



An Bille Airgeadais (Uimh. 2), 2026
Finance (No. 2) Bill 2026

Meabhrán Mínitheach
Explanatory Memorandum



**AN BILLE AIRGEADAIS (UIMH. 2), 2026
FINANCE (NO. 2) BILL 2026**

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 to increase the Universal Social Charge (USC) 2% ceiling by €1,600 from €28,700 to €30,300 for the 2027 year of assessment onwards. This change is made in tandem with the increase in the national minimum wage applicable in 2027 and will ensure that the 2% rate remains the highest rate of USC that is charged on the income of a full-time worker on the national minimum wage.

Chapter 3

Income Tax

Section 3 amends the TCA 1997 to increase the standard rate band and a number of tax credits, with effect from 1 January 2027.

The standard rate band for a single person will be increased by €2,500 to €46,500 with commensurate increases in the bands applying to married persons and persons in civil partnerships and those in receipt of the single person child carer tax credit.

The personal tax credit will be increased by €125 to €2,125 for single persons and by €250 to €4,250 in the case of married persons and civil partners jointly assessed to tax. Both the employee tax credit and earned income tax credit will also be increased from €2,000 to €2,125. Where an individual is entitled to both the employee tax credit and the earned income tax credit in the same year of assessment, the aggregate of credits available to them under these two provisions will not exceed €2,125.

In addition, the home carer tax credit will be increased by €100 to €2,050.

Section 4 amends section 473B of the TCA 1997 to increase the maximum amount of the rent tax credit from €1,000 to €1,150 for single persons, and in the case of jointly assessed couples, from €2,000 to €2,300 for the years of assessment 2027 and 2028. All other conditions pertaining to the credit, remain unchanged.

Section 5 amends subsection 1 of section 469 of the TCA 1997 to include tax relief for the costs of drugs or medicines supplied on the prescription of a pharmacist and the pharmacist consultation charge under the Common Conditions Service in the definition of “health expenses”. This amendment is effective from the 2027 year of assessment and subsequent years of assessment.

Section 6 amends subsection 4A of section 473A of the TCA 1997, relief for fees paid for third level education, to provide that, for the year of assessment 2026 and each subsequent year of assessment, the amount to be deducted (“the disregard”) from the qualifying fees, in calculating the relief, shall be reduced by €650 for a full-time course and €325 for a part-time course.

Section 7 amends section 216C of the TCA 1997 which provides for an exemption from income tax and USC, where certain conditions are met, to individuals providing childminding services in their own home.

From 2027 onwards, the gross annual income limit to which the exemption applies is increased from €15,000 to €20,000 and the condition that the relief could only be claimed where childcare services are provided to not more than three children at any one time is removed. Where the individual is required to register with the Child and Family Agency (Tusla) under Part VIIA of the Child Care Act 1991, they are required to show that they are so registered.

Section 8 inserts a new section 205F into the TCA 1997 to provide for an income tax, USC and PRSI exemption in respect of payments made under the education support payments scheme in accordance with section 6 of the Supports for Survivors of Residential Institutional Abuse Act 2025. This exemption will apply from 6 March 2026.

Section 9 inserts a new section 193A into the TCA 1997 to provide for an income tax, USC and PRSI exemption in respect of a payment or payments made under the Nurturing Skills Learner Fund administered on behalf of the Minister for Children, Disability and Equality. This section shall apply to qualifying payments made in the years of assessment 2027 to 2035 inclusive.

Section 10 amends Schedule 3 of the TCA 1997 which provides for income tax relief on payments arising on the termination of employment, which are subject to tax under section 123 of the TCA 1997 as they are not otherwise chargeable to tax. Paragraph (1) is amended to update the definition of the Relevant Capital Sum in subparagraph (1) by including a reference to a relevant pension arrangement as provided for in subsection (1) of section 790AA of the TCA 1997, alongside the existing reference to pension arrangements defined in section 778(1) of the TCA 1997. Section 778(1) of the TCA 1997 provides for a limited type of retirement benefit schemes, while subsection (1) of section 790AA of the TCA 1997 provides for the broader suite of modern pension products that are now available.

In addition, the section amends subparagraph (2) of Schedule 3 of the TCA 1997 to also include the option to surrender an entitlement to a lump sum which arises from a relevant pension arrangement, as provided for

in subsection (1) of section 790AA of the TCA 1997, in addition to those pension arrangements in section 778(1) of the TCA 1997.

This amendment shall ensure the calculation of the Relevant Capital Sum, which is the deduction required for the present value of any tax-free lump sum receivable under an approved superannuation scheme, continues to operate as intended.

Section 11 amends the reporting obligations for reporting benefits under section 897C of the TCA 1997, commonly referred to as the Enhanced Reporting Requirements.

The section deletes a reference to ‘the provision of any reportable benefit’ in section 985G. A consequential amendment deleting the reference to section 985G(2)(d) in section 984 in Chapter 4 Part 42 of the TCA 1997 is required as a result. The changes are necessary to effect the change to the timing of employers reporting obligations for reportable benefits, which are provided for under section 897C. The reporting timeframe will be amended in Regulation 10A of the Income Tax (Employments) Regulations 2018 [S.I. No. 345 of 2018] and will be made via the issuance of updated Income Tax (Employments) Regulations with effect from 1 January 2027.

Section 12 amends section 531AA of the TCA 1997, which provides for the domicile levy, which is payable annually by “relevant individuals”. One of the conditions for payment of the levy is that the individual must have “world-wide income” of more than €1 million in a tax year. The amendment will not allow an individual to take a deduction for donations under section 847AA of the TCA 1997 (donations to national governing bodies) in calculating their “world-wide income” for the purposes of the levy.

Section 13 makes a number of amendments to section 847A of the TCA 1997, which provides a scheme of tax relief for donations to “approved sports body” for the funding of certain capital projects.

The first amendment permits a “fundraising body”, established by a sports national governing body (NGB), as defined under section 847AA of the TCA 1997, to receive donations for approved projects and where applicable, the associated tax relief in respect of approved projects carried out by the NGB. The “fundraising body” must remit the relevant donations and any associated tax relief to the NGB with 12 months of receiving the donation from the donor and the corresponding tax relief received from Revenue.

The second amendment imposes an upper limit on tax-relieved donations made by an individual in a year of assessment, which is €1 million or, where the donor is associated with the approved sports body, 10% of the donor’s total income.

The third amendment requires the fundraising body, upon request from the Minister for Culture, Communications and Sport, to furnish a report outlining the donations and associated tax relief received from Revenue.

Section 14 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 permits a “fundraising body” constituted as a Company Limited by Guarantee, with the NGB as its sole member, to

receive relevant donations and, where applicable, the associated tax relief in respect of “qualifying projects” undertaken by the NGB. The “fundraising body” must remit the relevant donations and any associated tax relief to the NGB within 12 months of receiving the donation from the donor and the corresponding tax relief received from Revenue.

The second amendment imposes an upper limit on the tax relieved donations made by an individual in a year of assessment of €1 million or, where the donor is associated with the NGB, or an approved fundraising body, 10% of the donor’s total income.

The third amendment requires the fundraising body, upon request from the Minister for Culture, Communications and Sport, to furnish a report outlining the donations and associated tax relief received from Revenue.

The fourth amendment enables NGBs to claim a repayment of tax from Revenue in electronic format.

Section 15 amends Schedule 25B of the TCA 1997, which contains a table outlining the specified tax reliefs available to certain individuals which are restricted under Chapter 2A of Part 15 of the TCA 1997 (limitation on amount of certain reliefs used by certain high-income individuals). The amendment adds donations made under section 847AA (Deductions for donations to National Governing Bodies) to the table in Schedule 25B. This means that, for the purposes of the high-income individuals’ restriction, such donations cannot be used to reduce an individual’s taxable income.

Section 16 amends section 216A of the TCA 1997, which provides relief from income tax, PRSI and USC on gross receipts (subject to an upper limit) from the letting of a room or rooms in an individual’s sole or main residence.

The first amendment allows an individual to claim Rent-a-Room Relief in respect of income from renting a room or rooms in an “auxiliary dwelling” within the grounds of their sole or main residence for the period from 27 July 2026 to 31 December 2030.

The second amendment increases the annual limit on exempt income under the Rent-a-Room Relief from €14,000 to €16,000. This limit applies to the total amount received from letting a room or rooms within the sole or main residence and any “auxiliary dwellings” and will apply from 1 January 2027.

The third amendment provides that neither principal private residence relief from capital gains tax under section 604 of the TCA 1997 nor mortgage interest relief from income tax under section 473C of the TCA 1997 is affected by receipt of income which qualifies for relief under the section in respect of the renting of a room or rooms in the individual’s sole or main residence, as opposed to the auxiliary dwelling.

Section 17 amends section 477C of the TCA 1997 which provides for the Help to Buy (HTB) scheme. The HTB scheme provides income tax relief to assist first-time buyers with obtaining the deposit required to purchase or build their first home.

Subsection (5B) provides for, in the qualifying period beginning on 7 October 2026 and ending on 31 December 2029, an increase in the HTB relief to the lesser of (i) €35,000 (up from €30,000) or (ii) 10% of the purchase price of the new home or of the completion value of the property in the case of self builds or (iii) the amount of income tax and DIRT paid over the four years prior to making the application.

Accordingly, the maximum amount of relief of €35,000 applies to HTB claims where the contract is entered into in the case of a sale, or the first tranche of the mortgage is drawn down in the case of a self-build, on or after 7 October 2026.

Section 18 provides for a number of amendments to Schedule 13 of the TCA 1997 by adding four new entities to the list of accountable persons required to operate Professional Services Withholding Tax, by amending the name of one entity and by removing one entity from the list.

Chapter 4

Income Tax, Corporation Tax and Capital Gains Tax

Section 19 provides for an exemption from tax in respect of payments made under Phase 2 of the Stardust ex-gratia payment scheme as follows:

- The insertion of a new section 205E into the TCA 1997 to provide for an income tax, USC and PRSI exemption in respect of payments under Phase 2 of the Stardust ex-gratia payment scheme.
- An amendment to section 82 Capital Acquisitions Tax Consolidation Act 2003 which provides for the exemption of certain receipts from Capital Acquisitions Tax (CAT). This amendment extends the exemption from CAT to any payments made under the Phase 2 of the Stardust ex-gratia payment scheme.

These exemptions will apply from 10 February 2026.

Section 20 amends sections 126 and 226 of the TCA 1997 to provide for a tax exemption for certain payments made under the Work and Access scheme.

The Work and Access scheme is a non-statutory scheme, established on 30 July 2024 and administered by the Minister for Social Protection, to provide financial supports to remove or reduce workplace barriers for individuals with disabilities and ensure equal opportunities.

Section 126 provides for the tax treatment of certain benefits payable under Social Welfare Acts and the payments listed in the table to the section are exempt from the charge to Income Tax. This amendment extends this tax exemption to payments made to employees to reimburse them for costs incurred in engaging a personal reader under the Work and Access scheme on or after the date of its establishment being 30 July 2024.

Section 226 exempts from income tax and corporation tax employment grants and recruitment subsidies made to employers in respect of employees under certain schemes and programmes. This amendment extends this tax exemption to payments made to employers under the Work and Access scheme on or after 30 July 2024.

Section 21 amends section 216D of the TCA 1997 to increase the value of the available exemption from €400 to €600. The annual exemption from income tax, USC and PRSI applies to certain profits arising to an individual from the microgeneration of electricity at their sole or main residence for their own consumption.

Section 22 amends section 285D of the TCA 1997, which provides for accelerated wear and tear allowances in respect of capital expenditure incurred by farmers on certain farm safety equipment and adaptive equipment for farmers with disabilities. The section provides for the extension of the relief to 31 December 2029. In addition, Part 2 of

Schedule 35 is amended by including 12 additional items on the list that qualify for relief under section 285D of the TCA 1997.

Section 23 amends section 667D of the TCA 1997 which provides for Succession Farm Partnerships. The section is amended to provide for an increase in the annual income tax credit from €5,000 to €10,000 for succession farm partnerships that are registered on or after 1 January 2027. In addition, the holding period of three years in advance of which farm assets may transfer is removed, where an application to enter a succession farm partnership on the register is received on or after 1 January 2027. A consequential amendment is required to increase the maximum amount to which the clawback applies where the proposed transfer does not proceed, the clawback is limited to the amount of credit actually received.

Section 24 amends sections 131, 138, 174, 413, 705C and 752 of the TCA 1997. These provisions currently contain various definitions of preference shares that require comparison of a company's shares with fixed-dividend shares that are quoted on a stock exchange in the State. As there are currently no such shares quoted in the State, the definitions are amended so that a fixed-dividend share admitted to trading on a regulated market in an EEA state will be used as a benchmark with effect from 1 January 2027. This will ensure the relevant sections continue to operate as intended.

Specifically, section 752 is also being amended to correct a technical error identified in relation to the definition of "shares of a class to which this section applies" contained in this section to ensure the section operates as intended.

Section 25 amends sections 766, 766C and 766D of the TCA 1997 which provide for the Research and Development (R&D) corporation tax credit. The amendments include:

- An increase in the limits that apply in respect of expenditure incurred by a company on R&D subcontracted to 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 (subject to the company incurring at least the same level of expenditure in the carrying on by it of qualifying R&D activities).
- The introduction of a new provision to allow a company to claim an amount equal to 105% of its qualifying R&D emoluments as expenditure on research and development, provided that certain conditions are met. This is also subject to the company incurring non-qualifying expenditure of at least 5% of the amount of its qualifying R&D emoluments.
- An increase in the amount of the first instalment as set out in section 766C, which is available to claimant companies in full in year one, from €87,500 to €105,000.
- Amendments to sections 766C(13) and 766D(12) to 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.

Section 26 introduces a new Part 27A to the TCA 1997 to legislate for the establishment and operation of the individual investment account. The key objective of the individual investment account is to simplify the

taxation of retail investment and encourage greater participation by Irish households in investment products and capital markets. It is intended to make investing simpler, clearer and more accessible for ordinary investors.

The legislation provides that only a qualifying account provider can offer an individual investment account. Qualifying account providers are entities who hold certain regulatory authorisations with the Central Bank of Ireland (or another EEA regulator) and who have registered with Revenue as a qualifying account provider for the purposes of the individual investment account. Eligible account providers who are permitted to register with the Revenue Commissioners include certain Investment Firms, Banks and Credit Institutions, Insurance Undertakings and Undertakings for Collective Investment in Transferable Securities (“UCITS”) management companies. The Revenue Commissioners will establish and maintain a register of qualifying account providers, which will be published on the Revenue website.

Individuals who are Irish tax resident, aged 18 or over and have a personal public service number (“PPSN”) are eligible to open an individual investment account. Individuals who open an individual investment account are referred to as qualifying individuals in the legislation and each qualifying individual is only permitted to hold one individual investment account at any time.

A qualifying individual may make contributions to an individual investment account subject to an annual contribution limit of €12,000 per annum. Eligible investments which are deemed suitable for retail investors include equities and bonds admitted to trading on regulated markets, insurance-based investment products and investments in UCITS such as exchange traded funds (“ETFs”).

The individual investment account is subject to a tax-free threshold of €50,000. A flat rate tax (investment account tax “IAT”) of 1% is applied annually on the average value of the eligible investments and cash in the individual investment account in excess of the tax-free threshold amount. The average value of the eligible investments is determined on a daily basis with tax applied annually. The legislation provides that IAT is a final liability tax and that income, profits or gains, arising in respect of eligible assets held in an individual investment account are exempt from tax. *Section 27* provides inter alia for further exemptions from taxation for the assets held in the individual investment account.

Whilst the qualifying individual will be liable for IAT, all tax reporting, tax administration and the payment of tax to Revenue will be dealt with by the qualifying account provider. The qualifying account provider will be subject to an annual tax reporting date of 31 December, whereby the qualifying account provider calculates any IAT arising on the account in respect of a calendar year and files a notification with Revenue by the following 31 March disclosing any IAT due along with certain defined additional reporting information requirements. Following receipt of the notification, Revenue will issue a statement setting out in summary form the amount of IAT due for that qualifying account provider. On 14 April the statement will be deemed to be a return, and the IAT will become payable. The legislation also imposes an obligation on qualifying account providers to provide an annual statement to qualifying individuals. Where the qualifying account provider fails to deduct funds from an individual investment account to discharge the IAT liability, the qualifying individual may be required to discharge the IAT.

In addition, the new Part 27A provides for the administration and operation of the individual investment account with provisions including:

- registration with the Revenue Commissioners as a qualifying account provider,
- cancellation of registration as a qualifying account provider,
- administrative provisions for certain non-resident qualifying account providers,
- establishment of individual investment accounts,
- declarations required when opening an individual investment account including confirmation of residence in Ireland,
- calculation of IAT and the raising of assessments,
- the transfer of an individual investment account from one qualifying account provider to another,
- the death of a qualifying investor,
- the obligation to maintain appropriate books and records,
- interest and penalties to be applied in cases of non-compliance - in particular there are penalties to deal with excess contributions, contributions while non-resident and the holding of ineligible investments in an individual investment account, and
- the ability to make Regulations for the administration of the individual investment account.

The new Part 27A will be subject to a commencement order.

Section 27 provides for amendments which are consequential to the insertion of Part 27A in the TCA 1997. This section amends several provisions of the TCA 1997 to ensure that Part 27A operates as intended and to disapply certain ancillary taxes in respect of individual investment accounts.

A number of consequential technical amendments are made to sections 172A, 172C, 246, and Schedule 2A (in respect of Interest and Dividend withholding taxes), section 531AM (in respect of the USC, sections 706, 730D, 730E, 739B, 739D and Schedule 2B (in respect of Investment Undertaking and Life Assurance exit taxes) and Schedule 2 (in respect of Encashment Tax).

In addition, section 124B of the Stamp Duties Consolidation Act 1999 is amended to disapply the 1% stamp duty levy on gross premiums for insurance-based investment products which are held as eligible investments in an individual investment account established under the Part 27A.

The amendment also provides for certain administrative aspects in respect of Part 27A via consequential technical amendments being made to sections 730I and 747C (to disapply certain obligations, in respect of chargeable persons, on holders of foreign life policies and material interests in offshore funds), in Chapter 4 of Part 38 (by introducing a new section 904L in respect of Revenue powers of inspection) and Schedule 29 (in respect of the application of penalties arising under sections 1052, 1054, and 1077F).

Section 28 inserts a new section 739DA into Chapter 1A of Part 27 of the TCA 1997 to simplify the tax treatment of Irish resident investors in investment undertakings whose units are held in a recognised clearing system by streamlining and consolidating the applicable tax treatment

in a section focused on such investments. Investors in this category of investment undertaking will no longer be taxed by reference to the equivalent offshore fund provisions in Chapter 4 of Part 27 of the TCA 1997. The insertion of this new section will require a number of consequential amendments to Chapter 1A of Part 27 and Chapter 1 of Part 7, as well as an amendment to section 246A of the TCA 1997.

A recognised clearing system is a piece of financial markets infrastructure which facilitates the trading of securities on an exchange. Where the units of an investment undertaking (as defined in section 739B(1) of the TCA 1997) are held in a recognised clearing system, that investment undertaking is not required to operate investment undertaking tax with respect to its Irish tax resident investors. Instead, these investors are required to self-assess any tax liability associated with their investment. Previously, this required individuals to treat their investment as if it were an investment in an equivalent offshore fund to which the provisions of Chapter 4 of Part 27 of the TCA 1997 apply. Going forward, this will no longer be the case and the tax treatment of investors in this type of investment undertaking will instead be governed by the new standalone section 739DA.

Section 29 provides for amendments to sections 730F, 730J, 730K, 739D, 739E, 747D and 747E of the TCA 1997 to provide, with effect from 1 January 2027, for a reduction in the rate of tax from 38% to 35% 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.

Chapter 5

Corporation Tax

Section 30 extends the tax relief for start-up companies under section 486C of the TCA 1997 to start-up companies which commence a new trade between 1 January 2027 and 31 December 2030.

Section 31 amends subsection (1) of section 835YA of the TCA 1997 which provides for defensive measures against Controlled Foreign Companies (CFCs) resident in jurisdictions listed on Annex 1 of the EU list of non-cooperative jurisdictions for tax purposes ('the EU list'). Enhanced CFC rules were introduced in Finance Act 2020 and apply where an Irish company has a subsidiary in a jurisdiction included on the EU list. The amendment takes account of the most recently published update to the EU list. The EU list can be updated up to twice a year in February and October.

The amendments to the EU list in section 835YA also determine the jurisdictions from which distributions will not qualify for the participation exemption for certain foreign distributions (under section 831B of the TCA 1997) and apply to defensive measures by way of withholding taxes on outbound payments (under Chapter 5 of Part 33 of the TCA 1997) towards jurisdictions on the EU list.

Section 32 amends Chapter 5 Part 29 of the TCA 1997 and extends Knowledge Development Box (KDB) relief for companies for a further five years to include accounting periods commencing on or before 1 January 2032.

It also introduces a new provision in section 769S to provide 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 year period only. The election must be made by the company within 24 months of the end of the relevant accounting period. The 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, and the specified trade will no longer be considered a specified trade for the purposes of the relevant provisions.
- 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 under section 396(1) or in respect of a terminal loss relief under section 397.
- A company is entitled to claim KDB relief in a future period in respect of new qualifying assets. The company will be considered to be carrying on a new specified trade in respect of those new qualifying assets.

Technical amendments, in section 769K, are also being introduced to clarify that KDB losses carried forward and offset against non-KDB profits of a specified trade are to be restricted on a value basis by reference to the KDB rate applicable when they are used.

The extension of the relief and the opt-out provision will apply from the passing of the Act. The technical amendments in respect of KDB losses carried forward will apply in respect of losses offset against profits arising in accounting periods commencing on or after 1 January 2027.

Section 33 amends Part 8 of the TCA 1997 in relation to section 247 relief and the associated recovery of capital provisions under section 249. These amendments provide for a number of simplifications to the existing provisions governing interest relief on borrowings taken out for certain lending and investment activities. The package of measures simplifies the conditions for obtaining and retaining section 247 relief and makes any necessary consequential amendments to the recovery of capital provisions under section 249.

Section 34 amends Part 35D of the TCA 1997 in relation to the interest limitation rule to extend the deadline for the making of certain elections to a period of two years after the end of the accounting period to which the election relates. This section also provides for certain technical amendments to ensure the provisions operate as intended.

Chapter 6

Capital Gains Tax

Section 35 inserts a new section 610B into Chapter 7 of Part 19 of the TCA 1997. This new section provides for a deferral of capital gains tax arising on a disposal of chargeable assets by an unincorporated approved sporting body to an approved sporting body incorporated as a company limited by guarantee (CLG). For the deferral to apply the disposal must take place at the time of incorporation of the CLG and must form part of a bona fide arrangement between both bodies for the transfer of all the activities of the unincorporated body to the CLG.

Section 36 amends section 28 of the TCA 1997 which contains the charging provision for capital gains tax and specifies, subject to certain exceptions, the rate of capital gains tax. The amendment reduces the rate of capital gains tax by 2% to 31% for disposals of assets made on or after 7 October 2026.

PART 2

EXCISE

Section 37 amends subsection (3) of section 99A of the Finance Act 1999 which provides for a partial Mineral Oil Tax relief on auto diesel for qualifying road transport operators, known as the Diesel Rebate Scheme. Temporary enhancements to this scheme, as provided for in Finance Act 2026, increased the maximum rate of repayment from €75 to €120 per 1,000 litres for auto diesel purchased by qualifying operators between 1 January and 30 September 2026. This section extends the enhancements to 31 December 2026.

Section 38 confirms amendments to Mineral Oil Tax rates introduced by a Financial Resolution passed on 28 August 2026. It also confirms further amendments to rates introduced by a second Financial Resolution passed on Budget Day. The amendments to Schedules 2 and 2A to Finance Act 1999 include the:

- postponement of carbon tax increases from 14 October 2026 to 1 May 2027,
- permanent reduction, effective from 14 October 2026, in the Mineral Oil Tax rate on non-propellant kerosene,
- postponement of the 1 May 2027 carbon tax increase on marked gas oil to 13 October 2027, and
- extension of existing cuts to Mineral Oil Tax and the postponement of the start of the phased restoration of rates until 28 February 2027.

Section 39 confirms the amendment to the rate of Natural Gas Carbon Tax, which was introduced by a Financial Resolution passed on Budget Day. The amendment to section 67 of Finance Act 2010 (as amended) reduces the rate of Natural Gas Carbon Tax from 14 October 2026 onwards. The rate applicable from that date is €8.77 per megawatt hour at gross calorific value, which is based on charging €48.50 per tonne of carbon dioxide emissions.

Section 40 confirms amendments to rates of Solid Fuel Carbon Tax, which were introduced by a Financial Resolution passed on Budget Day. The amendment to Schedule 1 to Finance Act 2010 (as amended) postpones rate increases, which were scheduled for 14 October 2026, until 1 May 2027. The amendment also provides that current rates will continue to apply until that date.

Section 41 confirms the increases in the rates of Tobacco Products Tax which were introduced by a Financial Resolution passed on Budget Day. The Tobacco Products Tax rate increase amounts to €1.00 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 42 amends Schedule 1 to Finance Act 2024 to provide for an increase in the rate of E-Liquid Products Tax. The tax will apply at a rate of €700 per litre. This amendment comes into effect from 1 January 2027.

Section 43 amends section 64 of the Finance Act 2002 by the insertion of three definitions required to facilitate the operation of the recast of

section 67B of the Finance Act 2002, the charge to betting intermediary and pool betting duty. It also inserts a clearer definition of a ‘licensed greyhound race track’ for the purposes of the on-course exemption from excise duty.

The section also amends section 64 of the Finance Act 2002 by the insertion of a clarification on what types of bets constitute ‘pool betting’.

The section also deletes seven definitions which are no longer required as the relevant sections of the Finance Act 2002 are deleted.

The section is set to commence as of 1 January 2027.

Section 44 recasts section 67B of the Finance Act 2002 to amend the charging provision for remote intermediary duty, by renaming it as betting intermediary and pool betting duty, and by providing for the collection of duty from remote betting intermediaries and from pool betting operators at a rate of 25%. This is consequential to the Gambling Regulation Act which allows for pool betting as a licensed gambling activity. The subsections are set to commence as of 1 January 2027.

Section 45 amends section 68 of the Finance Act 2002 by an insertion in subsection (1)(a) extending the existing exemption from excise duty for on-course betting to betting intermediary and pool betting duty. Pool betting will be exempted from excise duty where such bets are taken at an authorised racecourse or licensed greyhound race track. This is consequential to the commencement of certain sections of the Gambling Regulation Act 2024 which allow for a wider range of entities to engage in pool betting as a licensed gambling activity.

Section 68(1)(b) of the Finance Act 2002 is being amended to clarify remit of the existing exemption by stipulating the precise categories of greyhound racing venue at which the excise duty exemption under this section shall apply.

Section 68(2) of the Finance Act 2002 is being amended to confirm that the charge to betting intermediary and pool betting duty will not apply to the holders of licences issued under the Totalisator Act 1929 for so long as those licences remain in force.

Section 46 recasts section 69A of the Finance Act 2002 to take account of the recast of section 67B of the Finance Act 2002. The amendment makes a distinction between the point at which the charge to betting intermediary and pool betting duty as defined in section 67B of the Finance Act 2002 falls due for remote betting intermediaries and for pool betting operators. The section is set to commence as of 1 January 2027.

Section 47 provides for the repeal of sections 65 to 66D of Chapter 1 of Part 2 of the Finance Act 2002. The provisions being repealed relate to the excise duties charged on betting licences granted under the Betting Act 1931. The Betting Act 1931 was repealed by the Gambling Regulation Act in February 2026, so the provisions no longer apply and are therefore deleted.

Section 48 amends Section 132 of the Finance Act 1992 by adjusting the charging table for Category A (passenger and light duty) vehicles such that the rate of Vehicle Registration Tax (VRT) paid by all vehicles across bands 3-20 is increased by 1% point.

This amendment comes into effect from 1 January 2027.

Section 49 amends Section 135C of Finance Act 1992 to provide for the remission or repayment of VRT on vehicles with certain fuel types.

The relief provisions are being extended to 31 December 2028 for electric vehicles.

PART 3

VALUE-ADDED TAX

Section 50 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 51 makes several amendments to give effect to the VAT Modernisation measures in line with the EU VAT in the Digital Age (ViDA) Directive. A new section 66A is inserted into Part 9 of the VATCA 2010 to provide for the issuance of invoices or other documents in a structured electronic format. This section also inserts a new Chapter 6A into Part 9 of the VATCA 2010 which introduces section 83A into the VATCA 2010, providing for VAT digital reporting. The new section 66A and Chapter 6A will be effective from 1 November 2028.

Section 52 amends section 86 of the VATCA 2010 to provide, from 1 January 2027, for the flat-rate addition for farmers to be increased to 4.8%.

Section 53 amends section 91J of the VATCA 2010 to provide that an intermediary registered for use of the import one stop shop or IOSS in the State is required to hold a tax clearance certificate within the meaning of section 1095 of the TCA 1997. The intermediary is required to hold a tax clearance certificate for the duration of their registration and to notify the Revenue Commissioners where they no longer fulfil this requirement.

Section 54 amends Paragraph 6 of Part 2 of Schedule 1 of the VATCA 2010 to provide that the VAT treatment of certain financial services in domestic legislation aligns with the EU VAT Directive. There will be no change in practice as the Revenue Commissioners already apply the appropriate rules set out in the Directive.

Section 55 amends section 46 and Schedule 3 to the VATCA 2010 to provide for the 9% rate of VAT on the supply of non-oral vaccines of a kind used for the prevention of respiratory illnesses in livestock.

PART 4

STAMP DUTIES

Section 56 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 57 amends section 81C of the SDCA 1999 (farm consolidation relief) to provide for an amendment in respect of the calculation formula to provide for the relief to be limited where a calculation results in a negative value. The amendment also ensures the equal treatment of consolidation regardless of the order in which disposals and acquisitions occur. These amendments are technical in nature and put an administrative practice of the Revenue Commissioners on a statutory footing.

Section 58 insert a new section 82BA into the SDCA 1999. The new section provides for a specific exemption from stamp duty where an unincorporated sports body transfers all of its assets to a newly formed company limited by guarantee (CLG) as part of an incorporation process.

A relevant transfer must be undertaken. In order to be deemed a relevant transfer a number of conditions, including the transfer of the entire undertaking, assets and liabilities to the CLG within twelve months and continuity of sporting purpose between the two bodies, must be met.

The relief is subject to a number of clawback provisions arising on the cessation of use or disposal of assets subject to the transfer.

- Where the property concerned is specified land (land which previously benefited from relief under section 82B of the SDCA 1999) and there is a cessation of use or a disposal where the proceeds are not fully applied, to the sole purpose of promoting athletic or amateur games or sports, a clawback arises. The clawback is calculated by reference to the duty originally relieved under the initial instrument under section 82B, not the relief granted under section 82BA.
- Where the property concerned is property other than specified land and there is a cessation of use or a disposal where the proceeds are not fully applied, directly or indirectly, to the sole purpose of promoting athletic or amateur games or sports, a clawback arises. The clawback is calculated by reference to section 82BA.

Section 59 repeals section 84 of Finance Act 2025. Section 84 provided for an amendment to section 125A of the SDCA 1999 (Levy on authorised insurers) which contained a number of key changes to the operation of the health insurance levy. Further amendments are required to ensure the provisions introduced by section 84 of Finance Act 2025 operate as intended. Therefore section 84 will be repealed, and the 2025 amendments will be re-enacted in Finance (No.2) Bill 2026 with the necessary adjustments.

Section 60 amends section 125A of the SDCA 1999 (Levy on authorised insurers), 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 days remaining in the 12-month period.

These amendments come into operation on 1 April 2027.

Section 61 amends section 126AB of the SDCA 1999 (Further levy on certain financial institutions). 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 to 2026.

This section provides for the levy to be extended to 2027. For 2027, the levy will apply at the rate of 0.1025 % 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).

PART 5

CAPITAL ACQUISITIONS TAX

Section 62 provides that in Part 5 of the Bill, the “Principal Act” means the Capital Acquisitions Tax Consolidation Act (CATCA) 2003.

Section 63 inserts a new section 76A in the CATCA 2003 to provide for an exemption from Capital Acquisitions Tax (CAT) on certain transfers of property from an unincorporated sports body to a successor sports body that is a company limited by guarantee. The exemption will apply to transfers of property where an unincorporated sports body incorporates as a company limited by guarantee and there is a continuity of sporting purpose between the two bodies.

The new section 76A also provides for a full or partial clawback of the exemption where the transferred property is subsequently disposed of, and the proceeds are not used within a reasonable period for the promotion of sport, or where the property ceases been used directly or indirectly by the successor body for the sole purpose of promoting athletic or amateur games or sports.

Paragraph (a) of section 65 also amends section 51(3) of the CATCA 2003, which deals with the payment of tax and interest on outstanding tax, to reflect the new section 76A.

Paragraph (b) of section 65 provides for the insertion of the new section 76A in the CATCA 2003.

Section 64 amends section 82(4) of CATCA 2003 which provides that normal and reasonable payments for the support, maintenance or education of qualifying children made after the death of the disponent are not gifts or inheritances for the purposes of CAT.

The amendment substitutes a new subsection (4) which removes the condition that the other parent of the child (or, in the case of a child of a civil partner, the civil partner) must also be deceased at the time of the payment. Under the amended provision, the exemption applies to qualifying payments made after the death of the disponent, regardless of whether the other parent or civil partner is living or deceased.

Section 65 amends paragraph (b) of section 101(4) of the CATCA 2003 to provide that a transfer of relevant business property from a transferor company to a successor company, as a result of a merger or a division, will not constitute a disposal for the purposes of the business relief clawback provisions in section 101(2)(a)(ii).

Section 66 amends Part 1 of Schedule 2 to the CATCA 2003 which deals with the computation of CAT. The section confirms the Budget 2027 changes to the three CAT tax-free thresholds.

The CAT tax-free thresholds, which are generally referred to as group thresholds, are increased as follows:

- the Group A threshold increases from €400,000 to €420,000
- the Group B threshold increases from €40,000 to €44,000
- the Group C threshold increases from €20,000 to €22,000.

The increased thresholds apply to gifts and inheritances taken on or after 7 October 2026.

PART 6

MISCELLANEOUS

Section 67 contains a definition of “Principal Act” (i.e. the TCA 1997) for the purposes of Part 6 of the Bill.

Section 68 amends section 959AU of the TCA 1997, which outlines the date for payment of tax where an assessment is amended. The amendment deals with cases where the conclusion of an advance pricing agreement between the Irish competent authority (the Revenue Commissioners) and the competent authority of another territory requires one or more assessments to be amended. The amendment provides that any tax due by reason of an amended assessment which gives effect to an advance pricing agreement shall be due and payable not later than one month from the date of the amended assessment.

Section 69 amends section 1003 of the TCA 1997 to increase the maximum aggregate value of items that can be donated under the scheme in any one year from €8 million to €12 million.

Section 70 makes changes to section 891HA and section 891M of the TCA 1997 to correct a minor drafting error in each section.

Section 71 amends section 667C of the TCA 1997 (Special provisions for registered farm partnerships) which provides an enhanced stock relief generally at the rate of 50% for farmers who are partners in registered farm partnerships and 100% for certain “qualifying farmers” within the meaning of section 667B of the TCA 1997, generally referred to as young trained farmers, who are partners in such partnerships. In addition, this section amends section 81D of the SDCA 1999 (Relief for certain leases of farmland) which provides for relief from Stamp Duty in respect of certain leases of farmland.

The reliefs provided under section 667C of the TCA 1997 and section 81D of the SDCA 1999 both constitute an EU State aid and are granted in accordance with Commission Regulation (EU) No. 1408/2013 of 18 December 2013 (the “Agricultural *de Minimis* Regulation”). In 2025 a new regulation “Regulation (EU) 2025/1989” was adopted amending the Agricultural *de Minimis* Regulation.

Subsection (1) of section 667C defines the term “Commission Regulation (EU) No. 1408/2013” for the purposes of the section. An amendment to section 667C is therefore being made to bring the definition up to date by adding a reference to the 2025 regulation.

Subsection (1) of section 81D also defines the term “Commission Regulation (EU) No. 1408/2013” for the purposes of the section. An amendment to section 81D is therefore being made to bring the definition up to date by adding a reference to the 2025 regulation.

Section 72 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. Part 4A is being amended to reflect the agreement of the OECD Side-by-Side Package in January (the ‘Agreement’), and further administrative guidance published in May and September, of this year. This section contains provisions to give effect to various Safe Harbours brought forward by the Agreement. Safe Harbours are designed to reduce the

compliance burden on in scope multinational entities (MNEs) and provide for simplified tax calculations, subject to certain conditions. The Agreement provides for the following Safe Harbours:

- The Transitional Country-by-Country Reporting (CbCR) Safe Harbour, which was originally intended to be available only for fiscal years beginning on or before 31 December 2026, is being extended to apply also to fiscal years beginning on or before 31 December 2027 (but not including a fiscal year that ends after 30 June 2029).
- The Simplified Effective Tax Rate Safe Harbour provides for simplified calculations that an MNE Group can use to demonstrate that it will not have a Top-up Tax liability in a jurisdiction, without the need to undertake the full GloBE computations.
- The Substance-based Tax Incentive Safe Harbour provides for a new category of “substance based” Qualifying Tax Incentives, which will be treated more favourably under Pillar Two rules.
- The Ultimate Parent Entity (UPE) Safe Harbour provides a Safe Harbour in a qualifying jurisdiction with respect to the domestic profits of MNE Groups headquartered in that jurisdiction. The UPE Safe Harbour prevents a liability arising to top-up tax under the UTPR (the backstop charging provision of Pillar Two) in respect of an MNE group’s entities located within the group’s headquarter jurisdiction, where certain conditions are met.
- Finally, the Side-by-Side Safe Harbour provides a Safe Harbour in a qualifying jurisdiction with respect to both domestic income and foreign income, subject to certain conditions. Effectively, where an MNE is headquartered in a jurisdiction qualifying for the Side-by-Side Safe Harbour, the global entities of that group will be carved out of the two primary Pillar Two charging rules, the IIR and UTPR. However, Qualified Domestic Top-up Taxes (where in place) will continue to apply. This means, for example, that Irish entities of MNE groups headquartered in Side-by-Side Safe Harbour jurisdictions will continue to be subject to the Irish QDTT in respect of their profits in Ireland.

Other amendments will also be provided for to update penalty and filing provisions. A number of amendments are also being made to provide for technical adjustments to ensure that the Pillar Two legislation operates as intended.

Section 73 amends Part 1 of Schedule 24A of the TCA 1997. This Schedule lists all international tax agreements entered into by Ireland.

Part 1, which lists existing Double Taxation Agreements, is amended to include a new Double Taxation Agreement with the Principality of Liechtenstein and to include a Protocol to the existing Double Taxation Agreement with Sweden.

These amendments to Schedule 24A will have effect from the passing of the Act and are the final step in the legislative and ratification procedure which will ensure that these agreements will have the force of law.

Section 74 makes the following amendments to the preliminary tax provisions for companies:

- An increase from €200,000 to €350,000, adjusted for accounting periods less than 12 months, to the threshold provided for in section 959AM(1) of the TCA 1997, which determines whether companies fall within the preliminary tax rules applicable to small companies.

Companies with a corporation tax liability below this threshold in the previous accounting period will have the option of paying preliminary tax on the basis of 100% of their previous period's liability instead of 90% of the current period's liability and will have one preliminary tax payment date. In addition, new / start-up companies with a tax liability of less than €350,000 (previously €200,000) in their first accounting period are relieved of the obligation to pay preliminary tax in that first period.

- Sections 959AR and 959AS of the TCA 1997 are amended to allow companies to make a “top-up” payment if their preliminary tax payment (in the case of small companies) or payments (in the case of large companies) falls short of 90% of the current year's liability. The amendments will allow such companies to make a “top-up” payment, which would bring the total preliminary tax paid up to 100% of the current year tax liability, four months after the accounting period end. This option will be available where at least 80% of the current year liability has been paid by the preliminary tax date (in the case of small companies) or the final preliminary tax instalment date (in the case of large companies). Where the top-up payment is made, such companies will be treated as having fulfilled their preliminary tax (in the case of small companies) or final instalment of preliminary tax (in the case of large companies) obligations.
- An amendment to section 959AS(5), which effectively provides for the calculation of interest that arises on the underpayment of preliminary tax. For large companies, the amount due in respect of the first instalment of preliminary tax is either 45% of the tax payable for that accounting period or 50% of the corresponding tax liability, which includes both corporation tax and income tax, for the preceding accounting period. However, where a large company underpays its preliminary tax, for either the initial or final instalments, for the purposes of calculating interest it is treated as having been due to pay 45% of the tax liability for the current accounting period for the initial instalment. This amendment brings the interest calculation in line with the initial instalment payment obligation by calculating interest on the lower of 45% of the tax payable for that accounting period or 50% of the corresponding corporation tax and income tax for the preceding accounting period.

The amendments will apply to accounting periods commencing on or after 1 January 2027.

Section 75 makes a number of amendments to Part 22A Residential Zoned Land Tax, including technical amendments to support the efficient administration of the tax.

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 2027 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 2027 RZLT liability in respect of land which will appear on a revised map to be published by 31 January 2027, 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.

A new section 653AMB is inserted into the TCA 1997 to provide for data sharing between Tailte Éireann and the Revenue Commissioners in respect of RZLT, when certain information is requested in writing by the Revenue Commissioners regarding land where such information is required for the purposes of the administration, of the tax. That information may include the address, the unique identifier, or identifiers, allocated to the land under the Registration of Title Act 1964, the Eircode, and the name of the person or persons recorded in the Land Registry maintained by Tailte Éireann as the registered owner of that land.

Section 76 introduces a new Part 22C in the TCA 1997 to legislate for a Derelict Property Tax (DPT). The key objectives in introducing this tax are to increase the use of existing derelict housing and commercial stock and to encourage urban regeneration.

The legislation applies an annual tax calculated at 7% of the market value of property in scope and the land appurtenant to that property. Broadly, this is property located within a specified geographic area which is not in use as, or suitable for use as a dwelling, a business or trade premises or certain infrastructure or facilities. National and historic monuments, and certain properties that are under construction or affected by defective concrete blocks, are also excluded from the tax.

In determining whether a building is suitable for use, a local authority will consider factors including, but not limited to, whether the property is partially or fully boarded up, the roof is damaged to the extent it is no longer weatherproof, or the property has failing plasterwork or unsecure brickwork.

It is intended that the tax will be introduced on a phased basis. In the first year it will apply in towns with a population of 4,000 or greater. The scope of the tax will be expanded to include towns with a population of 2,000 or greater from the second year of operation.

The legislation provides for each local authority to conduct annual inspections and publish an annual preliminary register identifying property that is within the scope of the tax. Prior to the publication of a preliminary register, interested parties may make a submission to a local authority regarding whether a property is derelict. The first preliminary register will be published on 1 September 2027.

Property owners will have an opportunity to appeal against inclusion in the preliminary register to the local authority. Where a property has been remediated, property owners should apply to a local authority for confirmation of completion of remediation works. The register will be updated to reflect any changes, and a final register will be published annually.

The tax will be chargeable in respect of property included in the final register, the first of which will be published by local authorities on 28 February 2028. Owners of property included in the final register will be obliged to pay and file with the Revenue Commissioners by 23 June 2028.

In cases of non-compliance:

- unpaid tax and interest will accrue as a charge on the property,
- penalties for not filing, or for incorrect filings, may be applied as appropriate, and
- a surcharge of up to 30% will apply if a property owner significantly undervalues their property in a return to the Revenue Commissioners.

The legislation also provides for the transfer of information to the Revenue Commissioners for the purposes of administering the tax.

The tax may be deferred in certain circumstances, including:

- following a recent change of ownership,
- during remediation works, and
- where certain proceedings, such as appeals against inclusion on a register, are ongoing.

Tax deferred during the remediation of the property will, on the making of a claim, not be payable where the remediation works are completed within a specified timeframe and certain conditions are met.

If the owner of a property cannot be identified and the unpaid tax and interest arising on the property is greater than its market value, the property may be acquired by the State where certain conditions are met.

A derelict property owner is obliged to keep books and records relating to the property and the legislation provides for a penalty where adequate books and records are not kept.

The tax will operate on a self-assessment basis, which means that the obligation will be on owners of properties to satisfy their pay and file obligations from 2028 onwards.

Returns are to be filed electronically.

Section 77 and *Schedule 1* provide for technical amendments to the TCA 1997 (paragraph 1). Paragraph 2 contains the commencement provisions relating to paragraph 1.

The amendments involve the correction of a spelling error and the removal of a now superfluous subsection.

Section 78 deals with the “care and management” of taxes and duties.

Section 79 contains provisions relating to the short title, construction and commencement of the Bill.

An Roinn Airgeadais,

Deireadh Fómhair, 2026.

