions in the Planning and Development Act 2024, in order to ensure that Part 22A of the TCA 1997 continues to operate as intended.

In addition, the name, function and operation of the planning appeals body has been changed from An Bord Pleanála to An Coimisiún Pleanála. References to An Bord Pleanála throughout Part 22A of the TCA 1997 have been replaced with references to An Coimisiún Pleanála, and the legislation provides that any reference to An Coimisiún Pleanála includes a reference to An Bord Pleanála.

Section 100 and Schedule 1 provide for technical amendments to the TCA 1997 (paragraph 1), CATCA 2003 (paragraph 2), Finance Act

1999 (paragraph 3), Finance Act 2010 (paragraph 4) and the VATCA 2010 (paragraph 5). Paragraph 6 contains the commencement provisions relating to paragraphs 1-5.

The amendments for the most part involve the correction of incorrect references and minor drafting errors.

Section 101 deals with the “care and management” of taxes and duties.

Section 102 contains provisions relating to the short title, construction and commencement of the Bill.

*An Roinn Airgeadais,
Deireadh Fómhair, 2025.*

