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tax BOOK 2023

A guide to your tax affairs.

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INCOME TAX RATES

Bands of taxable income	2022	2023
Single/Widowed (Without dependent Children)	€36,800 @ 20% Balance @ 40%	€40,000 @ 20% Balance @ 40%
Single Parent/Widowed Parent (With dependent children)	€40,800 @ 20% Balance @ 40%	€44,000 @ 20% Balance @ 40%
Married Couple/Civil Partners (one income)	€45,800 @ 20% Balance @ 40%	€49,000 @ 20% Balance @ 40%
Married Couple/Civil Partners* (two incomes)	*€73,600 @ 20% Balance @ 40%	*€80,000 @ 20% Balance @ 40%

*For 2023 in the case of a married couple with two incomes, the standard rate band is €80,000 (made up of €49,000 plus an amount of €31,000 which may be transferred between spouses; if one spouse earns less than €31,000 there is a loss of some of the benefit of the higher band).

Income Exemption Limits

Aged 65 and over	2023
Single/Widowed	€18,000
	Balance at 40%
Married Couples	€36,000
	Balance at 40%

Tax Credit	2022	2023
	€	€
Single person	€1,700	€1,775
Married or in a civil partnership	€3,400	€3,550
Employee Tax Credit	€1,700	€1,775
Earned Income Tax Credit	€1,700	€1,775
Widowed person or surviving civil partner (without qualifying child)	€2,240	€2,315
Single person Child Carer Credit	€1,650	€1,650
Incapacitated Child Credit	€3,300	€3,300
Blind Tax Credit		
Single person	€1,650	€1,650
Married or in a civil partnership:		
• one spouse or civil partner blind	€1,650	€1,650
• both spouses or civil partners blind	€3,300	€3,300
Widowed Parent		
• **1st Year after death**	€3,600	€3,600
• **2nd year after death**	€3,150	€3,150
• **3rd year after death**	€2,700	€2,700
• **4th year after death**	€2,250	€2,250
• **5th year after death**	€1,800	€1,800
Age Tax Credit		
• Single or widowed or surviving civil partner	€245	€245
• Married or in a civil partnership	€490	€490
Dependent Relative	€245	€245
Home Carer Tax Credit	€1,600	€1,700

*Relief in respect of the cost of maintaining a guide dog (max €825 @ 20% = €165) may be claimed under the heading of Health Expenses.

Job Plus Scheme

Cash payments made to qualifying employers to offset the cost of employing individuals who have been long term unemployed are exempt from income tax or corporation tax. The Department of Social Protection will pay the incentive to the employer monthly in arrears over a two-year period as follows:

A grant of €7,500 will be paid to employers over 2 years for the following categories of jobseeker:

- Jobseekers under 30 years of age, who have been on the live register for at least 104 days in the previous 6 months. This includes people who are signing on for credits only, COVID-19 Pandemic Unemployment Payment (PUP) or a combination of both payments and from January 2023 includes those in receipt of disability allowance or blind pension.
- Jobseekers over 30 years of age and under 50, who are on the live register (includes credits only cases and PUP) and have been unemployed for at least 312 days in the previous 18 months.
- People who used to get the One-Parent Family Payment, whose youngest child is at least 7 years of age and under 14, who transferred to the live register and are now getting Jobseekers Allowance Transitional Payment (no qualifying periods apply).

A grant of €10,000 will be paid to employers over 2 years for the following categories of jobseeker:

- Jobseekers under 50 years of age, who are on the live register (includes credits only cases and PUP and since January 2023 includes those in receipt of disability allowance or blind pension) and have been unemployed for at least 36 months (936 days) of the last 42 months.
- Jobseekers over 50 years of age, who are on the live register (includes credits only cases and PUP and since January 2023 includes those in receipt of disability allowance or blind pension) and have been unemployed for at least 12 months (312 days) in the last 18 months.
- Person in receipt of a qualifying payment with a recent criminal record or a history of addiction within the previous 5 years who have been unemployed for 104 days in the previous six months

Earned Income Credit

The Earned Income Credit of €1,775 is available to individuals earning self-employed, trading or professional income. For company directors, the credit will apply to proprietary directors as their earnings are not taken into account for the purposes of the Employee (PAYE) Tax credit. Where an individual has earned income which qualifies for Employee (PAYE) Tax Credit and Earned Income Tax Credit, the combined value of both tax credits cannot exceed €1,775.

Residence, Ordinary Residence and Domicile

An individual is liable to Irish Income Tax ("IT") on his/her worldwide income provided he/she is resident and domiciled for the tax year, subject to any specific relief under the relevant Double Taxation Agreement ("DTA"). To be resident an individual must be present in the State for:

183 days or more in a tax year, or

280 days in the current tax year and the preceding tax year, subject to a minimum of 30 days in each year.

Presence in the State at any time during the day will count towards determining residence for tax purposes.

An individual is "ordinarily tax resident" if he/she is tax resident for three consecutive tax years; where they cease to be resident, they remain ordinarily resident for three years after the tax year of departure and can therefore remain taxable in Ireland. An ordinarily tax resident individual is chargeable to Irish IT on worldwide income with the exception of profits of a trade or profession carried on abroad. Foreign investment income exceeding €3,810 in any tax year will be subject to Irish IT.

Domicile can be a difficult concept but broadly means the country that an individual considers as his/her natural home.

An Irish resident or ordinarily resident and domiciled individual will also be liable to Irish Capital Gains Tax ("CGT") on their worldwide gains. This leaves individuals ceasing to be Irish resident exposed to Irish IT on investment income and Irish CGT for three years after the tax year of departure.

Despite the reference to three years in the paragraph above, an anti-avoidance provision imposes CGT on individuals who dispose of shareholdings during a period of "temporary non- residence", described as absences of less than five years.

Split Year Treatment

An individual who arrives in Ireland with the intention of becoming resident in the following tax year is liable to IT on employment income from the date of arrival. Similarly, a resident individual who leaves Ireland other than for a temporary purpose is liable to IT on employment income up to the date of departure only. This "split year treatment" applies to employment income only.

Relief from a liability to Irish IT may also arise under the provisions of a DTA between Ireland and other State(s).

Transborder Workers

Irish resident individuals employed abroad in a jurisdiction with which Ireland has a DTA can exclude employment income earned abroad from Irish IT and the Universal Social Charge ("USC"). The employment abroad must be for a minimum period of 13 weeks and foreign tax must be paid on that income, and the duties must be performed wholly abroad. The individual must be present in Ireland for a minimum of one day a week during the period of qualifying employment. The relief does not apply to State or Semi-state employments.

An individual will be deemed present in the State if he/she is present at any time during the day.

Remittance Basis for Non-Domiciled Individuals

Individuals domiciled outside Ireland are entitled to a "remittance basis" of assessment in Ireland on investment income and income from employment duties exercised outside Ireland under a foreign contract - i.e., they are only subject to Irish IT on income brought into the country.

Where an individual who is entitled to the remittance basis has transferred money to his/her spouse that individual will be taxed on the transfer.

Income

Fully Taxable:

All Irish source income, including the Irish workdays of a foreign employment and capital gains, are taxable in Ireland regardless of whether they are remitted or not.

Not Taxable:

Foreign employment income (non-Irish workdays) and investment income are taxed only where remitted.

Capital:

Irish citizens who are not ordinarily resident but who are resident are taxed on foreign capital gains.

Non-Irish domiciled individuals are taxable on foreign capital gains only to the extent that they are remitted to Ireland. CGT applies to all Irish specified assets regardless of residence, which includes all Irish land and buildings as well as certain other assets such as mineral rights.

Special Assignment Relief Program "SARP"

The main conditions to qualify for the new relief are that:

- The individual must have been a full-time employee of a company incorporated and resident in a DTA State for six months (2015-2025).
- For 2015-2025 the requirement is to perform duties for 12 months from the date of arrival.

The relief is of value to new workers who come to or return to Ireland or returning workers who have been outside Ireland for at least five tax years. While a number of conditions apply in order to obtain the relief, it is not limited to either foreign employments or non-Irish domiciles.

Subject to conditions, the relief is available for employees arriving in Ireland and is available for five consecutive tax years.

The relief allows a basic salary and certain cash allowances to be excluded from tax. The relevant amount is valued at 30% of basic salary and allowances between upper €1,000,000and lower (€100,000) thresholds.

Note the lower threshold increased from €75,000 to €100,000 since 1 January 2023.

Certain key items of compensation are excluded:

- Benefits in kind including company cars and preferential loans
- Termination/ex-gratia payments
- Bonus payments whether contractual or otherwise
- Stock/equity options and
- Other share based remuneration

However, the above emoluments may be included in assessing the relief once the minimum threshold has been established.

The relief is only for IT and does not apply for USC or PRSI.

It is possible for employees and employers to obtain relief through the PAYE system so that the relief can have an immediate impact rather than waiting until the tax year has ended to make a claim. Employees making a claim automatically become chargeable persons for the year of claim which means a tax filing requirement. Employers will also have a reporting requirement to Revenue for various details about such employee claims, and for 2015- 2025 claims the employer is required to report within 90 days of the individual arriving, in addition to the annual reporting.

Making a claim under the new SARP provisions means that a deduction is not claimable where another relief is claimed by the employee - e.g., Split Year Relief, Trans-border Relief, Foreign Earnings Deduction Relief, R&D Incentive and the limited remittance basis that still exists.

Tax Tip

In addition to the exclusion of a relevant amount from tax an employer will also be able to bear the cost of certain items for a relevant employee on a tax-free basis, such as:

One return trip for the employee and family to the overseas country they are connected with; plus Primary and/or post-primary school fees of up to €5,000

This deduction has been extended for three more years until 31 December 2025.

A deduction is available for employees working temporarily overseas in the following countries (known as "relevant states"): Brazil, Russia, India, China,South Africa. Algeria, Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Senegal, Tanzania.

Japan, Singapore, South Korea, Saudi Arabia, UAE, Qatar, Bahrain, Indonesia, Vietnam, Thailand, Chile, Oman, Kuwait, Mexico, Malaysia Colombia..

The deduction is subject to a maximum claim of €35,000 (i.e., a tax refund of up to €14,000).

In order to receive this relief, the employee must spend at least 30 days working in a relevant state in a tax year or in a continuous 12-month period. These "qualifying days" must form part of a period of at least three consecutive days including travelling time spent working in the relevant state (previously four consecutive days excluding travelling time).

The deduction does not apply to employees paid out of the public revenue of the State e.g., civil servants, Gardaí and members of the Defence Forces or individuals employed by any board, authority or similar body established by or under statute.

The deduction is calculated based on the amount of time spent working in the relevant state and is calculated according to the following formula:

D/E/F

D is the number of qualifying days in the tax year
E is the net employment income in the tax year (including share awards and share option income but excluding benefits in kind, termination payments and restrictive covenants)
F is the number of days in the tax year that the individual held the office or employment.

An example of how this relief works is as follows.

An individual who is tax resident in Ireland spends 120 qualifying days working in Brazil. The employment income for the year amounts to €100,000. The FED is calculated as follows.

$$\text{€100,000} \times \frac{120}{365}$$

Specified amount = €32,877

Total employment earnings	100,000
Less FED	(€32,877)
Taxable Income	67,123

The deduction is claimed at the end of the tax year when making an annual return of income for that year. It will not however be claimable where another relief is claimed by the employee - e.g. Split Year Relief, Trans-border Relief, Special Assignee Relief Programme, R&D Incentive and the limited remittance basis that still exists.

Dependent Relative Credit

Dependent Relative Credit remains at €245 for 2023.

Seafarer Allowance

An allowance of €6,350 from employment income is available to seafarers provided they are on an international voyage(s)- i.e., a voyage beginning or ending in a port outside Ireland for at least 161 days in a tax year. This allowance cannot be claimed in conjunction with the split year treatment. The allowance is also available to crews of vessels servicing drilling rigs in Irish waters.

Fisher tax credit

A tax credit of €1,270 is available each year from 2017 to any person engaged in fishing on board a fishing vessel as long as they are Irish tax resident and spend at least 80 days at sea actively engaged in sea-fishing. It is not possible to claim this credit and the seafarer allowance to shelter the same income.

Sea - going Naval Personnel Credit

This credit has been extended for 2023.

A tax credit of €1,500 is available to a permanent member of the Irish Naval Service who has spent 80 days at sea in the immediately preceding year of assessment performing employment duties. It is not possible to claim this credit and avail of the Seafarer allowance or Fisher Tax credit at the same time.

Tax Exemptions

The following are exempt from IT provided specific conditions are satisfied:

- Artists resident in a Member State or EEA Jurisdiction (prior to 2015 the relief was restricted to Irish resident artists) who produce original work that has cultural and artistic merit, subject to a €50,000 limit.
- Charities - investment and certain trade income
- Awards made by the Hepatitis C Tribunal or a comparable overseas scheme, income arising on monies received from settlement of a civil action by a totally incapacitated individual, and income arising on monies received by permanently incapacitated individuals for damages following assessment by the Personal Injuries Assessment Board. In addition, the return arising from the investment of these monies is also exempt provided that return exceeds 50% of the individual's total income and gains.
- Income arising from compensation payments made under an employment law enacted in accordance with a decision of one of the relevant bodies listed below or made in accordance with a mediation process:
  - The Rights Commissioner
  - The Director of Equality Investigations
  - The Employment Appeals Tribunal
  - The Labour Court
  - The Circuit Court
  - The Workplace Relations Commission
  - The District Court
- Sports organisations
- Income from woodlands
- Income received by Mná Tí in the Gaeltacht (Sceim na bhFoghlaimeoirí)
- Income received by foster parents from the Health Service Executive or from another body where the payment is in accordance with similar law from another EU Member State(including educational fees, certain medical expenses, home sharing host allowance(from1 January 2020) and other exceptional payments where complex special needs arise).In addition payments for foster children 18 or over until the age of 21 or until they complete their full time education who suffer from disability are also exempted.
- Certain social welfare payments including payments to systematic short-term workers i.e., people who do three days on and two days off work, or who work one week on and one week off.
- Lump sum payments to claimants who worked in the Magdalene Laundries
- Annual allowance paid to Reserve Members of An Garda Síochána.
- Further education training allowance and grants payable by an awarding authority under Student Support Act

The exemption for IT for the categories of income described below also extends to CGT. However, it is a requirement that the aggregate of the person's income and gains must exceed 50% of their total income and gains in order to be exempted. The relevant categories of income and now gains are as follows:

- Income and gains derived from the investment of certain compensation payments received by permanently incapacitated individuals or a trust established for the benefit of one or more such individuals.
- Income and gains derived from the investment of payments made to Hepatitis C and HIV victims.
- Income and gains from compensation payments made to thalidomide children and the income derived from the investment of such payments.
- Compensation for certain living donors to cover compensation for expenses and loss of income relating to donations.
- The water conservation grant and fuel grants are exempt from IT and USC.
- Payments commonly known as mobility allowance.

Maternity Benefit

Maternity benefit, adoptive benefit and health and safety benefit payments are treated as taxable income.

Child minding relief

Child minding relief is available where an individual minds up to three children (excluding their own children) in their own home. No tax will be payable on the childminding earnings received, provided the amount is not more than €15,000 per annum. If the childminding income exceeds this, the total amount will be taxable as normal under self-assessment. The annual minimum PRSI contribution for self-employed individuals of €500 per annum is payable.

Home Carer Credit

A credit of €1700 is available for married couples jointly assessed, where only one spouse is working and the other cares for children (with an entitlement to social welfare child benefit), individuals over the age of 65, or incapacitated individuals in their home. Where the carer's income exceeds €10,600 in a year, no credit will be available.

Where the carer's income exceeds €7,200, the tax credit is reduced by one half of the amount of the excess over €7,200 (subject to a maximum of €1,700).

The credit is neither available to married couples taxed as single persons nor to married couples with a combined income of €49,000 who claimed the increased standard rate tax band for dual income couples.

Carer Allowance

An individual can claim an allowance where he/she has to employ a person to take care of an incapacitated family member. The carer may be employed on an individual basis, or through an employment agency. The maximum allowance is €75,000 per annum for each incapacitated individual. The allowance is available at the marginal rate of tax. The allowance will be granted in the first year that the individual becomes incapacitated.

Covenants

Covenants to permanently incapacitated adults are fully tax deductible. Covenants to a permanently incapacitated minor child are fully tax deductible if paid by a person other than a parent. Covenants to individuals aged 65 or over who are not incapacitated are deductible subject to a 5% limit of the covenanters' total income. If the covenanter is liable to tax at the higher rate, he or she will receive tax relief at the difference between the standard rate and higher rate. There is no tax benefit to a covenanter who pays tax at the standard rate. A covenantee whose total income (including the income from the covenant) is less than the exemption limit qualifies for a refund of tax at the standard rate of tax deducted by the covenanter.

Medical Insurance

Tax relief on medical insurance premiums is granted at source and is given as a direct reduction in premiums. Relief is based on a standard rate (20%) deduction and is granted on a current year basis. The amount of relief is restricted to €1,000 for an individual and €500 for a child (under 18 or under 23 in full time education).

Dental Insurance

Tax relief at the standard rate (20%) is available in respect of dental insurance premiums taken out for non-routine dental treatment.

Medical Expenses

Tax relief for un-reimbursed medical expenses incurred on behalf of a taxpayer and his family (including "dependents"), may be claimed against the taxpayer's income tax liability. Medical expenses include:

- Doctor/hospital care and prescription medicines
- Payments to Revenue approved nursing homes for dependants
- Physiotherapy
- Non-routine dental and ophthalmic expenses
- Routine maternity care including caesarean sections
- Qualifying medical expenses incurred on behalf of a dependent relative (which includes any individual over the age of 65 or permanently incapacitated individuals whether they are relatives or not).

Relief is granted by way of a tax credit at the standard rate of tax, except in the case of nursing home expenses which is granted by way of an allowance at the taxpayer's marginal rate of tax. A form MED2 should be completed in respect of non- routine dental expenses (this can be obtained from the dentist).

Certain "non-essential" cosmetic surgery work does not qualify for relief. Such work qualifies for relief only where it is provided for a physical deformity arising as a result of a congenital abnormality, a personal injury, or a disfiguring disease.

Relief for hospital stays are restricted to expenses necessarily incurred in connection with the services of a medical practitioner, or to diagnostic procedures carried out on advice of a medical practitioner.

Relief for nursing home fees qualify for relief provided the nursing home concerned provides qualifying nursing care on site on a 24 hour per day basis. Private contributions towards the "Fair Deal" scheme for nursing homes qualify for relief.

Permanent Health Insurance

Premiums paid under approved permanent health insurance (PHI) schemes are tax deductible. The deduction cannot exceed 10% of the individual's total income. Relief is granted as a deduction against total income and is effectively relieved at the marginal rate of tax. Any benefits received are taxable and therefore subject to PAYE.

Third Level College Fees

Tax relief is available at the standard rate for the cost of fees paid for approved courses in approved colleges. In addition to full-time courses, it includes fees paid for part-time courses on behalf of students who do not have a third level qualification. The relief also applies to post graduate fees paid for third level education in private and public funded third level colleges in non-EU Member States.

Tax relief for undergraduate fees is also allowable for accredited private third level colleges in EU Member States. Tax relief is available for repeat years, for individuals taking more than one course and for individuals already holding a third level qualification. Tax relief is available for tuition fees and student contributions but does not apply to administration fees, exam fees or registration fees. An amount of fees is disregarded for relief as follows:

The first €3,000 is disregarded for of a full-time student or €1,500 for of a part-time student. If you have paid fees for more than one student, this disregard amount will only be deducted from your claim once.

Where families have two or more children in third level education on a full-time basis and where both are liable to the student contribution charge, tax relief at 20% will be available on the aggregate paid above the disregarded amount. The current student contribution charge is €2,000. The maximum relief available is €7,000. Any repayment of fees must be adjusted.

Training Course Fees

Relief is available for fees between €317 and €1,270 paid in respect of Information Technology and Foreign Language courses, which are approved by Solas. These courses must be at least two years in duration and must not be a postgraduate course. This relief does not apply to payments made on behalf of dependents.

Rent Tax Credit

A new tax credit will be introduced for taxpayers who are paying rent on their principal private residence. The credit will be available for tax years 2022 to 2025. It will be valued at up to €500 per year (€1,000 for a jointly assessed couple) and will only be available to taxpayers who are not in receipt of any other housing supports.

Rent-a-Room Scheme

Where a room in a person's principal private residence ("PPR") is let as residential accommodation and the gross annual rental income is less than €14,000 per annum, this rental income is exempt from tax. Where it exceeds €14,000 the rent is taxable in full. The income is also disregarded for PRSI and USC purposes.

Following a change in Finance Act 2018, Revenue has confirmed their view that income from short-term lettings sourced through online accommodation websites such as Airbnb does not fall within the rent-a-room rules. In fact, they confirm such income is not rental income but trading or miscellaneous income. The room must be used by the occupant for more than 28 consecutive days unless used for respite care, exchange students or occupants in full/part time education.

Qualifying room rentals will not affect entitlements to claim mortgage interest relief. It will also not affect CGT PPR relief on the disposal of the dwelling and will not lead to a stamp duty clawback. The relief will not apply where the letting is between connected parties and rent relief is being claimed.

The relief will not be available where the person in receipt of the income is an employee of the person making the payment.

High Earner Restriction

Certain Tax breaks available to high income earners are restricted with a tapering restriction applying to individuals with income in excess of €125,000 to ensure a minimum effective income tax rate of 30%.

Taxable income is calculated by restricting qualifying deductions to 20% of the taxable amount.

If the individual's income is either less than €125,000 or the reliefs claimed are less than €80,000, the restriction will not apply.

There is a full restriction on income in excess of €400,000. Where there is a claim for specified reliefs in excess of €80,000, the amount that may be claimed is limited to the greater of €80,000 or 20% of the adjusted income.

A tapering relief applies to income between €125,000 and €400,000. The following items specifically need to be considered:

- Calculation of double taxation relief is applied before the relief can be claimed.
- Credits for any reliefs or deductions are given before the application of the restriction (but after the carry forward of excess reliefs from prior periods).
- The effect of the restriction is to disapply the age limit for income tax.

There was a temporary removal of the Employment and Investment Incentive scheme ("EII") from the high earners restriction for share subscriptions made between 16 October 2013 and 31 December 2016. This was made permanent on 1 January 2017.

Since 1 January 2016 the income tax exemption for profits derived from the management of woodlands in the State is not treated as a specified relief for the purposes of the high earner restriction.

Remote Working Expenses

Remote working or E-working is where you work from home for substantial periods on a full- or part-time basis.

To qualify:

- Have a formal agreement with your employer that you are required to work from home.
- Be required to perform essential duties of employment at home.
- working involves working for substantial periods at home, logging onto a work computer remotely, sending and receiving email, data or files remotely and developing ideas, products and services remotely. You are not entitled to claim tax relief if you bring work home from the office outside of normal working hours

Employer tax relief

Employers can pay staff up to €3.20 per day, or €768 per annum, tax free. If the employer pays more than this, the excess will be liable to tax in the normal way.

However, employers are under no legal obligation to pay this.

If your employer doesn't pay you anything you can claim tax relief on your expenses at the end of the year.

Subject to a ministerial order, a small benefit such as a remote working daily allowance or travel and subsistence payment may be reportable to Revenue on a monthly basis by employers.

Employee tax relief

The expenses against which you can claim tax relief are:

- Electricity
- Heating
- Broadband
- Other vouched expenses where they are "wholly, exclusively and necessarily" part of your work, as outlined by the minister for finance in Budget 2021

Previously only electricity and heating costs could be claimed, Budget 2021 expanded the costs against which you can claim relief.

Items such as laptops, computers, office equipment and office furniture that you may have purchased are not vouched expenses and are not allowable costs.

You can claim tax relief on up to 30% of your heating and electricity costs and up to 30% on your broadband costs based on the number of work days in the year as a percentage of 365 days. Calculated as follows:

- multiply your utility bills by the number of days you worked from home, divide by 365
- multiply by 30% (0.3) for heating and lighting and 30% (0.3) for broadband

You can then claim tax relief at either 20% or 40% on this amount.

Tip:

Consider keeping rental income below the €14,000 threshold if seeking to claim this exemption.

SELF ASSESSMENT FOR INDIVIDUALS

Self-Assessment - Pay and File

On 31 October each year, a self-employed individual/company director, or a PAYE worker with untaxed non-PAYE income is required to:

1. File his/her Income Tax return for the previous calendar year;
2. Pay the balance of tax for the previous calendar year;
3. Pay preliminary tax payment for the current calendar year; and
4. Submit a tax computation at the time of filing the return

Payment and Compliance

The self-assessment system applies to individuals with non- PAYE income and to all directors controlling 15% or more of the share capital of a company (even if their entire income is subject to PAYE).

The definition of a "chargeable person" for self-assessment purposes includes PAYE taxpayers with non-PAYE income where the non-PAYE income is not taken into account under the PAYE system.

The "Pay and File" system places an obligation on the individual to file a return, calculate the tax liability, submit a tax computation and pay the tax due. Returns for income arising in the year ended 31 December 2022 must be filed on or before 31 October 2023 to avoid a surcharge. The surcharge amounts to 5% of the amount of tax payable for the period subject to a maximum surcharge of €12,695 where the return is filed within two months of the deadline. Otherwise, if the return is filed more than two months after the deadline, a surcharge of 10% is imposed subject to a maximum of €63,485.

Preliminary tax due for the tax year 2023 must be paid by 31 October 2023 if interest charges of .0219% per day are to be avoided. The tax paid must represent 90% of the individual's actual liability for 2023 or 100% of the final liability for 2022 (excluding EII relief).

Alternatively, for the tax year 2022, a taxpayer can elect to make a preliminary tax payment equal to 105% of the ultimate liability for 2020 (the pre-preceding year), provided a liability arose in that year. This option is only available to taxpayers that pay by direct debit in equal monthly instalments. The final instalment is payable in December 2024. Where a taxpayer is paying by direct debit for the first time, payment can be made by way of a minimum of three equal instalments and, during the following year, by way of eight equal instalments.

Where a repayment is made due to a Revenue error in applying the legislation, interest will be repaid from the date the tax was paid to the date of repayment; otherwise, no repayment is due. Refunds of overpayments of preliminary tax carry interest of 0.011% per day.

Tip: The 2022 tax return is due to be filed by 31 October 2023; where your total income for 2023 is less than that in 2022, consider basing your preliminary tax payment on your 2023 estimated liability.

Penalties

Penalties will apply to any returns filed late.

Joint Assessment

Revenue may recover tax not paid within 28 days from the spouse who was not assessed. This is limited to the amount of unpaid tax referable to that spouse's income.

Pay and File Summary

The following is a summary of pay and file dates for the year 2023

File tax return for 2022..... 31 October 2023

Pay balance of tax for 2022..... 31 October 2023

Online Pay & File date for 2022 Tax Return.....12 November 2023 TBC

Pay preliminary tax for 2023.....31 October 2022

Online Pay & File date for 2023 Preliminary Tax....12 November 2023 TBC

Pay Capital Gains Tax
-1 December to 31 December 2022.... 31 January 2023
-1 January to 30 November 2023..... 15 December 2023

Information included in Return

Taxpayers are required to disclose information in relation to any reliefs claimed in their annual tax return; the reliefs to be detailed are highlighted on the return forms. This applies to individuals, both self-employed and employees, and also to companies.

Failure to provide the relevant information may result in a penalty of €950, as well as a surcharge of:

5% of the tax due subject to a maximum of €12,695 where the return in filed within two months of the filing deadline.

10% of the tax due subject to a maximum of €63,458 where the return is filed more than two months after the filing deadline.

Mandatory Reporting

Certain transactions which have the main benefit of obtaining a tax advantage are reportable to Revenue.

Temporary Business Energy Support Scheme (TBESS)

To make a claim under the TBESS scheme a business must meet the following criteria:
- is tax compliant
- carries on a Case I trade or Case II profession. This includes charities and approved sporting bodies that carry on certain activities

and
- has experienced a significant increase of 50% or more in its electricity and/or natural gas average unit price.

The following are considered an eligible business under the TBESS:
- a business that carries on a trade or profession, which is taxable under Case I or Case II of Schedule D
- certain approved sporting bodies that carry on a trade or profession that would be taxable under Case I or II, but for an exemption

and
- certain charities that carry on trading activities that would be taxable under Case I, but for an exemption.
  This includes companies, sole-traders, self-employed individuals and partnerships.

Qualifying businesses can claim for 40% of the increases in their energy bills. The increase in energy bills must be between the 'claim period' and the 'reference period' subject to a monthly cap.
A claim period is a calendar month from September 2022 to February 2023. A reference period is the corresponding calendar month in the previous year. The time limit for a claim is 4 months after the claim period so for September 2022 it is 31 January 2023.

Revenue will publish a list of the names and addresses of all businesses who avail of the TBESS showing the total amount claimed.

COVID 19

The Government introduced a number of temporary measures to assist taxpayers and companies who are experiencing difficulties caused by COVID 19.

Budget 2022 was aimed at gradually unwinding coronavirus supports, but this is still a story of pandemic waves, where the Government may use emergency measures to reinstate or reduce Coronavirus supports.

In December 2021, the government relaxed the lifting of some supports, due to the reimposing of certain restrictions that mainly affected hospitality and nightclubs.

Due to the unstable situation, it is recommended to consult with your adviser for the up-to-date position.

COVID Restrictions Support Scheme (CRSS)

This scheme has now ceased since 30 April 2022.

The CRSS has been extended to 30 April 2022 to support businesses still affected by public health restrictions.

Since 20 December 2021, the CRSS opens to businesses in the hospitality and indoor entertainment sector that have been significantly restricted from trading, including businesses that must close by 8pm. Previously, a business needed to close or restrict customers' access to the premises to qualify.

The eligibility criteria regarding a reduction in turnover has also increased to no more than 40% of 2019 turnover (previously no more than 25% of 2019 turnover).

In order to receive a CRSS payment, you must have a valid tax clearance certificate and meet your VAT obligations.

Once COVID-19 restrictions have been lifted, payments for CRSS will stop. If a restriction period is extended beyond the date it was due to expire, you will need to make a new claim for each extension period.

If your business can reopen without having to prohibit or significantly restrict access to their premises, you no longer qualify for CRSS. You are not eligible for CRSS for periods where you choose not to open.

You may be able to claim a restart week payment.

Rates

You will be able to make claim to Revenue under the CRSS for a cash payment known as an Advance Credit for Trading Expenses (ACTE).

This payment will be equal to 10% of your average weekly turnover in 2019 up to €20,000 and 5% thereafter, subject to a maximum weekly payment of €5,000.

New businesses established between 13 October 2020 and 26 July 2021 can now apply for the scheme.

Businesses can claim an enhanced restart payment for 3 weeks (up to a maximum of €10,000 per week) to help with the costs of reopening as you exit the scheme.

The Government announced a new COVID Restrictions Support Scheme (CRSS) to help support businesses when Level 3 or higher restrictions are in place in line with the Plan for Living with COVID-19.

Qualifying businesses can apply to Revenue for a cash payment of up to €5,000 a week. Companies, self-employed individuals and partnerships that carry out a taxable trade can apply for the CRSS.

Your business premises must be either closed to customers or substantially restricted in operating due to COVID-19 restrictions. You must intend to reopen once COVID-19 restrictions have been lifted. If you operate more than one business premises that are impacted, you can make a claim in respect of each premises.

You must self-declare to Revenue that because of the COVID-19 restrictions, turnover for the restricted period is disrupted by 75% compared to 2019 levels.

If your business was set up between 26 December 2019 and 12 October 2020, the claim will be based on your actual weekly average turnover in the period between the start–up date and 12 October 2020.

Restart Week Payment

As part of the CRSS scheme this has also ceased.
Businesses can claim for an additional one-week payment to help you reopen after a period of COVID-19 restrictions lasting 3 weeks or more.

Employment Wage Subsidy Scheme (EWSS)

The EWSS replaced the Temporary Wage Subsidy Scheme (TWSS) on 1 September 2020. EWSS ended for most employers on 30 April 2022 and for all on 31 May 2022.

On 1 December 2021, there were rate cuts, but these have since been increased again, in light of the new Covid-19 restrictions, with the previous five payment bands now continuing for December 2021 and January 2022.

A new two-rate structure of €151.50 and €203 will apply for February 2022 and a flat rate subsidy of €100 will apply for March and April 2022, after which the scheme will end.

Also, the reduced rate of Employers' PRSI will no longer apply for March and April.

The scheme closed to new employers from 1 January 2022.

Under the EWSS scheme, employers and new firms in sectors impacted by COVID-19 whose turnover has fallen 30% get a flat-rate subsidy per week based on the number of qualifying employees on the payroll, including seasonal staff and new employees.

If an employee has more than one job, each employer can make a claim under the EWSS, ignoring any other employments the employee may have.

You can get more detailed guidance on the operation of the scheme from your Tax Adviser

Temporary Income Tax relief for Self-Employed Individuals Carrying on a Trade or Profession.

Section 10 of the Financial Provisions (Covid-19) (No. 2) Act 2020 provides for a number of temporary income tax measures to assist self-employed individuals who have been adversely impacted by the Covid-19 restrictions.

Under the first measure, self-employed individuals can claim to have their 2020 losses and certain unused capital allowances carried back and deducted from their profits for the year of assessment 2019, thus reducing the amount of income tax payable on those profits. A

€25,000 limit on the total amount that may be carried back will apply.

A second measure allows for an acceleration of that relief by allowing self-employed individuals to make interim claims based on the estimated amount of relief available to them.

A third measure gives an option to individual farmers to step out of income averaging for the tax year 2020, notwithstanding that the farmer may also have stepped out of income averaging in one of the four preceding tax years.

The tax debt warehousing scheme will be expanded to allow self-assessed income taxpayers who have a material interest in their employer company to warehouse income tax liabilities relating to their Schedule E income from that employer company.

The debt warehousing scheme included income tax liabilities which normally fall due on 31 October 2020. This means that payments of the balance of income tax due for 2019 and preliminary tax for 2020 may be deferred, or known as 'warehoused', for up to 12 months', interest free. A lower 3% reduced interest rate will apply thereafter to any outstanding payments until they are paid in full.

It may also be possible to warehouse the balance of income tax due for 2021 and 2022 preliminary tax.

Changes have been made to payments and direct debit systems.

There are other temporary changes to a number of Tax Credits and BIK during the Covid pandemic.

It is advisable that you should talk to your advisor to obtain the most up to date advice.

Pandemic Unemployment Payment

This scheme finished in March 2022.

The Pandemic Unemployment Payment (PUP), which is open to the self-employed and employees who have lost their jobs, is to finish by the end of March 2022.

However, again due to the newly imposed restrictions in December 2021, PUP reopened to new applicants who were affected by the latest restrictions.

The COVID-19 Pandemic Unemployment Payment is liable to income tax and USC at the end of the year. However, the amount of tax you are liable to pay depends on your overall income during the year. You will not pay tax, if your tax liability is less than your tax credits and allowances.

In January 2022, your Preliminary End of Year Statement will be available from Revenue. The statement will show your income tax and USC for 2021. It will tell you whether you have underpaid or overpaid your tax for 2020.

If you have underpaid your tax, you can arrange to fully or partially repay the tax due using myAccount or Revenue can collect the underpayment by reducing your tax credits over a period of 4 years, starting in January 2022.

You will not have to pay interest on any underpayment.

PRSI

You will be deemed to have paid PRSI contributions at the same class that you were paying immediately before you were laid off while you are getting the payment. This will help you to qualify for other social welfare payments such as Jobseeker's Benefit, Maternity and Adoptive Benefit. It is advisable that you should talk to your advisor to obtain the most up to date advice.

INVESTMENT

Rented Residential Property

Tax relief available for interest paid on borrowings used to purchase or improve rented residential property was restricted to 75% of the amount of interest paid and this applied to both new and existing borrowings. 100% interest relief is available for commercial properties.

Following a change in Finance Act 2016, full deductibility for interest on residential property loans was being phased in over five years – in 2017, 80% is allowable and this increases by 5% per annum (i.e., 85% is allowable in 2018) until full deductibility was due to be available in 2021. Following a change in Finance Act 2018, full deductibility has been restored for 2019 (i.e., two years earlier than planned in Finance Act 2016).

An individual is required to register any properties let with the RTB in order to qualify for interest relief on rented residential properties.

Pre-letting expenses of vacant residential premises

The relief for pre-letting expenses of a revenue nature incurred on a continuously vacant residential property has been amended:

• The cap on allowable pre-letting expenses has been increased from €5,000 to €10,000 and

• The minimum vacancy period has been reduced from 12 months to six months for premises first let after a vacancy on or after 1 January 2023

This relief will be available for qualifying expenses incurred up to the end of 2024. The relief will be subject to claw-back if the property is withdrawn from the rental market within four years from the date of first letting or if the property is sold.

A deduction is available during the period 25 December 2017 to 31 December 2022 for expenses of a revenue nature incurred on a property which has been vacant for a period of twelve months or more. The property must be let for at least four years to avoid a clawback of the relief, which is subject to a cap of €5,000 per property and is available for qualifying expenditure incurred up to 31 December 2024. If the property is withdrawn from the rental market within four years, the relief will be subject to a clawback.

Limited Partnerships

There are restrictions on non-active partners in respect of the offset of losses, interest and capital allowances against non-partnership income. Relief is available to non- active partners for offset against income of that partnership only and is limited to each partner's capital contribution to the partnership. The restrictions apply to interest paid, capital allowances in respect of expenditure and losses arising in a trade. The restriction is €31,750, which is the maximum that may be offset against other sources of income outside the partnership.

Standard Rate DIRT Accounts

Income tax at 33% is deducted at source by banks, building societies, Post Office Savings Banks, credit unions, the Agricultural Credit Corporation and the Industrial Credit Corporation from interest paid or credited on deposit accounts in the beneficial ownership of individuals resident in the State.

DIRT Exemptions

DIRT will not apply to the following individuals:

- individuals or their spouses aged 65 or over who are not liable to income tax where an appropriate declaration has been made
- incapacitated individuals who are under the exemption limits where an appropriate declaration has been made
- charities
- companies that do not have a corporation tax liability
- Non-resident individuals who complete a declaration of non-residence.

DIRT is a final liability for IT purposes, i.e., the payment of retention tax at the standard rate by individuals liable to income tax at the higher rate is regarded as satisfying the individual's full liability to this tax. However, in certain circumstances, an individual is also liable to pay PRSI on deposit interest received.

USC does not apply to deposit interest that has been subjected to DIRT.

Help to Buy scheme

The HTB scheme, in its current enhanced form, is extended further to 31 December 2024.

The aim of this scheme is to give an income tax refund to first-time buyers who either acquire a newly built residential property or self-build one.

The income tax refund (which can include DIRT) is up to (but not exceeding) €30,000 (i.e., 10% of the purchase/self-build price up to a maximum value of €500,000). Relief is still available for houses with a value of up to €500,000 from 1 January 2017 but no relief is available if the house costs more than that.

Enhanced relief limits (€30,000 and 10%) introduced as part of July Stimulus package.

The relief has been extended to 31 December 2022 and a number of conditions apply, including that the mortgage must be a minimum of 70% of the purchase/build cost and that both claimants and contractors are tax compliant.

There is a clawback of the relief if the claimant ceases to occupy the house as their main residence within five years; the clawback is pro-rata to the length of occupation (i.e., full clawback in year one; reducing by 20% per annum until five years have elapsed).

The enhanced scheme is extended until the end of 2022.

Investment Undertakings

The income from certain life assurance products and collective funds is not taxed as it arises and grows tax free within that fund (often called "gross roll-up").

The disposal of a foreign life policy is subject to tax at 41%. The rate of exit tax applying to "Personal Portfolio Investment Undertakings" is 60%.

Failure to account for the income correctly on an individual's tax filing increases the rate to 80%.

Anti-avoidance measures apply if the policy is not encashed within eight years of its inception. This is to prevent avoidance of tax by continuously rolling over a policy. A repayment of the tax paid will be available if the policy is disposed of and this is to ensure that the total tax paid does not exceed the tax that would have been payable had the deemed disposal rules not applied. An election not to have the excess tax repaid may be made where the investment by Irish investors in the fund is less than 15% of the value of the fund; in effect tax refunds may be claimed from Revenue instead of the fund. Similar provisions apply to foreign policies, though there are relieving provisions where Irish investors account for less than 10% of the fund's overall investment, in which case it is necessary for the fund to calculate the deemed disposal amount.

Tip: As the income is taxed on exit or after eight years, you have the benefit of reinvesting the gross value of the funds thereby earning income on amounts that would otherwise be subject to tax.

Reporting of Deposit Interest

Powers exist to allow Revenue to make regulations obliging financial institutions (including credit unions) to return details of all interest and other similar payments made to customers. On making appropriate regulations, the financial institution is obliged to get details of the person's tax reference number and provide this, together with their name and address, to Revenue.

European Savings Directive

Deposit takers are required to collate information relating to non-Irish residents who earn deposit interest in Ireland and provide this information annually to the Revenue authorities in these countries.

Employment and Investment Incentive Scheme

The extension of the Employment and Investment Incentive Scheme for a further three years to 31 December 2024. The scheme will be amended to make it more attractive to investors. This will benefit companies in their start-up years. These amendments include opening the scheme to a wider range of investment funds, removal of the 30 per cent expenditure rule and subject to certain conditions relaxing the rules around the "capital redemption window" for investors.

It significantly broadens the scope of the scheme as many "qualifying trade" limitations have been removed and thus is available to the majority of SME trading companies, most of which qualify except for:

- Financing activities
- Dealing in or developing land
- Operating or managing nursing homes and hotels
- Extension of a nursing home or residential care units associated with a nursing home owned by a company.
- Professional service companies
- The operation of hotels, guest houses and self-catering accommodation is a "qualifying activity" where the conditions of the Tourist Traffic Act are met.

The lifetime limit that a company can raise is €15m with the annual amount being €5m. An individual may invest up to €150,000 per annum. The maximum limit applies separately to both spouses, provided that they both have sufficient income in their own right. Where full relief cannot be availed of in a tax year, the excess can be carried forward to subsequent years.

A clawback of relief will arise if shares are disposed of within four years.

Tax relief for subscriptions for eligible shares has been reduced as follows:

Year 1 relief: 30/40 of the amount invested at the marginal rate of income tax

Year 4 relief: 10/40 of the amount invested at the marginal rate of income tax

The company must be unquoted at the beginning of the holding period and either resident in the State or, if resident in an EEA State other than Ireland, it must carry on business through a branch or an agency in the State and carry-on relevant trading activities from a fixed place of business. A full list of the qualifying criteria can be provided by your advisor.

Following a change in Finance Act 2017, it is no longer possible for persons with a close connection with a company raising EII finance to also claim EII relief themselves. However, this has been relaxed a little in Finance Act 2018 with the introduction of a variation on the EII called the Start-up Capital Incentive ("SCI").

Under SCI, associates of the founder can claim relief from monies invested in an early-stage start-up company. Unlike EII, there is a maximum lifetime limit of €500,000 for SCI.

Prior to the significant EII changes in Finance Act 2018, there had been difficulties getting the necessary "advance approval" from Revenue for investments made by individuals. The changes are largely designed to improve that particularly with the introduction of a "self-certification" mechanism.

There have been further changes in Finance Act 2019. On 9 October 2019, full EII relief became available in the year of investment (rather than the current 30/40 and 10/40 mentioned above). Also, since 1 January 2020, the annual investor investment limit increases to either €250,000 (from €150,000) or, if the investor agrees to hold the shares for at least seven years €500,000.

Amendments in the 2022 Finance Act has removed the requirement of the 30% spend to issue the Statement of Qualification (SOQ) to investors and the company now has up to 4 months from the end of the year to issue the SOQ.

Residential Zoned Land Tax

Maps to identify land within the scope of the tax are being prepared by Local Authorities. Supplemental and final maps will be published on 1 November 2023.

This is a new annual property tax introduced in Budget 2022 that will take 3 years to introduce and will apply from 2024 onwards. The relevant Local Authorities will first draw up a "Draft Map" to include all land considered to meet the criteria. There will be a lengthy procedure with an appeals process to have site included and excluded, The Revenue Commissioners can request site that have come to their notice and request the Local Authority to include it in the "Final Map".

This will be a Self-Assessed tax with the process of assessment, enquiries and appeals.

The rate of tax will be 3% of the market value of the relevant site on the valuation date.

RETIREMENTS & PENSIONS

Company Pension Schemes (Employees and Directors)

Annual contributions paid by an employee to a Revenue approved company pension scheme are tax-deductible. The relevant contribution must be made from the employee's total remuneration for the year from the employment. The relief available is calculated based on a cap of €115,000. It should be noted that this cap does not apply to employer contributions to an Occupational Pension Scheme ("OPS").

The relief available is limited to the individual's marginal rate of income tax (max 40%).

Level of Allowable Contributions

Tax relief on pension contributions can be claimed by the self-employed and by members of an OPS. For self-employed individuals, the limit applies to Net Relevant Earnings ("NRE"); for employees/members of an OPS, the limit applies to earnings. In a single tax year, relief can be claimed on the following basis:

Age	Limit	Actual Contribution Limit
Less than 30 years	15%	€**17,250**
Between 30 and 39	20%	€**23,000**
Between 40 and 49	25%	€**28,750**
Between 50 and 54*	30%	€**34,500**
Between 55 and 59	35%	€**40,250**
Over 60	40%	€**46,000**

(*The 30% rate also applies to specific individuals under 50 years old who are involved in occupations with a relatively short life span e.g. professional sportspersons).

Tip: It may be worthwhile for an individual to make an additional voluntary contribution (AVC) if his or her individual contributions through the company are below the allowable limits.
Contributions paid between 1 January 2023 and the tax return filing date may, if an election is made, be treated as paid in 2022.
There is no restriction on employer tax relief so employer contributions should, where feasible, be maximised.

Self Employed Individuals

Retirement annuity contract ("RAC") and/or a Personal Retirement Savings Plan ("PRSA") are the options available to self-employed individuals.

The tax deductible amount is limited to a percentage of NRE subject to the €115,000 cap referred to above. NRE includes income from trades, professions and non-pensionable employment less certain deductions e.g. qualifying interest on loans. The earnings of a husband and wife are treated separately for the purpose of determining NRE and the relief is available for each spouse with non-pensionable earnings.

A self-employed individual may avail of tax relief for the immediately preceding year by making a pension contribution by 31 October following that year.

Employees

Contributions to a Revenue approved OPS may qualify for tax relief subject to the limits referred to above.

Remuneration means salary, bonuses, taxable share incentive plans and benefits in kind. Relief is available at the employee's top tax rate.

Where the limits referred to in the table above have not been exceeded by virtue of regular contributions, an additional Annual Voluntary Contribution ("AVC") may be made. The contribution may be made up to 31 October following the tax year in which the claim is made.

Entitlements on Retirement:

Self Employed:

1. Use the total retirement fund to purchase a retirement annuity
2. Withdraw 25% of the fund as a tax free lump sum and, with the remaining 75%, do one of the following:
   a. Purchase a retirement annuity
   b. Draw down the balance (subject to the individual's marginal rate of tax)
   c. Invest in an Approved Retirement Fund "ARF"), subject to Approved Minimum Retirement Fund ("AMRF") restrictions.

Employees:

1. Use the fund to purchase an annuity; this is subject to a maximum of 2/3rds of the individual's final salary.

2. Take 150% of final salary amount as a tax free lump sum and buy a retirement annuity with the balance of the fund.

Other Options/Restrictions:

Defined Contribution Schemes:

Withdraw 25% of the fund tax free and invest the remaining 75% in an ARF/AMRF.

Maximum Tax Free Lump sum payments:

- €200,000 (reduced by tax free lump sums taken on or after 7 December 2005)
- The next €300,000 taxed at 20%
- Excess over €500,000 taxed at marginal IT rate plus USC.

Approved Retirement Funds/ Approved Minimum Retirement Funds

An ARF basically offers an alternative to buying an annuity on retirement. It can give more flexibility in how pension fund monies are invested, and it can form part of the individual's estate on death. Income and gains can be rolled up within the fund. However, each year an ARF is deemed to distribute 6% of the ARF asset values at 31 December. The tax applies to an individual aged over 60 with an aggregate asset value greater than €2m at 30 November in a tax year, an imputed distribution rate applies to ARF's with asset values of less than €2m at 4% applies for those aged between 60 and 71 years and 5% for individuals aged over 71. Assets held in a PRSA from which retirement benefits have been taken are also subject to the deemed distribution rule.

From January 2012 onwards;

- A 5% deemed distribution applies to a vested PRSA where the value is less than €2m on 30 November in that tax year.
- Where the aggregate value of the fund is greater than €2m on 30 November, the 6% rate applies to the entire fund.

The limit applies cumulatively to all ARFs/vested PRSAs held by an individual. The imputed distribution is taxed at the individual's marginal tax rate. Actual distributions are deducted from imputed distributions.

Funds invested in an ARF can be withdrawn at any stage and in any amount, either by way of lump sum or regular income. Withdrawals are subject to an individual's top rate of tax.

Where the level of annual guaranteed income at retirement does not equal 1.5 times the maximum annual rate of the State pension (€18,000), an amount must be invested to provide an annuity. The amount invested must equal 10 times the maximum annual rate of the State contributory pension at the time the ARF is being availed of or the remainder of the pension fund after taking the tax free lump sum in an AMRF.

The €18,000 limit and 10 times the State pension limit of €119,800 were being set aside for three years to ensure that people impacted by the higher limits were not negatively disadvantaged. Therefore, the limits are €12,700 and €63,500.

Where on 27 March 2013 the specified income limits were exceeded then any AMRF owned by those individuals immediately became an ARF.

An AMRF locks away the minimum funds required as outlined above. No notional distribution rules apply.

- Payments to a child under the age of 21 at the date of death are exempt from IT and CGT, but liable to CAT.
- Transfer to a spouse's AMRF on death is exempt.

From 1 January 2022 occupational scheme rules can now provide that the spouses or dependents receive

- Receive an annuity (subject to PAYE), or
- Transfer the pension fund to an ARF

Note if the pension was a defined benefit scheme, the only AVC's of the deceased member can be transferred to an ARF unless the deceased member was a proprietary director.

From 21 December 2021 when an individual avails of an ARF option, there is no longer a requirement to transfer part of the pension fund to an AMRF.

From 1 January 2022 existing AMRFs will conver to ARF's.

Standard Fund Threshold ("SFT")

The maximum allowable pension fund on retirement for tax purposes has been set at €2m

Where a fund exceeds the relevant limit, the excess will be liable to a once-off income tax charge of 40% when the individual becomes entitled to drawdown (irrespective of whether or not the fund is drawn down at that point in time); this is referred to as a "benefit crystallisation event". In addition, where an individual with a PRSA decides when taking pension benefits to leave funds in a PRSA rather than opting to transfer them to an ARF, this will also trigger a "benefit crystallisation event".

When the net after-tax excess amount is drawn down from the pension scheme, it is taxed further in the hands of the pension scheme member, which can increase the effective tax rate to 64% of the gross value of the fund i.e., 40% tax on the benefit crystallisation event plus 40% IT on the net distributable to the individual plus 8% USC.

Up to 1 January 2014, the tax operated by applying a factor of 20 times the annual pension entitlement plus the lump sum; a defined contribution scheme could also rely on an actuarial valuation.

However, from 1 January 2014 for benefits accruing after this date an age related valuation factor applies from the ages of 50 to 70+ as follows:

Age	Factor	Age	Factor	Age	Factor	Age	Factor
50 *	37	56	33	62	28	68	24
51	36	57	32	63	27	69	23
52	36	58	31	64	27	70+	22
53	35	59	30	65	26		
54	34	60	30	66	25		
55	33	61	29	67	24		

* includes up to 50

As the annual pension amount will also be subject to income tax, a double charge to tax arises.

Tip: It does not make sense to continue funding a pension where the fund will have an excess that is subject to a 40% tax charge. Where the value of a pension fund is likely to exceed the SFT, consideration ought to be given to alternative investments.

Certain reliefs apply to reduce the immediate tax burden arising when an individual retires and their pension fund exceeds the SFT of €2m applies for public sector pensions.

Relief on Retirement for Sportspersons

An additional relief applies for certain sportspersons on retirement. It operates as a deduction of 40% against gross receipts from actual participation in the sport (excluding income from sponsorship and advertising) for any 10 of the 15 tax years of assessment prior to retirement (including the year of retirement). Relief is by way of repayment only and cannot be used to create or augment a loss. Repayments do not carry interest. Relief only applies to "sports" earnings and will be clawed back if the sports activity recommences.

Since 1 January 2014 the relief was extended to tax compliant individuals resident in the EEA or EFTA. Relief must be claimed within four years of retirement to include the year of retirement and the fourteen years of assessment immediately preceding the retirement year so there is now a degree of flexibility in specifying the optimum ten years of assessment during the sportspersons career

PRSA

Employers are required to provide employees with access to a PRSA where they do not provide an occupational pension scheme. This involves an employer providing the facility to have pension contributions deducted from an employee's salary and transferred to the PRSA provider. Employees may elect to pay PRSA contributions in lieu of AVCs. The retirement benefits are the same as those for RACs with the same overall contributions applying (these include contributions by the employer where applicable).

Tip: There is no requirement for an employer to contribute to the PRSA; however any contribution will be deductible for IT/CT purposes.

Tip: It is not necessary for an individual to retire in order to access benefits from RACs and PRSAs.

Benefits are generally accessed from age 60 and must be accessed before age 75. Employees with PRSAs may retire as early as 50

Self-Administered Pension Funds

A company may provide for a director's pension via a self-administered pension scheme with the director as trustee of the scheme. The director can influence the investment policy; for example, the scheme could make an investment solely in property.

Tip: Self-administered pensions are a means by which a pension investment may be managed personally as opposed to through an insurance company and can offer greater flexibility in the type of asset that are invested in.

Lump Sum Payments on Redundancy/Retirement

A new exemption from income tax for payments made to qualifying individuals under the Redundancy Payments Act 1967. The section exempts both statutory redundancy payments and payments made by the Department of Social Protection in accordance with section 32A of the Redundancy Payments Act 1967 (known as the Covid-Related Lay-Off Payment). The exemption is respect of the Covid-Related Lay-Off Payment applies to payments made on or after 19 April 2022.

Retirement – Termination Lump Sum Payments

Individuals leaving employment may receive tax free payments. There are three methods of calculating the tax-free amounts:

- €10,160 plus €765 for each complete year of service with the employer.
- The amount calculated at 1) above may be increased by an additional €10,000, provided no claim for relief for increased exemption has been made in the previous ten years;

There are other exempt payments which can be made on ceasing employment, including statutory redundancy payments payable in accordance with the Redundancy Payments Acts 1967-2003, injury or disability payments for persons who may have to terminate employment early due to their medical condition, and also lump sums paid under approved pension schemes.

Certain lump sum payments paid to employees in respect of pay restructuring schemes are also tax exempt (see below).

The entitlement to an employer rebate of statutory redundancy has been removed since 1 January 2013.

Retraining Exemption

An exemption is available where retraining (in the form of a course as opposed to cash) is provided to employees as part of a redundancy package. An exemption of up to €5,000 for each eligible employee is available where an employee has more than two years continuous service. The course must be designed to improve skills in obtaining employment or setting up a business, and it must be completed within six months of the employee being made redundant. The exemption does not apply to the spouse or dependents of the employer.

Reporting Requirement

There is a requirement to report to Revenue any payment made on death, or on account of injury or disability.

Or

- Average salary for previous three years multiplied by the number of years services and divided by fifteen. This is known as Standard Capital Superannuation Benefit ("SCSB").

The tax-free amounts under (2) and (3) above are reduced by tax-free amounts received/receivable from the employer's pension fund.

The exemption available in respect of termination payments is restricted toa lifetime limit of €200,000. Since 1 January 2013 this limit also applies to payments on death and disability. Top slicing relief was also removed on 1 January 2013. Any other payments are taxable in full.

EMPLOYEE SHARE SCHEMES

Finance Act 2011 fundamentally changed the basis of taxation of all share schemes. Share schemes were brought within the charge to employer PRSI and USC, as well as subjecting the shares to employee PRSI. Share schemes include share awards, unapproved share options, Revenue approved profit sharing schemes, Revenue approved save as you earn schemes and Revenue approved share option plans.

Share Awards

Employers are obliged to operate PAYE, PRSI and USC in respect of share awards received by employees, and to allow the withholding of shares by the employer to fund the income tax and USC charge before transferring the balance of shares to the employee, where this liability has not already been met by the employee.

Share Options

Where an employee is granted share options by reason of an employment, a charge to IT and USC will arise on the actual exercise of the option, irrespective of whether the employee retains or sells the shares. The charge to IT will be the excess of the market value of the share on exercise over the option price and this share option gain will be taxable at the employee's marginal rate of IT.

The IT and USC must be paid by the employee within 30 days of the date of exercise of the option; a Form RTSO1 must be filed at the time the payment is made.

Key Employee Engagement Programme ("KEEP")

Currently, where an employee exercises a share option, a liability to IT, USC and employee PRSI generally arises on the date the option is exercised. Most SME companies are at a disadvantage to listed companies as SMEs cannot offer their employees a market in the shares which would allow the employees to sell shares to fund their tax liability.

The KEEP scheme introduced in Finance Act 2017 confirms that the tax liability for employees can only arise at the date of the disposal of the relevant shares and will be subject to CGT. This gives rise to a saving of up to 19% based on current rates.

KEEP is being further extended until 31 December 2025, with the following changes:

- To provide for the buy-back of KEEP shares by the company from employees and
- An increase in the permissible market value of companies that qualify for KEEP from €3 million to €6 million.

Share Purchase Schemes

Revenue Approved Profit Sharing Schemes ("APSS") and Save As You Earn ("SAYE") share options are exempt from IT. However, on appropriation of shares to the APSS or on the exercise of the approved SAYE options, USC applies, as does employee PRSI and employer PRSI on the market value of the shares on this date.

Profit Sharing Schemes

A full-time employee or director, or a part-time employee, can be given up to €12,700 (€38,100 in the case of an Employee Share Ownership Trust where the shares are held for a period of at least ten years) worth of shares, tax free, each year under a Revenue approved profit sharing scheme (APSS). The scheme must be available to all employees on similar terms. To avoid an Income Tax penalty, the shares must be held in trust for a total of three years. If the shares are sold within three years, Income Tax is charged on 100% of the value of the shares.

A disposal of the shares may give rise to a CGT liability on the difference between the sales proceeds and the market value of the shares on the day that they are awarded. The scheme must have prior approval from Revenue and the cost of administering the scheme is tax deductible for the company.

Revenue will not approve a profit sharing scheme unless satisfied there are no arrangements in place that provide for loans to be made to employees eligible to participate in the scheme. Shares cannot be shares in certain service companies.

> Tip: An employee profit sharing allocation may be a substitute for salary if certain conditions are met.

Save As You Earn Scheme (SAYE)

Companies may set up a Save as You Earn share option scheme (SAYE) which must be Revenue approved. A company may grant options under an SAYE scheme at a discount of up to 25% of the market value of the shares at the beginning of the saving period. Employees must make a commitment to monthly savings of between €12 and €500 from after tax income for a period of three years at the end of which the employee can use the savings to purchase shares. Any interest paid on the savings at maturity will be exempt from DIRT.

The cost of setting up the SAYE scheme may be claimed by the company as a deduction against trading profits. No charge to Income Tax arises where the shares are purchased at the discounted price. The shares are liable to CGT when disposed of, the base cost for CGT purposes being the amount the employee paid for the shares.

> Tip: Although there is no obligation on the employee to use their savings to purchase the shares at the end of the designated savings period, an employee with an option to avail of this scheme ought to do so as they cannot suffer from a fall in the value of their shareholding during the life of the scheme.

Restricted Shares

Where shares are restricted, an abatement of IT to reflect the period of the restriction may be available. Conditions include where shares are held in a trust (established in the State or in another EEA State by trustees resident in the State or in an EEA State) for employees, and where there is a genuine commercial restriction on the disposal of the shares, and where there is a valid written contract in place imposing the restriction on the sale.

The abatement amounts that apply to the income chargeable to tax are outlined below by reference to the period of restriction:

Years of Restriction	**1**	**2**	**3**	**4**	**5**	**5+**
Abatement	**10%**	**20%**	**30%**	**40%**	**50%**	**60%**

Where shares are forfeited the employee will be entitled to a rebate of tax paid.

Where the value of the shares is abated, the base cost for CGT is also reduced.

The charge to PRSI and USC is calculated by reference to the abated amount and not the full value of the shares.

Returns:

For share option schemes, a return of information outlining details of beneficiaries must be provided to Revenue by 31 March after the end of the relevant tax year i.e. 31 March 2018 for the 2017 period. Where a company or trustee fails to make the return, relief may be withdrawn. In addition, penalties will apply where an employer fails to make the required returns, or where a negligent or a false return is made.

The following table is a summary of the current tax treatment of share schemes:

Scheme Type	Income Tax @ 40%	USC @ 8%	Employee social security/PRSI (4%)
Share Awards	Yes - PAYE	Yes - PAYE	Yes - PAYE
Share Option gains	Yes; self- assessment (within 30 days of exercise)	Yes; self- assessment (within 30 days of exercise)	Yes; PAYE (if no longer an EE subject to self-assessment)
Approved Profit Sharing Schemes (APSS)	No	Yes - PAYE)	Yes - PAYE
Save As You Earn Schemes	No	Yes; PAYE (if no longer an EE subject to self-assessment)	Yes; PAYE (if no longer an EE subject to self-assessment)

Tax Tip:

No charge to employer PRSI arises on share based remuneration and therefore it is still an attractive incentive for employers to incentivise employees.

BENEFIT IN KIND

All Benefits in Kind ("BIK") are subject to PAYE, PRSI and USC, and taxed as notional pay. They are taxable when the benefit is provided or when the payment is made. Where the benefit provided to the employee does not exceed €500 in value, there is no BIK, the amount is not cumulative over a number of benefits and only one such benefit may be provided annually.

Consequently, there is an obligation to report and pay any tax due from the employee.

In certain exceptional circumstances the employer may pay the tax on behalf of the employee, as follows:

1) Where the employee has insufficient income; in such cases the payment on behalf of the employee will be treated as a simultaneous deduction from the employee's IT liability.

2) Employers may make arrangements with Revenue to account directly to Revenue rather than through the normal PAYE system for the tax payable in respect of benefits provided to employees who are minor and irregular. Where the employer so accounts for the tax, the benefits will not form part of the total income of the employees and they will not be entitled to credit for or repayment of the tax accounted for.

Company Cars

Since 1 January 2023 Benefit in Kind on company cars will be calculated with reference to CO2 emissions.

Vehicle Emission Category	CO2 Emissions (CO2 g/km)
A	0g/km up to and including 59g/km
B	More than 59g/km up to and including 99g/km
C	More than 99g/km up to and including 139g/km
D	More than 139g/km up to and including 179g/km
E	More than 179g/km

Lower Limit km	Upper limit km	A %	B %	C %	D %	E %
--	26,000	22.5	26.25	30	33.75	37.5
26,001	39,000	18	21	24	27	30
39,001	52,000	13.5	15.75	18	20.25	22.5
52,001	--	9	10.5	12	13.5	15

Employers are required to maintain records of the kilometres travelled by each employee. This should be maintained on a weekly / monthly basis in order to calculate the BIK to be reported on a real time basis via the weekly/monthly payroll returns. Revenue have advised that employers should review this regularly (at least quarterly) to ensure the BIK recorded to Revenue is as accurate as possible.

Employee contributions: A reduction is available where an employee makes a general contribution to the running costs of the car; however, a deduction is no longer available where an employee meets the specific cost of motor tax, insurance and running costs.

Foreign Travel: Where an employee is required to work abroad, the notional pay is reduced by reference to the number of days spent working abroad. This is conditional on the employee working a minimum of 30 days abroad and the car not being available for use by family members during the period of absence.

Tapering relief is available for high levels of business travel

Further reduction: A 20% relief from BIK on cars applies to employees who work at least 20 hours per week, and whose annual business mileage exceeds 8,000 km. The employees must spend 70% or more of their time away from their place of work or business and work a minimum of 20 hours per week on average. Revenue will require each employee to submit a logbook, which must be retained for up to six years.

Tip: It is more beneficial to use tapering relief where business mileage exceeds 32,181 km.

Tip: Structure any employee contributions to maximise a reduction in BIK.

Tip: It will be more beneficial for employees to make a general lump sum contribution to the cost of the car, instead of say meeting the cost of insurance, tax etc. as BIK is reduced € for € on any general contribution made by the employee for the use of the car.

Pool cars do not attract BIK provided the car is available for the use of more than one employee and provided the car is not kept overnight at the employee's home.

Electric cars are worth considering with a lower BIK rate.

Company Vans

There is an exemption from BIK on the provision of a company van where all of the following conditions are satisfied:
- The van is essentially used for the purposes of the employee's work
- The employer requires the van to be brought home
- The employee spends most of his/her working time away from the office

Where any of the above conditions are not met, a BIK charge of 8% of the original market value applies.

2023 to 2025 Extension of Exemption for Electric vans

You may choose to make an electric van available to your employee for private use in future. Partial relief will apply in respect of vans made available between 1 January 2023 and 31 December 2025.

This relief applies by reducing the OMV of the vehicle. The reduction which applies is as follows:
- €35,000 in respect of vans made available during 2023
- €20,000 in respect of vans made available during 2024 and
- €10,000 in respect of vans made available during 2025

Where the relief reduces the OMV to nil, a BIK charge will not arise. Any OMV in excess of the reduction is liable to BIK in the usual manner.

Electric vehicles

Finance Act 2017 introduces a zero percent BIK rate for electric vehicles in 2018 which applies equally to company cars and company vans. Finance Act 2018 imposes a limit of €50,000 on the original market value of the vehicle where made available in the three-year period to 31 December 2021. This has been extended to December 2022.

It has been announced that the 0% Benefit in Kind on electric vehicles will be phased out over the next 4 years by reducing the original market value of the car as follows:

1. By €35,000 for 2023
2. By €20,000 for 2024
3. By €10,000 for 2025

If the reduction reduces the OMV to Nil then no BIK charge arises, if there is a portion remaining then it is charged at the prescribed rates.

Preferential Loans

- The specified rate for home loans is 4%
- The specified rate for all other loans is 13.5%

The preferential sum is calculated by reference to the balance of the loan as reduced by actual repayments as opposed to payments due under a loan agreement.

Accommodation

The BIK is the amount which could reasonably be expected to be obtained on a yearly letting. Where the living accommodation is owned by the employer, the amount referred to is as a rule of thumb calculated as 8% of the current market value of the accommodation.

Travel Passes

The provision by an employer of monthly or annual bus, train, LUAS or ferry passes to directors and employees is exempt from IT. It is also possible to structure the reduction of an employee's salary to cater for the provision of this benefit. Certain costs and expenses in respect of the provision of personal security assets and services to an employee will not be subject to BIK where there is a credible and serious threat to a person's physical security resulting from their employment.

- The provision of a new bicycle and/or related safety

Tax savings arising from the provision of travel passes may also reduce the cost of providing car parking spaces where employees can be encouraged to use public transport. The employee tax and PRSI saving on a €700 annual pass is c. €300 and employer PRSI saving of c. €75

The provision of a travel pass is an acceptable form of salary sacrifice.

Professional Subscriptions

Professional subscriptions are subject to BIK. However, where the expense is incurred by the company and where the individual if they had incurred it would have been entitled to a deduction for the expense on the basis that it was incurred wholly, exclusively and necessarily incurred in the course of the individual's employment duties, then no BIK will arise.

Other Exemptions

Where private use is incidental to business use, the following will not be subject to BIK:

- Mobile phones
- Computers and related equipment including high speed internet connections

The provision of a new bicycle and/or related safety equipment up to a maximum for pedelecs or ebikes and related safety equipment.

There are 3 limits depending on the type of bike you bought. The limit (including related safety equipment) is:

- €3,000 for cargo and ecargo bikes.
- €1,500 for pedelecs and e-bikes.
- €1,250 for other bicycles.
- The bicycle is used to travel between home and the normal place of work. The exemption can only be claimed once every five years. If certain conditions are met it is possible to provide the benefit by reducing salary.

Small Benefit Exemption

The total value of the tax-free benefits or vouchers an employer can give an employee per year has increased from €500 to €1,000. The number of qualifying vouchers or incentives per year has also increased from one to two. This change applies for 2022 and subsequent years.

Covid Test and Flu Vaccination

There will be no Benefit-in-kind (BIK) charge if you provide your employee with a COVID-19 test at work, performed by a third party or a COVID-19 test kit for self-administration.

There will be no Benefit-in-kind (BIK) charge if you provide your employee with a flu vaccine.

You can arrange for your employees to get the flu vaccine by:

- engaging a registered practitioner to administer the vaccination at the workplace
- making a payment directly to a registered practitioner for administering the vaccination outside of the workplace
- reimbursing the employee for the cost of acquiring the vaccination themselves (a receipt must be provided by the employee).

If your employee paid for the flu vaccine, they can claim a tax credit for their health expenses.

Anti-Avoidance

Anti-avoidance measures exist to restrict the exclusion of PAYE on shares given to an employee in an employer company or a company controlled by an employer only. As well as applying to existing employees the measures also apply to previous employees who retain their benefits. Unapproved salary sacrifice arrangements are subject to tax.

MOTOR / TRAVEL EXPENSES

A self-employed person can set off the motor expenses in respect of the use of a private car for business purposes.

Expenses Allowance and Motor Mileage for Employees

Mileage

No tax liability is incurred where there is reimbursement by the employer of vouched expenses incurred for the purposes of the trade.

If a round sum expense allowance is given to an employee, it is regarded as income and taxed accordingly under PAYE. Subsequently, a claim for an IT refund can be made based on allowable business expenditure incurred.

An employee may claim a mileage allowance where they use their own private cars for business purposes and pay all expenses including petrol/diesel, insurance and other overheads. Provided the reimbursement is in accordance with Revenue guidelines at rates not in excess of Civil Service Mileage Rates, no prior Revenue agreement is required.

CIVIL SERVICE MILEAGE RATES Since 1 September 2022

(Rate per km)

Band	Distance	Engine Capacity		
		Up to 1200cc	1201cc – 1500cc	1501cc and over
Band 1	0 - 1,500 km	41.80 cent	43.40 cent	51.82 cent
Band 2	1,501 - 5,500 km	72.64 cent	79.18 cent	90.63 cent
Band 3	5,501 - 25,000 km	31.78 cent	31.79 cent	39.22 cent
Band 4	25,001 km and over	20.56 cent	23.85 cent	25.87 cent

Travel between home and work is not regarded as being for business purposes.

SUBSISTENCE ALLOWANCES

Subsistence allowance can be paid to employees who work away from base in carrying out their duties of employment.

Special rules apply to absences over 56 nights.

The day and night allowance cannot be paid in respect of the same period.

There are detailed rules and conditions governing the payment of subsistence allowances. Advice should be taken before proceeding with any payments.

Travel Expenses Non–Executive Directors

Finance Acts 2015 and 2016 provides for an Income Tax exemption for certain vouched travel and subsistence expenses of non-executive company directors incurred in attending board meetings. Expenses must be incurred solely for the purposes of attendance at meetings in the individual's capacity as a director.

LOCAL PROPERTY TAX

The amount of LPT due for 2023 depends on:

- The value of the property declared on 1 November 2021
- The LPT rate applied by your local authority in 2023
- The property includes the property plus one acre.

Property Valuation Bands & LPT Ready-Reckoner

Valuation band number	Valuation band €	LPT charge basic rate €
1	0 – 200,000	90
2	200,001 – 262,500	225
3	262,501 – 350,000	315
4	350,001 – 437,500	405
5	437,501 – 525,000	495
6	525,001 – 612,500	585
7	612,501 – 700,000	675
8	700,001 – 787,500	765
9	787,501 – 875,000	855
10	875,001 – 962,500	945
11	962,501 – 1,050,000	1,035
12	1,050,001 – 1,137,500	1,189
13	1,137,501 – 1,225,000	1,408
14	1,225,001 – 1,312,500	1,627
15	1,312,501 – 1,400,000	1,846
16	1,400,001 – 1,487,500	2,064
17	1,487,501 – 1,575,000	2,283
18	1,575,001 – 1,662,500	2,502
19	1,662,501 – 1,750,000	2,721

This is a self-assessed tax and will apply to all residential properties including rental properties and holiday homes. However, Revenue guidance will be available to assist with this valuation or alternatively, an independent valuation can be used.

The owner of the home is generally liable for the tax. Payments may be made by way of salary or pension deduction. There is a deferral scheme for those on low incomes.

Local Property Tax (LPT) exemptions that are available for the valuation period from 2022 to 2025.

- Properties unoccupied for an extended period by an ill or infirm liable person
- Properties bought or adapted or built for use by incapacitated persons
- Properties certified as having pyritic damage
- Properties constructed using defective concrete blocks
- Properties fully subject to commercial rates
- Properties used by a charity or a public body providing special needs accommodation
- Properties owned by charities for recreational activities
- North-South implementation bodies
- Registered nursing homes

LPT payment dates for 2023

The date by which you need to pay your LPT Charge depends on the payment option you choose:

- January 2023 - phased payments start for deduction at source and regular cash payments through a payment service provider
- 12 January 2023 - latest date for paying in full by cash or cheque
- 15 January 2032 - monthly direct debit payments start and continue on the 15th day of every month
- 21 March 2023 - deduction date for Annual Debit Instruction (ADI) payment.

Note

If you choose to pay your LPT Charge by debit or credit card, your payment will be processed on the date it is submitted. If you prefer to pay on a future date, you have

The option to select ADI as your payment instead. Your ADI payment will be deducted from your account on any date you set up to 21 March 2023.

CORPORATION

Ireland will apply the new minimum effective corporation tax rate of 15 per cent. The 12.5 per cent rate will continue for businesses with revenues less than €750m.

Companies resident in Ireland are liable to corporation tax ("CT") on profits wherever arising.

Rates:

The standard rates of CT may be summarised as follows:

	Trading Income	Non-Trading Income
2023	15% 12.5% for companies with revenues less than €750m.	25%

The 25% rate applies to trading income from dealing in and developing land other than fully developed land. Trading losses and charges subject to the lower rate of tax may be offset against income taxed at a higher rate on a "value and credit basis"

Corporate Group Relief

Losses may be surrendered within a group or consortium subject to certain restrictions, which apply to losses in general. This applies to both Ireland and EU/EEA resident participants and to non-EU residents in certain circumstances. A group may have a non-EU/EEA parent if its shares are substantially and regularly traded on a recognised stock exchange.

Close Companies

A surcharge of 20% is payable on the undistributed investment and rental income of a close company. Professional service companies are liable to a surcharge of 15% on 50% of their undistributed trading income and a surcharge of 20% on the undistributed rental and investment income.

There is a *de minimis* threshold of €2,000 below which the surcharge will not apply.

The close company surcharge does not apply in situations where a company is the recipient of a dividend from a foreign subsidiary, and the company would be exempt from CGT on the disposal of the shares in that subsidiary provided it is located in an EU or DTA country.

Where a close company settles money to a trust, it will be treated as a distribution from the close company to the trustee of the trust, and will be subject to tax as a dividend in the hands of the trustee. In addition any sum received out of the settlement by a member of the close company or by their relative is chargeable to IT.

A close company that pays a dividend to another close company may jointly elect for the dividend not to be treated as a distribution. In effect this provides relief where a trading company pays a dividend to an investment/holding company as the income will not be treated as investment income in the holding company, which could eliminate the close company surcharge

Tip: Care needs to be exercised when making a payment from one investment company to another as this may simply transfer the close company problem from one company to another.

Corporate donations to Charities and other Approved Bodies

Companies may deduct, as a trading expense, donations made to charities and other approved bodies. The minimum amount of donation in any year is €250. The following are some bodies to which payments will qualify for corporation tax relief:

- A body approved for education in the arts;
- A body approved as an eligible charity;
- An institute of higher education, or a body established for the sole purpose of raising funds for such an institution;
- Certain secondary level institutions;
- The Equine Foundation;
- An approved sports body for an approved project;

R&D Credit

There are a number of amendments to the R&D tax credit including from 1 January 2022:

- A new fixed three-year payment system
- The option to call for the payment of the eligible R&D tax credit or to request for the R&D tax credit to be offset against other tax liabilities
- The removal of the caps that are currently in place in relation to the payable element of the R&D tax credit
- The first €25,000 of an R&D tax credit claim will now be payable in year one.

Transitional measures will apply for one year, to assist companies who are already availing of R&D tax credits to transition to the new payment system.

Certain R&D expenditure qualifies for a tax credit of 25% (or, following a change in Finance Act 2019 aimed at making it more attractive for the SME sector (that is subject to EU State Aid approval), 30%); this is in addition to a tax deduction at 12.5%, giving an effective write off for R&D expenditure of 37.5% (or 42.5%). Claims must be made within 12 months of the end of the period in which the expenditure is incurred.

A repayment of excess R&D tax credits is available over a three-year period. The repayment is limited to the higher of the total corporation tax payable by the company in the previous ten years or the payroll tax liabilities of the company for the period in which the R&D is incurred.

R&D expenditure may be carried back to the prior period to generate a cash refund where the company had a CT payment in the preceding accounting period.

The credit is available for qualifying R&D expenditure incurred in any EU/EEA country, where the expenditure is not tax deductible in any other EU/EEA country.

Since 1 January 2015 the base year has been removed for determining qualifying expenditure. Prior to 2015 the reference year for determining the incremental expenditure for all years was 2003.

Expenditure on R&D carried out by a third level college on behalf of the company or group also qualifies at the greater rate of 15% (5% prior to Finance Act 2019) of the company or group's own R&D spend, or €100,000. Subcontracted costs to an unconnected third party, to a maximum of 15% of total qualifying expenditure, are also eligible for the tax credit. The third-party contractor cannot also claim the R&D credit and the company must notify them in writing of this.

Grant aided expenditure on R&D only qualifies for relief on a net of grant basis.

The R&D credit is also available for construction or refurbishment work carried out on a building used for qualifying R&D activities. The credit is equivalent to 25% of the qualifying cost of construction or refurbishment and may be claimed in full in the year in which the expenditure is incurred.

Key Employee R&D Credit

A credit may be awarded to a "key employee" by means of a tax credit.

The key employee must:

- Not be, or have been, a director of the company and must not be connected to a director of the company.
- Not have, or have had a material interest (5%) in the company or be connected to a person who has a material interest in the company.
- Perform 50% of their activities in the conception or creation of new knowledge, products, processes, methods and systems.
- Have 50% of their emoluments qualifying for R&D tax credit.

Other conditions:

- The amount that can be surrendered to the employee is capped at the amount of CT due by the company before taking the R&D tax credit into account, i.e. the company must be paying CT in order to avail of the relief.
- It is up to the company to determine who receives this benefit and the amount of credit awarded.
- The employee must make a claim to Revenue for a tax refund.
- The individual's effective tax rate cannot be reduced below 23% (this includes jointly assessed spouses/civil partners). The credit does not apply to the USC. Unused credits may be carried forward indefinitely or until the employee leaves the company.
- Revenue retains the right to seek a repayment of the credit if the R&D claim is denied on an audit. Revenue will seek to levy the clawback on the company in priority to the employee.
- Where a company has made an incorrect claim for R&D credit and has surrendered it to a key employee, the tax foregone can be recovered from the employer as opposed to the individual.

New Company Start ups

This relief was due to expire at the end of 2021. It is now being extended to companies commencing a qualifying trade over the next five years to 31 December 2026. The period for which the relief may be claimed is also being extended from three to five years.

An exemption from CT for the first five years of trading applies to certain new start-up companies. Where a company is incorporated after 14 October 2008 and commences to, it is exempt from CT and from CGT on the disposal of assets used for the purposes of the new trade. The exemption is subject to a liability threshold, and no relief will be available where profits exceed €480,000.

The relief is restricted to new trades and does not apply where the trade was previously carried on by another person, or where the trade, or part thereof, was carried on by an associated company.

Any unused relief in the first three years of trading may be carried forward to subsequent periods.

The relief is limited to the amount of employer PRSI that is paid, or the amount that would have been payable if relief under the Employer Job Incentive Scheme did not apply. There is a cap applied to the amount of employer PRSI per person which is €5,000 per person, with an overall limit of €40,000.

The relief does not apply to companies carrying on professional services, nor does it apply to companies which carry on a trade of

- land dealing,
- petroleum and mineral activities,
- aquaculture or agriculture,
- coal,
- road freight operations,
- export related activities,
- undertakings in difficulty

In addition, in order to comply with EU requirements it should be noted that Revenue may disclose details of relief granted under the scheme.

Corporation Tax Liability for the peroiod	Availability of relief
0< €40,000	Full exemption
€40,000 to €60,000	Margimnal relief
> €60,000	Fully taxable

Digital Games Relief

Following approval by the European Commission, the regulations have been formally signed to give full effect to the legislation.

The relief will take the form of a refundable corporation tax credit available to digital games development companies for qualifying expenditure incurred on the design, production and testing of a digital game. It will be available at a rate of 32%of eligible expenditure up to a maximum limit of €25 million per project. There will also be a per project minimum spend requirement of €100,000.

The tax credit will be available for digital games development companies that are resident in Ireland or the EEA and carry on a business in Ireland that involves investment on the design, production and testing of a digital game.

This is a new relief and consultation with your adviser is recommended.

Knowledge Development Box "KDB"

The KDB is extended to 1 January 2027 for qualifying companies. The effective tax rate will increase to 10% to come into effect from a date to be set by commencement order.

The corporation tax relief has been introduced with effect since 1 January 2016.

It provides that profits from patented inventions and copyrighted software (qualifying assets) earned by an Irish company can, to the extent it relates to R&D undertaken by that company, be effectively taxed at a rate of 6.25%.

The amount of the profits arising from the qualifying assets that can avail of the relief will be determined by the proportion that the Irish company's R&D costs (qualifying expenditure) bear to the total R&D costs (overall expenditure) incurred on the qualifying assets. The overall expenditure could also include expenditure on R&D performed by other group companies (related parties), or amounts paid to acquire intellectual property.

The qualifying expenditure includes the cost of R&D that is outsourced to unrelated parties but excludes expenditure on R&D performed by related parties and the cost of acquired intellectual property. To take account of this excluded expenditure, an additional "uplift" provides that qualifying expenditure may be increased by the lower of either 30% of qualifying expenditure, or the aggregate of amounts paid to related parties and to acquire intellectual property.

Large Companies:

A large company is one with a CT liability of €200,000 or more in the preceding year and it must pay its CT liability as follows:

Six months before the end of the accounting period (day 21 of the 6th month)

- 50% of the previous year's final liability, or
- 45% of the current year's final liability

One month before the end of the accounting period (day 21 of the 11th month)

- 90% of the final liability (after taking into account the payment five months earlier)

Filing date (21st day of the 9th month following the accounting period end)

- Balance of any tax due

A company's preliminary tax liability includes the CT, close company surcharge and IT liabilities for the accounting period, as well as CT on chargeable gains, except for CGT arising on disposals of development land. To ensure interest charges are avoided, the preliminary tax payment (the aggregate of the first and second instalments) must represent at least 90% of the final tax liability for the accounting period.

Special arrangements exist to take account of chargeable gains arising in the last month of an accounting period and for accounting periods of one month's duration.

Small Companies:

A small company (i.e., where last year's CT liability was less than €200,000), may base its first instalment on 100% of the previous year's liability.

New Companies

Where a company is a new company with a CT liability of less than €200,000, it is not required to pay preliminary tax for the first accounting period. A new company may pay CT for the first year when filing its tax return.

Group Companies

For companies that are large companies and members of the same group, where one company has satisfied its preliminary tax obligations and paid in excess of 90% of the final CT liability, and another company has not paid sufficient preliminary tax, then the excess paid by one company may be transferred to the other company to limit any exposure to interest.

Filing

The corporation tax return (Form CT1) must be filed within eight months and 21 days of the accounting period end, otherwise a surcharge will arise (23rd day where filed online).

Information included in CT1

A company is required to disclose information in relation to certain incentives/reliefs on its Form CT1; the reliefs to be detailed are highlighted on the CT1.

Failure to provide the relevant information may result in a penalty of €950, as well as a surcharge of 5% of the CT due subject to a maximum of €12,695.

Country by Country Reporting

A new law requires an Irish resident parent company of large Multinational (MNE) groups to provide annually, and for each tax jurisdiction in which they do business, a country-by-country report to the Revenue Commissioners.

Exemption for Disposal of Shareholdings

An exemption from CGT may be available for Irish based companies on the disposal of shares in a subsidiary company. To qualify for the exemption, a 5% holding of ordinary shares in a company located in an EU or treaty country must have been held within a two-year period of disposing of the shares for a period of at least twelve months.

The company being disposed of must be a trading company, or the holding company of a trading group (i.e., the holding company together with all other companies in which it has a 10% interest must consist wholly or mainly of trading activities).

Payment Dates for Capital Gains Tax

Payment of CGT on a disposal of development land is treated in the same way as a disposal by an individual

TAXATION OF DIVIDENDS

For disposals of assets other than development land, the payment and filing dates are as outlined above.

Special rules apply where a gain is made in the last month of the accounting period; this allows top up payments to be made without an exposure to interest.

Penalties

Date of Filing	Surcharge	Restriction
Return filed within two months of expiry of deadline	5% of tax payable maximum €12,695	25% of loss or relief maximum €31,740
Return filed two months or more after expiry of deadline	10% of tax payable maximum €63,485	50% of loss or relief maximum €158,715

Payment and filing deadlines may be extended to the 23rd of the month where the return is filed electronically via ROS.

Mandatory Reporting

Certain transactions which have the main benefit of obtaining a tax advantage are reportable to Revenue.

Dividend Withholding Tax (DWT)

A withholding tax, at the standard rate of IT applies to dividend payments and other profit distributions, including cash and scrip dividends, made by an Irish resident company. With effect from 1 January 2020, the rate increased to 25%.

DWT does not apply where the distribution is made to a 51% Irish tax resident holding company.

Exemption from DWT is available on payments to certain shareholders where declarations are made, including:

- An Irish tax resident company,
- Charities, pension funds, certain retirement funds and certain sporting bodies,
- Companies resident in EU Member States or DTA countries not under the control of Irish residents,
- Listed companies and their 75% subsidiaries,
- Non-resident companies ultimately controlled by residents of EU Member States or DTA countries,
- Certain individuals entitled to receive tax free income,
- Certain employee share ownership trusts,
- Approved Retirement Funds (ARF) and Approved Minimum Retirement Funds (AMRF),
- PRSAs and certain Exempt Unit Trusts,
- Brokers in receipt of dividends for special portfolio investment accounts,
- Collective investment funds.

DWT does not apply to distributions not subject to tax in the recipient's hands (i.e. dividends from patent companies to qualifying shareholders).

Detailed conditions (including the making of appropriate declarations, where necessary) must be met to avail of the above exemptions.

Irish individual shareholders are taxable on the gross dividend at marginal rates, but are entitled to a tax credit for the tax withheld by the company. The tax withheld by the company is payable to Revenue by the 14th day of the month following the month in which a distribution is made.

Withholding tax on intra-EU dividends, royalty payments and interest payments between associated companies is eliminated where a company owns 25% of another company or a third company owns 25% of each company.

Encashment Tax

A foreign dividend cashed by Irish financial institutions is subject to encashment tax at an increased rate of 25% from 20% for payments received on or after 1 January 2021. This does not apply to non- resident individuals or charities. It also does not apply to cheques cashed in a retail branch of a bank.

Shares in Lieu of Dividends (Scrip dividends)

When a scrip dividend is given to a shareholder, the amount of the dividend to be converted to shares will be reduced by the standard rate of IT (currently 25%) and the company must pay to Revenue an amount equal to the tax withheld. The recipient is assessed for tax on the value received and that withheld (i.e. the gross dividend) and is given a credit for the amount withheld.

Tax on Dividends Received

Dividends received from Irish companies are exempt from CT. Foreign dividends (where >5% shareholding) are normally subject to tax at 25%.

A 12.5% rate applies, however, where a company receives dividends from trading profits of a company tax resident in the EU or a DTA country, with a credit for the underlying foreign tax.

With effect from 1 January 2012, this relief is extended to parties to the OECD convention on Mutual Assistance in Tax matters.

CAPITAL ALLOWANCES

Capital allowances are granted for tax purposes in lieu of depreciation.

Annual Allowance - Plant and Machinery

An annual allowance, known as a "wear & tear" allowance, is granted for plant and machinery used in the trade in an accounting period. The write off period for annual wear and tear allowances is eight years for expenditure incurred after 4 December 2002, i.e. 12.5% per annum on a straight line basis.

Balancing allowances or charges may arise where assets which have qualified for capital allowances are disposed of. Where the proceeds of the sale are greater than the tax written down value, a balancing charge arises; where the proceeds of disposal are less than the tax written down value of the asset then a balancing allowance arises. Balancing charges do not arise where the proceeds on the disposal of an individual asset are less than €2,000. This does not apply to disposals between connected persons.

Energy efficient equipment

The Accelerated Capital Allowance scheme for Energy Efficient Equipment is being extended for three years to 31 December 2024

Accelerated Capital Allowances scheme for energy efficient equipment will be amended to prohibit equipment directly operated by fossil fuels from qualifying for the scheme.

Accelerated Capital Allowance scheme for Gas Vehicles and Refueling Equipment allows an accelerated deduction when businesses invest in vehicles powered by natural gas / biogas and related refueling equipment. The scheme is being extended to end 2024 and is being amended to include hydrogen powered vehicles and refueling equipment.

Accelerated allowances of 100% in year one, are available for the purchase as opposed to lease or hire) by companies only of certain new energy efficient equipment approved by the Minister for Communications, Energy and Natural Resources. This was extended to individuals using the equipment for a trade from 1 January 2017.

The list of approved expenditure has certain classes of minimum spend as follows:

Motors and drivers	€1,000
Lighting	€3,000
Building energy management systems	€5,000
Information and Communication Technology	€1,000
Heating and electricity provision	€1,000
Process and heating, ventilation and air conditioning systems	€1,000
Electric and alternative fuel vehicles	€1,000
Refrigeration and cooling systems*	€1,000
Process and heating, ventilation and air-con systems*	€1,000
Electric and alternative fuel vehicles*	€1,000
Gas vehicles and refueling equipment	€0

Intellectual Property Incentives

Tax relief on capital expenditure incurred in the acquisition of intellectual property (including goodwill and customer lists) is available in certain circumstances from 23 October 2014. The company claims allowances at either a 7% rate or a rate which effectively matches the amortisation or impairment of the specified intangible asset in the accounts. The relief is limited to the relevant trading income derived from the assets, and will be withdrawn by way of a balancing charge where the assets are disposed of within a five year period of the date of acquisition.

A new acquirer of the asset may claim any unexpired Capital Allowances at the time it acquires the asset.

Lessors

Lessors of plant and machinery may also be entitled to the allowance if the burden of wear & tear on the asset is borne by them.

Motor Vehicles

The annual allowance for motor vehicles (other than taxis and short term hire vehicles - see below) is 12.5% on a straight line basis, subject to a maximum qualifying cost of

€24,000 for motor vehicles. The availability of capital allowances will depend on the level of C02 emissions of cars. The capital allowance or lease deduction and proportionate balancing allowance or charge depends on the categories of emissions as follows:

CO2 Emission Level	Category/ Classification	Capital Allowance value threshold	Leasing Restriction Limit
Up to 155g/km	A/B/C	€24,000*	€24,000**
156g-190g/km	D/E	Lower of 50% of €24,000 or cost	Lower of 50% of €24,000 or cost
>190g/km	F/G**	No allowances	No allowances

* The €24,000 limit applies irrespective of cost of the vehicle.
** No capital allowances on cars incurred from 2021 that fall into categories of COR emissions D, E, F &G previously lower of 50% of €24,000 or cost was allowable
*** Category G removed

Electric Cars

There is an enhanced scheme of capital allowances for expenditure incurred on a car which is electric or runs on alternative fuels. An accelerated allowance of 100% is given by reference to the lower of the cost of the car and €24,000.

Taxis

A taxi or short-term hire car is given an unrestricted write off of the purchase price at 40% per annum on a reducing balance basis. Existing taxi licence owners may write off the cost of their licence as a capital allowance against trading income. The taxi licence is treated as plant and machinery and the rates set out above apply.

Sea Fishing Boats

A special regime of allowances applies to expenditure on polyvalent and beam trawl fishing boats where the expenditure is certified by BIM. The allowances are available at the rate of 50% in year 1 and 20% of the balance for five years.

If a balancing allowance arises as a result of a compensation for the decommissioning of white fishing vessels, the balancing charge will be spread equally over five years commencing in the year in which the compensation is paid.

Industrial Buildings

The annual allowance for industrial buildings is 4% (available on a straight-line basis) on the net cost of the building. It is available to whoever holds the "relevant interest" in relation to the construction expenditure. Both owner-occupiers and lessors of industrial buildings are entitled to claim this allowance.

Accelerated allowances are available in certain circumstances.

For an investor, any capital allowances unused against rental income of passive investors may be offset against non-rental income; this is subject to a maximum of €31,750 per annum.

There are anti-avoidance provisions, which restrict capital allowances available to a subsequent purchaser of an industrial building on the disposal of industrial buildings from a company to an individual. Anti-avoidance provisions also disallow interest relief on money lent to, or invested in, a company to acquire premises from another company where tax relief has not been fully utilised. The provision restricts the interest relief to the individual's return from the company.

Time Limits

There is a two year deadline by which a developer must sell a building which qualifies for capital allowances in order for the purchaser to be entitled to base their capital allowances claim on the purchase price (rather than the developer's original construction cost).

Property Reliefs USC Surcharge

A USC surcharge applies individuals who have gross income equal to or greater than €100,000. The surcharge is in the form of an additional USC of 5% of the amount of income sheltered by property reliefs in a tax year. Investors who claim accelerated capital allowances and investors in residential property projects are subject to the surcharge. It does not apply to owner occupiers.

Accelerated Capital Allowances Schemes

Investors in accelerated capital allowances schemes will no longer be able to use capital allowances beyond the original tax life of the scheme where the tax life ends after 1 January 2015. Therefore the last claim can be made on the later of either the end of the tax life of the building or 31 December 2014.

Tax Life of a Building

The tax life of a building is normally ten years where accelerated capital allowances are claimed.

The retention period for certain facilities listed below is fifteen years (i.e. tax relief availed of will now be clawed back if a property is disposed of within fifteen years where the property was first used after 1 February 2007). This will also impact on the tax life for a subsequent purchaser who will now be entitled to write the expenditure off over a fifteen-year period. This provision impacts the following properties:

- Qualifying hospitals
- Convalescent homes
- Nursing homes
- Qualifying residential units
- Childcare facilities

Deemed Balancing Event:

Where any of the facilities listed above cease to be used as described and is put to some other use, a balancing event is deemed to have arisen, unless the properties are reinstated to their intended use within a period of six months.

Property Developers

Property developers or persons connected with property developers are excluded from claiming capital allowances where either the property developer or the connected person holds a relevant interest in the property and either party incurred expenditure on the construction of certain properties.

Specific exclusions apply to:

- Qualifying hospitals
- Qualifying mental health facilities
- Certain childcare facilities
- Buildings within a qualifying Mid Shannon area in use as a holiday camp/other tourist facility.

Living City Incentive

The Living City Initiative is being extended until 31 December 2027. Money spent on refurbishment or conversion work carried out up to this new termination date may qualify for tax relief under the scheme. An incentive scheme for certain special regeneration areas which focus on the conversion and refurbishment of dilapidated Georgian houses constructed before 1915 in urban areas was introduced in 2013. The initiative was piloted in Waterford and Limerick and has now been extended to Cork, Galway, Kilkenny and Dublin. The relief, originally available for owner occupier and commercial properties, has been extended to landlords in Finance Act 2016. It is subject to local authority certification and reporting requirements to Revenue.

Buildings used for childcare services or fitness centres for employees

Since 1 January 2023 accelerated industrial buildings allowances are available on the construction of buildings used for these purposes, over a seven- year period; the tax life is also seven years (previously 10% over 10 years). In addition, the full amount of qualifying expenditure on plant and machinery used for these purposes can be claimed in the year in which the plant and machinery is first put into use.

Vacant Homes Tax

The aim of the Vacant Homes Tax (VHT) is to incentivise residential development and increase housing supply. The tax will apply to residential properties which are "vacant" for twelve months or more. Subject to certain exceptions, vacant for these purposes means occupied for less than 30 days in a chargeable period, the first chargeable period for this tax commences on 1 November 2022 and ends on 31 October 2023. For that chargeable period, a VHT return will be due by 7 November 2023 and the tax will be payable by 1 January 2024 under the self-assessment system.

Generally, the tax will be charged at a rate of three times the property's existing base local property tax.

A charge will not be levied on a residential property in respect of a property which no local property tax was payable in the year in which the chargeable period commences, or that the property was the subject of a relevant tenancy for a period of not less than 30 days during the chargeable period, or that the property was the subject of a sale during the chargeable period.

Other exemptions may apply.

CAPITAL GAINS TAX

Dealing in Land

Debt forgiven after 13 February 2013 for debt incurred on development land will be taxable as income. For losses occurring after 13 February 2013 a loss on the value of property must be realised in order to claim loss relief.

After 13 February 2013, interest must be paid in order to obtain tax relief.

Individuals resident or ordinarily resident in Ireland are liable to CGT on disposals.

Individuals resident or ordinarily resident but not domiciled in Ireland are liable to CGT on gains arising on the disposal of assets situated in Ireland and all foreign gains to the extent that those gains are remitted to Ireland.

Individuals neither resident nor ordinarily resident are liable to CGT on gains made on the disposal of certain specified assets:

- Land and buildings in Ireland.
- Minerals in Ireland including related rights, and exploration or exploitation rights in a designated area of the continental shelf.
- Unquoted shares deriving their value, or the greater part of their value, from such assets as mentioned above.
- Assets of a business carried on in Ireland through a branch or agency.

An anti-avoidance provision imposes CGT on individuals who dispose of shareholdings after 4 December 2002 during a period of "temporary non-residence" (an absence of less than five years).

Rates

The standard rate of CGT arising on disposals is 33%

Inflation Relief

In arriving at the chargeable gain on the disposal of an asset held for over twelve months, the allowable cost is to be adjusted for inflation based on the Consumer Price Index (Indexation).

Indexation relief is only available in respect of ownership of assets up to 31 December 2002. Expenditure incurred in 2003 and subsequent years of assessment do not qualify for indexation relief.

A company buyback of shares is a useful way of using company funds as opposed to personal funds to buy out a dissenting or retiring shareholder. It also avoids taking new shareholders into the company to fund a buyout. In addition, the remaining shareholders maintain the same proportional percentage shares.

Year Expenditure incurred	Factor for disposal for year ended 5 April/31December:										
	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	2001	2002	2003
1974/75	5.656	5.754	5.899	6.017	6.112	6.215	6.313	6.582	6.930	7.180	7.528
1975/76	4.568	4.647	4.764	4.860	4.936	5.020	5.099	5.316	5.597	5.799	6.080
1976/77	3.935	4.003	4.104	4.187	4.253	4.325	4.393	4.580	4.822	4.996	5.238
1977/78	3.373	3.432	3.518	3.589	3.646	3.707	3.766	3.926	4.133	4.283	4.490
1978/79	3.117	3.171	3.250	3.316	3.368	3.425	3.479	3.627	3.819	3.956	4.148
1979/80	2.812	2.861	2.933	2.992	3.039	3.090	3.139	3.272	3.445	3.570	3.742
1980/81	2.434	2.477	2.539	2.590	2.631	2.675	2.718	2.833	2.983	3.091	3.240
1981/82	2.012	2.047	2.099	2.141	2.174	2.211	2.246	2.342	2.465	2.554	2.678
1982/83	1.693	1.722	1.765	1.801	1.829	1.860	1.890	1.970	2.074	2.149	2.253
1983/84	1.505	1.531	1.570	1.601	1.627	1.654	1.680	1.752	1.844	1.911	2.003
1984/85	1.366	1.390	1.425	1.454	1.477	1.502	1.525	1.590	1.674	1.735	1.819
1985/86	1.287	1.309	1.342	1.369	1.390	1.414	1.436	1.497	1.577	1.633	1.713
1986/87	1.230	1.252	1.283	1.309	1.330	1.352	1.373	1.432	1.507	1.562	1.637
1987/88	1.190	1.210	1.241	1.266	1.285	1.307	1.328	1.384	1.457	1.510	1.583
1988/89	1.167	1.187	1.217	1.242	1.261	1.282	1.303	1.358	1.430	1.481	1.553
1989/90	1.130	1.149	1.178	1.202	1.221	1.241	1.261	1.314	1.384	1.434	1.503
1990/91	1.084	1.102	1.130	1.153	1.171	1.191	1.210	1.261	1.328	1.376	1.442
1991/92	1.056	1.075	1.102	1.124	1.142	1.161	1.179	1.229	1.294	1.341	1.406
1992/93	1.019	1.037	1.063	1.084	1.101	1.120	1.138	1.186	1.249	1.294	1.356
1993/94	-	1.018	1.043	1.064	1.081	1.099	1.117	1.164	1.226	1.270	1.331
1994/95	-	-	1.026	1.046	1.063	1.081	1.098	1.144	1.205	1.248	1.309
1995/96	-	-	-	1.021	1.037	1.054	1.071	1.116	1.175	1.218	1.277
1996/97	-	-	-	-	1.016	1.033	1.050	1.094	1.152	1.194	1.251
1997/98	-	-	-	-	-	1.017	1.033	1.077	1.134	1.175	1.232
1998/99	-	-	-	-	-	-	1.016	1.059	1.115	1.156	1.212
1999/00	-	-	-	-	-	-	-	1.043	1.098	1.138	1.193
2000/01	-	-	-	-	-	-	-	-	1.053	1.091	1.144
2001										1.037	1.087
2002											1.049
2003											1.000

Retirement Relief

Retirement relief is available for an individual aged 55 years or more on disposal of business assets owned and used for 10 or more years ending on the disposal date. It also applies to shares in a family trading company which have been held for at least 10 years. Periods of ownership of a deceased spouse may also be included in the calculation. This relief is limited to proceeds of €750,000 where the disposal is not to a child of the individual.

A disposal of a business to a child (including a foster child supported by the donor for five years prior to the child turning eighteen years of age) is not liable to CGT regardless of the consideration provided the child retains the asset for six years. For the purposes of this exemption, a child includes a nephew or niece who has worked in the business substantially on a full time basis for the period of five years ending with the disposal. Also, the definition of child may in certain circumstances include a grandchild.

Assets that are held outside a family company and used by that company also qualify for retirement relief provided that certain conditions are met.

Relief will only apply where the disposal of qualifying assets is for bona fide commercial reasons and not as part of a tax avoidance scheme.

Special relief also applies to compensation payments for the decommissioning of fishing vessels.

Where a disposal is made after 1 January 2014 by an individual who has reached the age of 66, the relief is restricted to €500,000. Also, in the case of the disposal of assets to a child or certain other individuals, the relief for an individual aged 66 or over is restricted to qualifying assets with a market value of up to €3m with no relief for the excess. The €3m cap is an aggregate lifetime limit.

Tips:

An individual is not in fact required to retire in order to avail of this relief.

As a husband and wife each have a €750,000 individual limit, a split of the business on commencement to trade ought to be considered.

A company buyback of shares may be used in conjunction with retirement relief to ensure that no tax exposure arises if the amount received for the shares is

€750,000 or less. In the case of a buyout of a retiring couple who both qualify for retirement relief, the amount may be increased to €1,500,000 where all conditions have been met.

A company buyback of shares is a useful way of using company funds as opposed to personal funds to buy out a dissenting or retiring shareholder. It also avoids taking new shareholders into the company to fund a buyout. In addition, the remaining shareholders maintain the same proportional percentage shares.

Exemptions and Reliefs

The following are a number of exemptions available to individuals:

- Annual gains of up to €1,270 for each individual. For married couples the exemption is €1,270 each, which is non-transferable.
- Sale of tangible moveable property not exceeding €2,540 (e.g. antiques).
- Sale of tangible moveable property, which is a wasting asset and does not qualify for a capital allowances claim.
- Sale of principal private residence (except to the extent some of the sale proceeds reflect development value and may be restricted where a PPR is disposed by way of lottery or game with prizes).
- Sale of dwelling house occupied rent-free by a dependent relative.
- Gains or profits on sales of Government Securities or Savings Certificates.
- Transfer of assets between spouses living together.
- Gains on the sale of Irish Government Securities, where the security has been held for at least two years.
- Disposals of individual works of art which are valued at not less than €31,740 when loaned to an approved gallery or museum for public display for a minimum period of ten years from 2 February 2006 (for loans made prior to 2 February 2006, the loan period is six years).
- Transfer of a site from a parent and their spouse to a child (including a foster child supported by the donor for five years prior to the child turning eighteen years of age), provided it is for the construction of the child's principal private residence. The maximum market value of the site is

  €500,000. The relief is limited to one site per child up to one acre (exclusive of the area where the house is to be built). The threshold applies where both parents make a simultaneous disposal of a site to a child.
- Gains arising from personal injury compensation payments to permanently incapacitated individuals where the exempt income and gains are greater than 50% of an individual's total income and gains.
- Disposal of certain shares (see Corporation Tax section).

Property Relief

Currently no CGT will apply to gains on purchases made between 7 December 2011 and 31 December 2014 where the property is held for at least seven years. This includes all EU and EEA located properties. Gains on properties held for longer than seven years will be time apportioned.

Finance Act 2017 reduces the required holding period from seven to four years for disposals made on or after 1 January 2018. The aim is to reduce any impact the required seven-year holding period may have on the supply of development land, with the intention of increasing supply so more houses can be built.

Entrepreneur Relief

This is a CGT relief, which can be applied in certain circumstances when disposing of a business or a farming qualifying asset, the CGT rate is reduced to 10%, if the criteria are met.

The relief currently only applies to the first €1 million of gains which is a lifetime limit.

The business assets must have owned for a continuous period of three years. The three years must be in the five years immediately prior to the disposal.

You must own more than 5% of the company shares.

You must be a director or employee of the company for a continuous period of 3 out of the 5 years and spent more than 50% of your time working in the company. Generally, this should be in a managerial or technical capacity.

It must be noted that any previous ownership of the assets by a spouse is not aggregated in determining the continuous period of three years. The same is the case if the business was a sole trader before being incorporated.

Qualifying business assets are:

- shares held by an individual in a trading company.
- assets owned by a sole trader and used in their trade.

A qualifying business is a business other than ones that:

- hold securities or other assets as investments
- hold development land
- development or letting of land

There are other criteria that apply, especially in a group company situation and it is advisable to seek advice to avoid pitfalls.

As Entrepreneur Relief has a lifetime limit of €1 million on chargeable business asset gains since 1 January 2016, it is important that any prior sales or transfers of any chargeable business assets on which gains arose are aggregated, even if CGT retirement relief was applied. Anything above the €1 million will be taxed at 33%.

Revised Entrepreneur Relief – 10% Rate

A reduced rate of CGT of 10% from 1 January 2017 (20% in 2016) will apply in respect of a chargeable gain on disposals of chargeable business assets made by an individual on or after 1 January 2016 up to a lifetime limit of €1 million. The chargeable business assets must have been owned by that individual for a minimum period of three years prior to the disposal of those assets.

The relief will not apply to disposals of chargeable business assets by companies or to disposals of development land or a business consisting of dealing in or developing land, a business consisting of the letting of land or buildings or holding investments.

Where the business is carried on by a private company, individuals seeking to qualify for the relief must own not less than 5% of the shares in the company or at least 5% of the shares in a holding company which owns 100% of the company. The shareholder must have been a full-time working director of the company for a minimum period of three years prior to the disposal of the chargeable business assets.

Turf-Cutting Compensation Scheme

No chargeable gain will arise on compensation payments, whether in money or money's worth, made under the "Cessation of Turf-Cutting Compensation Scheme".

Payment and Compliance

CGT is a self-assessment tax and the return filing date is the same as for income tax. However, the payment dates differ, there are two payment dates:

Period of Disposal	Date of Payment
1 January - 30 November 2023	15 December 2023
1 December 31 December 2023	31 January 2024

Debt forgiveness rules

From 1 January 2014 any debt write-off will not be allowed as a deduction in computing a chargeable gain if an asset is disposed of. If debt is written off after the asset is disposed of then the amount of debt write off is deemed to be a chargeable gain in the year that the debt is written off.

Clearance Certificate

Where the proceeds of a sale of certain assets such as land and buildings are more than €500,000 (€1 million for residential property), a tax clearance certificate (CG50A) is required. In the absence of this, the purchaser is obliged to deduct tax at 15% of the sale proceeds and pay the tax withheld to Revenue within 30 days of making the deduction. This provision applies irrespective of the method of payment.

A credit will be available for the tax withheld against the purchaser's CGT where the consideration for the disposal is in non-monetary format.

An agent may apply for a CG50A on behalf of a client.

CAPITAL ACQUISITIONS TAX

Amendment of Principal Act in relation to section 4B of Succession Act 1965

The Principal Act has been amended in relation to the definition of "child" by the insertion of the following: "an affected person", and by the insertion of the following definitions: 'social father', 'social mother' and 'social parent' to have the same meaning, respectively, as they have in section 4B(12) of the Succession Act 1965 with reference in this Act to 'father', 'mother' or 'parent', respectively.

This is a major change to CAT and consultation with your legal adviser is advised.

Capital Acquisitions Tax (CAT) is a tax on gifts and inheritances. The following is a summary of the method of assessment to CAT:

Taxable Inheritance

A taxable inheritance arises in any of the following situations:

- The disponer is resident or ordinarily resident in Ireland at the date of the disposition, or
- The successor is Irish resident or ordinarily resident at the date of the inheritance, or
- The property is located in Ireland at the date of the inheritance

Taxable Gift

A taxable gift arises in any of the following situations:

- The disponer is resident or ordinarily resident in Ireland at the date of the disposition (not applicable to gifts under a discretionary trust)
- Where a gift is taken under a discretionary trust, the disponer is resident or ordinarily resident in Ireland at the date of the disposition or the date of death (if the gift is taken after the death of the disponer)
- The beneficiary is resident or ordinarily resident in Ireland at the date of the gift.
- Provided the settlor or beneficiary is not Irish domiciled, he is not deemed to be resident until after 1 December 2004 and then only if he has been resident in Ireland for five consecutive years of assessment immediately before the year of assessment in which the gift is received and is also resident at the date of the gift.

Gifts/inheritances taken on or after 5 December 1991 are aggregated with later gifts/inheritances in order to arrive at the current tax payable.

Only gifts/inheritances within the same group are aggregated.

Thresholds for CAT

The following maximum tax-free thresholds apply for gifts and inheritances:

Relationship to Donor	Post 09/10/2019	Post 10/10/2018
Group 1	€335,000	€320,000
Group 2	€32,500	€32,500
Group 3	€16,250	€16,250

Group 1 - donee or successor is a child, minor child of a deceased child of the disponer, an adopted child, a foster child of the disponer subject to certain conditions, or a spouse of a deceased child. It also applies to inheritances taken by a parent from a deceased child, subject to certain conditions. Certain inheritances taken by a parent from a child may be totally exempt.

Group 2 - donee or successor is a lineal ancestor, lineal descendant (other than a child or minor child of a deceased child), a brother, sister, or a child of a brother or sister of the disponer.

Group 3 - donee or successor is not related as outlined in either of the previous classes.

Parent/Child Exemption

Benefits passed from a living parent to his or her child for support, maintenance or education is now restricted to the period during which the child is a minor or, where in fulltime education is no older than 25 years of age.

Rates

A rate of 33% applies to all gifts/inheritances. This rate applies to the amount of gift or inheritance in excess of the tax-free threshold.

	Inheritances	Gifts
Threshold amount	0%	0%
Excess over threshold amount	33%	33%

The following exemptions and reliefs apply:

- Inheritances and gifts between husband and wife are exempt.
- Transfers of property via an order under the Family Law Acts 1995 or 1996.
- The first €3,000 of gifts from each disponer taken in a calendar year.
- Gifts or legacies applied for public or charitable purposes.
- Normal and reasonable payments received in the disponer's lifetime by family members for support, maintenance or education or by a dependent relative for support or maintenance.
- Life assurance policies (often called "Section 60" policies) designed for the payment of CAT and used for this purpose within one year of the death of the insured person. Any excess proceeds may be taxable.
- Dwelling houses, which are the only or main residence of the beneficiary (subject to certain conditions).
- Business Property Relief (see below).
- Agricultural relief (see Farmer Taxation).

Dwelling House Exemption

This has been completely changed in Finance Act 2016, so that the circumstances in which a beneficiary of a gift of qualifying property can avail of this relief are very limited.

The inheritance of a dwelling house is exempt from CAT provided:

- The beneficiary has continuously lived in the house as his only or main residence for three years prior to the date of the inheritance.

- At the date of the inheritance, the beneficiary is not beneficially entitled to any other dwelling house or to any interest in another dwelling house. This includes a situation where the beneficiary has placed another dwelling house in a discretionary trust in anticipation of the inheritance of the dwelling house on which they want to claim this exemption.

- If the beneficiary is under 65, he/she must either continue to live in the house for six years after the date of the inheritance or, in the event of sale, invest the proceeds of sale in another dwelling which will be his/her only or main residence, to avoid a clawback.

The relief is very restricted in the case of gifts. Relief will only be available where the beneficiary is a dependent relative of the donor; for these purposes, the beneficiary must be over 65 or incapacitated due to mental/physical infirmity.

There is no requirement that the property was the disponer's only or main residence during the three-year period prior to the gift but, typically, the beneficiary must live in it for six years to avoid a clawback.

Tip: It is not necessary for individuals to be related in order to avail of this relief.

Agricultural Relief

This is dealt with in the Farmer Taxation section.

Business Property Relief

The value of business assets is reduced for a gift/inheritance of relevant business property by 90%, subject to a number of qualifications. The relevant business property must have been owned by the disponer or his/her spouse for at least five years prior to the transfer in the case of a gift (or two years in the case of an inheritance). The asset must remain in the business for at least six years to avoid a clawback of the CAT relief.

Business property relief also applies to a gift or inheritance of shares in a holding company that holds shares in one or more companies controlled by the beneficiary and his/her relatives, nominees or trustees.

A clawback of the relief applies where the full proceeds from the disposal or compulsory acquisition are not fully expended within one year in the case of a disposal (or within six years in the case of a compulsory acquisition made after 25 March 2002).

Where there is a disposal of land which qualified for agricultural relief or business property relief in the period commencing six years after the date of the gift or inheritance and ending ten years after that date, there will be a clawback of the relief by reference to the development value of the land at the date of the gift or inheritance.

Tip: Agricultural property may qualify for business property relief where it fails to qualify for agricultural relief.

It is not necessary for the business to be carried out in Ireland or for the property to be situated in Ireland for the relief to apply.

Payment and Compliance

The Pay and File system (outlined below) requires returns to be filed via ROS where reliefs and exemptions (other than the small gift exemption) are being claimed by the beneficiary.

Valuation Date	Return Filing and Payment Deadline
1 Jan – 31 Aug	31 October in the same year
1 Sep – 31 Dec	31 October in the following year

Interest Payments/Repayments

Interest on outstanding tax will be computed from 1 October each year.

There is a four-year time limit for claiming repayments of overpaid tax, which runs from the date of payment of the tax where the tax has been paid on time or from the valuation date where the tax has been paid late.

Surcharge for Late Returns

Filed within two months of due date	5% (maximum €12,695)
Filed after two months of due date	10% (maximum €63,485)

Surcharge for Understatement

A surcharge applies to discourage understatement of asset values in self-assessment returns. The surcharge is:

(a) 10% if the declared market value was between 50% and 66% of the true value,

(b) 20% if the declared market value was between 40% and 49% of the true value,

(c) 30% if the declared market value was less than 39% of the true value.

Joint Account Limits

The amount that can be held in a joint account, which can be released to the survivor of a deceased person without prior Revenue approval, is €50,000

Record Retention

Records must be maintained for a period of six years commencing on the valuation date of the gift or inheritance.

DISCRETIONARY TRUST TAX | STAMP DUTY

A discretionary trust set up on or after 11 April 1994 is subject to a once-off 6% levy based on the value of the assets in the trust on the latest of the following events:

- The date property is settled in the trust,
- The date of death of the settler where the discretionary trust is created under the disponer's will, or
- The date on which the principal beneficiaries of the trust all reach the age of 21.

The 6% charge is reduced to 3% where the trust is created under a will and where all of the assets of a discretionary trust are appointed within five years of the assets being transferred to the discretionary trust.

Following the trust becoming subject to the 6% levy, a 1% levy is payable on each year (except the year in which the 6% levy is paid) on the market value of the assets in the trust.

The 6% and 1% tax also include entities that are "similar in effect" to trusts (e.g. foundations) which do not require trustees.

STAMP DUTY

Stamp duty ("SD") is a duty levied on documents or instruments, executed in Ireland, relating to conveyances and certain other transactions.

The rate of SD levied depends on the head of charge under which an instrument is classified.

Non Residential Property

For some time, a rate of 2% applied to all non-residential property; it also applied to goodwill, loans and other property to the extent not already exempt.

However, the rate increased to 6% for instruments executed on or after 11 October 2018 and to 7.5% for instruments executed on or after 10 October 2019, subject to certain transitional provisions. In addition, there is also anti-avoidance legislation providing that a SD up to 7.5% can also apply to transfers of company shares where the shares derive their value from Irish property. As we see below, the rate normally applicable to shares is 1%.

In recognition of current housing supply challenges, there is also a SD refund scheme to be introduced for land purchased for the development of housing which, in certain circumstances, can lead to a refund of two-thirds (or eleven-fifteenths) of the SD paid, thereby essentially ensuring the rate remains at 2%.

This measure has been extended to 31 December 2022 with minor amendments.

In certain circumstances, a 1% rate applies for non- residential property (see Farmer section below).

Residential Property

Residential Property - Rate Structure

The rate of SD that applies to residential property is as follows:

Property Value	Rate
Up to €1,000,000	1%
Over €1,000,000	2%

A 10% stamp duty charge applies to situations where a person acquires 10 or more units on a cumulative basis over a 12 month period, in addition to bulk purchases of 10 or more properties. This measure applies to all Irish dwellings other than apartments.

Exemptions and Reliefs

- Transfers between husbands and wives; and certain transfers on divorce.
- Transfers under wills.
- Transfers of Irish government stocks.
- Transfers between associated companies, subject to certain conditions.
- Covenants to children and charities.
- Transfers on certain takeovers, reconstructions and mergers.
- Transfers of assets from a liquidator to a shareholder on liquidation.
- Transfers of foreign land and shares
- Certain financial services instruments
- Transfers of agricultural land
- The sale or transfer of trademarks and intellectual property.
- The sale or transfer of an EU Single Farm Payment entitlement.

Anti-Avoidance

Where a person makes a gift or a loan to a first time buyer, they may not reside in the property or the property may not be transferred to the donor/person making the loan except where the donor/lender is the parent of the first time buyer. An SD charge arises on a contract or agreement for sale of an estate or interest in land in the State or a license or a long lease where 25% or more of the consideration has been paid under the contract or agreement.

VALUE ADDED TAX

Value Added Tax ("VAT") is a tax on consumer expenditure and is charged when a taxable person supplies goods or services in Ireland in the course or furtherance of its taxable business. It is also chargeable on the purchase of specified services from suppliers abroad, on imported goods and on intra-community acquisitions of goods.

Registration

Registration is compulsory if turnover exceeds the following limits.

• Persons supplying services per annum	€37,500
• Persons supplying goods per annum	€75,000
• Intra community acquisitions of goods only & reverse charge VAT in a 12 month period	€41,000

Rates

The retention of the reduced VAT rate of 9 per cent for the hospitality sector to the end of February 2023. It will then revert to 13.5 %

Certain goods and services are exempt from VAT (e.g. all pre-school education facilities, promotion of and admission to live theatrical performances).

The rates of VAT and the main categories to which they apply are:	
Goods and services not subject to one of the other rates i.e. standard rate.	**23%**
Exported goods, fertilisers, books, food including bakery products and oral medicine, herbal teas. Children's clothing and children's footwear. Intermediary services relating to seagoing vessels and aircraft.	**0%**
Livestock (rate applies to cattle, sheep, deer and horses for use in foods or agricultural production.)	**4.8%**
Unregistered farmers from 1 January 2023	**5%**
Real property, building services, short term car and boat hire, tour guide services and certain agricultural services, insemination services for horses and greyhounds. Most food supplements (from 1/1/20)	**13.5%**
Heating fuel, electricity, restaurant services, cinema and cabaret admission, hot take away foods, waste disposal services, admission to exhibitions, the services of veterinary surgeons, cakes and non-chocolate biscuits.	**13.5%**
Hairdressing and other similar services, repair and maintenance of movable goods, photographic services, laundry and dry cleaning and driving instruction.	**13.5%**
Printed and electronic newspapers and periodicals, sporting facilities.	**9%**
The supply of most banking services, insurance services, education and training, medical services, foster care, passenger transport, funeral undertaking, lotteries and services of trade unions. Provision of golfing facilities by non-profit making bodies, and defined contribution pension schemes (from 1 March 2015)	**Exempt**

Taxable persons may be authorised to import and make intra-community acquisitions of goods and to purchase goods and services in the State without having to incur the VAT normally chargeable if at least 75% of their annual turnover is comprised of exports and/or zero-rated intra-community supplies.

A penalty of €4,000 applies for every VAT period in which the taxpayer fails to notify Revenue that they no longer satisfy the conditions required for VAT 56 authorisation.

Foreign Visitors

Non-EU visitors who purchase goods in Ireland and export them in their personal baggage can claim a VAT refund when they leave the EU.

Holiday Homes

An individual who elects to become taxable in respect of the letting out of a holiday home will be subject to a partial clawback of the VAT reclaimed on the purchase of the property if he/she cancels the registration within 10 years of the date of election.

Travel Agents Margin Scheme ("TAMS")

TAM applies to tour operators and travel agents. The profit margin realised on the sale of travel packages is subject to VAT at 23%. VAT will also apply to the profits realised on hotel reservation companies.

VAT incurred on conference accommodation in Ireland, when it is supplied under TAMS, is not recoverable.

Payment and Compliance

Taxable persons are obliged to register for VAT and submit bi-monthly returns by the 19th of the month (23rd where filed online via ROS) following the two-month period in respect of supplies and purchases made in the two-month period. Unpaid tax attracts simple interest at .0274% per day.

Certain authorised persons may submit VAT returns on an annual basis rather than on the bi-monthly basis, and pay their VAT liability by direct debit, if permitted.

Certain interest penalties arise where insufficient VAT is remitted on the direct debit system. Where the balance of tax remaining to be paid by the authorised person at the end of the accounting period exceeds 20% of the actual liability for that period, simple interest is chargeable from a date six months prior to the date on which the authorised person is required to furnish the annual return. Where returns and payments are submitted electronically via ROS the due date will be extended to the 23rd of the month.

Where input tax has been reclaimed and the consideration has not been paid for six months the input tax referable to the unpaid invoice must be repaid to Revenue. If the consideration is subsequently paid, an adjustment applies. This amendment has effect in respect of tax deducted in taxable periods commencing on or after 1 January 2014.

Penalties

A fixed penalty of €4,000 applies in respect of:

- Failure to submit a VIES return in respect of services
- Failure to provide specified documentation on a lease surrender or assignment of certain leases created before July 2008.
- Failure to provide documentation in relation to property transfers as part of a business sale.
- Failure to maintain the VAT history of properties held.

Cash Receipts

Some taxable persons may elect to account for their VAT liability on the basis of cash received in a taxable period rather than on the basis of sales. This is generally available where the primary supply of goods and services is to persons who are not registered for VAT or where the taxpayer's turnover is less than €2,000,000. The cash receipts basis is not available where a discount is given to a customer after the supplier issues a VAT invoice where no credit note has been issued in respect of the discount; in effect, this makes the supplier liable to VAT on the discount.

A VAT return may be submitted by another person authorised to do so by the taxable person. Such a return is treated as if the taxable person supplied it for the purposes of the VAT Acts.

Margin Scheme – Second Hand Motor Vehicles and Agricultural Machinery

Dealers in second hand vehicles and agricultural machinery may opt to apply VAT to their profit margin. The dealer is not entitled to claim input VAT on their purchase price and simply accounts for VAT @ 23% on the profit margin.

VAT on Property rules

Commercial property transactions are subject to the following provisions:

- There is no VAT charge on the capitalised value of long leases.
- There is no distinction between short leases and long leases.
- All leases are exempt from VAT but with an "option to tax" so that VAT can be charged on rent if the landlord wishes.
- The supply of new properties within the first five years is always liable to VAT.
- The supply of old properties is exempt from VAT with a joint option to tax.
- A capital goods scheme can apply to properties for up to 20 years to readjust VAT recovery in line with the level of recovery entitlement of the business.

Anti-Avoidance

A site which is transferred as part of the value of a new house or apartment is subject to VAT.

Reverse charge mechanism in the Construction Sector

A reverse charge mechanism applies for VAT on supplies made by a subcontractor to a principal contractor in the construction sector.

This means that instead of the subcontractor charging VAT on his supply to a principal and accounting to Revenue for the VAT, the principal accounts to Revenue for the VAT. Both subcontractor and principal continue to claim input credits.

The reverse charge rules for the construction sector also apply to any person connected to the builder and not just the principal. The definition of connected is wide and includes persons or bodies of persons connected by family or other personal ties, management, ownership, control, common purpose and certain legal ties.

Partial VAT Rebate on certain Company Cars

A business engaged in fully VA Table services may claim an input credit of 20% (a reduced amount applying for partially VATable activities) of VAT incurred on the purchase or hire of company cars that are used at least 60% for business purposes. The input credit will only apply to cars within the scope of Bands A, B or C for VRT purposes and which are registered after 1 January 2009. If the car is disposed of or ceases to meet the 60% business test within two years, some or all of the VAT reclaimed can be clawed back by Revenue.

PAY RELATED SOCIAL INSURANCE/UNIVERSAL SOCIAL CHARGE

Pay Related Social Insurance (PRSI) is payable by employers, employees and self-employed persons.

Employers and employees pay PRSI on the employee's salary after deduction of any contributions to an approved pension scheme.

Employer and employee PRSI is charged on all earnings from employments, including BIK.

Contributions by Employees - USC rates for 2023

The following changes to USC will apply from 1 January 2023

	USC <70 no medical card	USC > 70	USC <70 with medical card
Up to €12,012	0.5%	0.5%	0.5%
€12,012 to €22,920	2%	2%	2%
€22,920 to €70,044	4.5%	2% < €60,000, otherwise 4.5%	2% < €60,000, otherwise 4.5%
Income >€70,044 - €100,000	8%	8%	8%
Income >€100,000*	11%	11%	11%

* Applies to self-employed only, for income in excess of €100,000 for an employee the 8% rate still applies.

A reduced rate of USC of 2% applies to income over €12,012 to anyone with a medical card or for individuals over 70 years of age where the individual has income of less than €60,000 per annum. The reduced rate of USC for medical card holders is being extended for a further year. to 31 December 2022.

Contributions by Employees - USC rates for 2022

	USC <70 no medical card	USC > 70	USC <70 with medical card
Up to €12,012	0.5%	0.5%	0.5%
NEXT €8,675	2%	2%	2%
€20,687 to €70,044	4.5%	2% < €60,000, otherwise 4.5%	2% < €60,000, otherwise 4.5%
Income >€70,044 - €100,000	8%	8%	8%
Income >€100,000*	11%	11%	11%

* Applies to self-employed only, if income in excess of €100,000 for an employee the 8% rate applies.

PRSI applies at a rate of 4%. Employees earning €352 or less per week are exempt from PRSI.

PRSI applies to non-employment income of employees.

There is a minimum annual PRSI contribution of €500 for self employed individuals.

Employer Contributions:

Contribution for Class A PRSI plus training levy is 11.05% on weekly earnings over €441. In line with the increase in the National Minimum Wage the upper threshold for paying the 8.8% Class A rate of employer PRSI is being increased from €410 to €441 from the 1st of January 2022.A reduced rate of employer's PRSI of 0.5% is charged on wages paid which are eligible for the Employment Wage Subsidy Scheme.

Employee pension contributions do not qualify for PRSI or USC relief.

Universal Social Charge (USC)

Certain limited deductions are allowed against the USC, which include:

- Trade losses and capital allowances
- Business and rental expenses
- Legally enforceable maintenance payments

Exemptions from USC

- Individuals with a total income of less than €13,000
- The tax free element of a termination payment
- Statutory redundancy
- Salary and pension payments made under a PAYE exclusion order to individuals resident in a DTA country.
- Social welfare payments
- Deposit interest already subject to DIRT
- Payments made by a spouse under a legally enforceable maintenance agreement; there is no exemption for any element of the payment relating to children.
- Payments made where an exclusion order is in place.

Employee PRSI

PRSI is charged on all earnings from employment including non-pecuniary income (BIK).

In general, persons between 16 and 66 years, in insurable employment, must pay PRSI.

PRSI

Up to 1 January 2014 there was an exemption from PRSI for employed individuals and pensioners. There is a 4% PRSI charge on investment and rental income for PAYE taxpayers where their non-PAYE income exceeds €5,000 and they are aged 65 or younger.

From 2016 employer contributions to a Personal Retirement Savings Accounts (PRSA) in respect of an employee will no longer attract a USC liability for the employee.

Employee and employer PRSI and USC apply to all share awards.

Domicile Levy

A €200,000 domicile levy applies to individuals who are both domiciled in and citizens of Ireland. Their worldwide income must exceed €1m, and their liability to Irish tax must be less than €200,000.

The market value of Irish property owned by the individual on 31 December in the tax year must exceed €5m. Where an individual is married, the levy could apply to both spouses.

Revenue has the power to issue notices requesting returns within 30 days.

FARMERS TAXATION

Leasing of farm land

A lessor of agricultural land is exempt from income tax in respect of certain leasing income. The limits are:

Limit	Qualifying lease term
€40,000	15 years
€30,000	10 years
€22,500	7 years
€18,000	5-7 years (minimum lease term 5 years).

The lease income of the husband and wife are treated separately for the purpose of the exemption, whether jointly assessed or not.

Prior to 2015, the lessor needed to be over 40 or permanently incapacitated in order to avail of the relief. The lessee may also now be a company provided it is not connected to the lessor or any person connected to the lessor, and the land is used for farming purposes.

Farm Averaging

The period over which farmers are allowed to average income has increased from three to five years from 1 January 2015 onwards.

Transitional terms:

Farmers who opt for income averaging in 2014 for the first time will be charged to tax in 2015 on the average profits over four years. The following year profits will be averaged over five years.

If a farmer wants to revert to a normal assessment basis, averaging must have been used for the five immediately preceding years.

If an election is made in 2015 to revert to a normal basis of assessment, income averaging must have been used for the three immediately preceding years.

Following a change in Finance Act 2016, a farmer can elect out of averaging for one year and pay tax on an actual basis. The tax deferred as a result is payable over the next four years. This is a relieving measure where a farmer has a bad year and cannot afford to pay the tax arising under averaging. The election can only be made once every five years. Income averaging has now been extended to farm income where the farmer or spouse carries on another trade or profession or controls more than 25% of a company carrying or a trade or profession.

Wear and Tear Allowances for Farm Safety Equipment

The Government is set to introduce accelerated capital allowances for farm safety equipment. Currently capital allowances are available at 12.5% a year over eight years for agricultural equipment generally. The proposed new scheme will allow for accelerated capital allowances of 50 per cent a year over two years for certain eligible equipment.

Capital Acquisitions Tax

Agricultural relief

A gift/inheritance of agricultural property including land, buildings, EU Single Farm Payment entitlements, and other agricultural like livestock and machinery may be reduced by 90% of its market value for CAT purposes when received by a "qualifying farmer". Finance Act 2017 extended the definition of agricultural land to include land on which solar panels are installed. An individual must be Irish domiciled and 80% of the market value of his property after taking the gift/inheritance must consist of agricultural property to be a qualifying farmer.

Borrowing on a principal private residence may be taken into account in the calculation for the 80% test but only where those borrowings were used to purchase, improve or repair that property.

Where there is a disposal of land which qualified for agricultural relief or business property relief in the period commencing six years after the date of the gift or inheritance and ending ten years after that date, there will be a clawback of the relief by reference to the development value of the land at the date of the gift or inheritance. Any interest arising as a result of this clawback is calculated by reference to the date the land is sold (as opposed to the valuation date).

Gifts or inheritances of agricultural property may qualify for business property relief (where the relevant criteria are met) in circumstances where it fails to qualify for agricultural relief.

This relief also reduces the market value of the gift/inheritance by 90%. It will be clawed back if the assets are disposed of within six years, without being replaced with "other agricultural property" within a period of one or six years in the case of a sale or compulsory acquisition.

An anti-avoidance measure applies for transfers between spouses. It ensures that where the proceeds from the sale or compulsory acquisition are used to acquire agricultural property which has been transferred by the donee or successor to his or her spouse, that property will not qualify as "other agricultural property" for the purpose of the reinvestment provision.

From 1 January 2015 there has been an amendment to the meaning of farmer and agricultural relief is only available for agricultural property gifted or inherited by a person who meets the criteria set out in one of the three tests outlined below. This is in addition to the 80% test, which still applies.

Test 1

- The individual is the holder of any of the qualifications required to be a young trained farmer for Stamp Duty purposes, or achieves such a qualification within a period of four years commencing on the date of the gift or inheritance, and
- For a period of not less than six years commencing on the valuation date of the gift or inheritance, farms agricultural property (including the agricultural property comprised in the gift or inheritance) on a commercial basis and with a view to realisation of profits from that agricultural property,

Test 2

- The individual, for a period of not less than six years commencing on the valuation date of the gift or inheritance, spends not less than 50 per cent of their normal working time farming agricultural property (including the agricultural property comprised in the gift or inheritance) on a commercial basis and with a view to realisation of profits from that agricultural property, or

Test 3

- The individual leases the whole or substantially the whole of the agricultural property, comprised in the gift or inheritance for a period of not less than six years commencing on the valuation date of the gift or inheritance, to an individual who satisfies the conditions in Test 1 and 2.

Tip: Prior to the receipt of a gift of farm assets ensure that 80% of your personal assets after receipt of the gift are agricultural assets, and that the new definitions of farmer are met!

Capital Gains Tax

Retirement relief

Where a person is over 55 years and has held and used business assets for at least 10 years ending on the disposal date (this can include assets held personally but used in the trade where shares are being disposed of) no CGT arises if the disposal is to a child of the disponer (since 2007 relief is also available for a disposal to a grandchild). The EU single farm payment entitlement also qualifies as an asset for the purposes of retirement relief provided the farmer qualifies for relief on the land being disposed of.

In 2015 retirement relief was extended to disposals of leased farmland, where the land was used for the purposes of farming for more than 10 years and where the land was leased in the period of 25 years ending with its disposal. Finance Act 2017 extended retirement relief to land on which solar panels are installed.

Where the disposal is to a person other than a child then there is an additional requirement that each lease be for a minimum period of five years and that the disposal was made before 31 December 2016.

Periods of ownership of a deceased spouse may also be included. Child includes a niece/nephew who has worked substantially on a full-time basis for five years ending with the disposal. Relief is also available where the disposal is to an unconnected person provided the proceeds do not exceed

€750,000. Marginal relief is available if the proceeds exceed this amount; this restricts the relief to one half of the sale proceeds in excess of €750,000.

In addition, land which has been let for up to five years prior to a Compulsory Purchase Order being made will qualify for retirement relief if it was used for farming for ten years prior to letting.

Since 1 January 2014 the relief has been extended to land that has been leased over the long term i.e., 15 years, with a minimum letting of five years for each letting. Qualifying leased land must also have met the ten-year ownership and use test prior to first letting. The land must be disposed of to a person who is not the child of the vendor.

If a person disposes of land leased in the 15 years ending with the disposal to a child after 1 January 2014, retirement relief will be capped at €750,000 (€500,000 for individuals over 66 years of age). Therefore, enhanced retirement relief without a cap will no longer apply to land that is leased in advance of disposal.

Tip: A farmer who participates in the EU "Early Retirement from Farming Scheme" by leasing the land qualifies for the relief. Whilst called retirement relief, an individual does not need to retire in order to qualify for the relief.

Capital Gains Tax Relief for Farm Restructuring

CGT farm restructuring relief is being extended to 30 June 2023

CGT relief will be available where the proceeds from the sale of a farm are reinvested for restructuring purposes. The sale and purchase of the farmland must occur within 24 months of each other, and the sale or purchase transaction must occur within the period 1 January 2013 to 30 June 2023. The relief is confined to agricultural land; it does not apply to land and buildings. It applies to farm land swaps subject to certification by Teagasc.

VAT

A flat rate of 5 % applies to supplies of agricultural goods or services for unregistered farmers.

Supplies of horses not intended for the preparation of foodstuffs or for use in agricultural production, the hiring of horses and the supply of greyhounds is chargeable at 13.5%. A rate of 13.5% is chargeable on supplies of insemination services for horses and greyhounds.

If a farmer engages in the supply of any other service and his turnover exceeds €37,500 in a calendar year, all activities including farming become subject to VAT at normal rates.

Tip:

- A flat rate farmer may reclaim VAT on expenditure incurred on the construction or improvement of farm buildings, farm structures, fencing, and drainage and land reclamation.
- A VAT registered farmer can reclaim VAT on farm vehicles such as vans and pick-up trucks but not on passenger vehicles.
- VAT on diesel is reclaimable.

Carbon Tax

The cost of farm diesel will be allowed as a double deduction for income tax/corporation tax purposes.

Stock Relief

The enhanced stock reliefs are being extended by one year. These include: • 50% stock relief for members of Registered Farm Partnerships • 100% stock relief for certain Young Trained Farmers.

An individual is entitled to enhanced stock relief of 100% (this is an enhanced rate from the standard rate of 25%) for a period of four years if he or she achieves a level of academic training and becomes a qualifying farmer.

Stock relief has been extended until 31 December 2024. This includes standard stock relief, stock relief for young trained farmers and stock relief for Registered Farm Partnerships.

There is a specific list of qualifications that entitle an individual to be treated as a "qualifying farmer".

The cash equivalent amount of stock relief that can be received at 100% is limited to €40,000 p.a. and €70,000 in aggregate over the course of the scheme (four years).

For a Registered Farm Partnership, a 50% increase in the value of trading stock will be available as opposed to 25% (this is 100% for Young Trained Farmers). For 2013 onwards beef and sheep farming partnerships qualify for the enhanced relief.

A milk production partnership is one which;

- Operates in accordance with the Partnership Act 1890,
- Is operative for a period of no less than five years,
- Is entered in the register of milk production partnerships, sheep and beef, and
- Consists of at least one producer and one other person.

The tax deduction is capped at €15,000 (previously €7,500) over the three-year qualifying period from 31 December 2021 to 31 December 2024.

A requirement that all participants in the partnership are active farmers was introduced in 2016. The Minister for Agriculture, Food and the Marine may appoint inspectors to determine if Registered Farm Partnerships are operating as required.

An annual €5,000 tax credit for Succession Farm Partnerships has been introduced. This is a succession planning model which encourages older farmers to form partnerships with young, trained farmers and to transfer ownership of the farm, within a specified period, to that young, trained farmer.

Compulsory Disposal of Livestock

A special relief applies for Irish resident farmers (both individuals and companies) on profits resulting from the disposal of livestock due to any underlying disease eradication scheme. There are two separate reliefs:

- A farmer may elect not to have the profits taxed in the year in which it arises and have it taxed in equal instalments in each of the four succeeding accounting periods.
- He may further elect, if it suits him, to have the profits treated as arising in equal instalments in the year in which it actually arises and the following three years.
- Where the receipts from the compulsory purchase of livestock are reinvested in livestock, the farmer may elect to claim stock relief at 100%.
- This relief is extended to all animals and poultry.

Milk Quotas

Persons carrying on the trade of farming will be granted capital allowances for expenditure incurred in purchasing a milk quota. The capital allowances can be claimed by a farmer who leases a milk quota from a connected person (e.g. relative) and later purchases that quota. The period of write off is seven years i.e. 15% p.a. in years 1-6 and 10% in year 7. Capital allowances also apply to the Milk Quota Trading System.

Stamp Duty

Leasing of Land

To qualify for relief from stamp duty on the creation of a farmland lease, the following criteria must be satisfied:

The term of the lease must be for a period of not less than six years and not more than 35 years.

The land must be used exclusively for farming on a commercial basis.

The lessee must have an agricultural qualification or farm the land for not less than 50% of his/her normal working time.

Transfers of Land

Farm Consolidation (Stamp Duty) Relief

Extension in its present format until 30 June 2023.

This relief provides for a reduced stamp duty rate of 1% (as opposed to the general rate on non-residential property of 7.5%) to apply where a farmer disposes of and purchases and and/or exchanges land with another farmer in order to consolidate an existing farm. It is being extended so that it will next fall due for renewal at the same time as its CGT equivalent.

Tip:

- The aggregate of the following reliefs:

(a) 100% stock relief for a young trained farmer,

(b) stamp duty relief on acquisition of agricultural property and succession tax credit for farm partnership cannot exceed €70,000 under EU State Aid Rules.

(c) succession tax credit for farm partnership "Cannot exceed €70,000 under EU State Aid Rules." The individual to whom the land is conveyed must either farm the land or lease it for a period not less than six years to an individual who farms the land.

Consanguinity (Stamp Duty) Relief

Extension in its present format until 31 December 2023.

This relief provides, under certain conditions, for a 1% rate of stamp duty to be applicable where a transfer of agricultural land (by sale/purchase, exchange or gift) is made to certain close relations, such as a mother to son or uncle to niece. The standard rate of stamp duty applying to the transfer of agricultural land is 7.5%. It is designed to facilitate and encourage intergenerational farm transfers.

Young Trained Farmers

The latest date on or before which transfers of land must be executed has been extended to 30 June 2023.

Stamp Duty on transfers of land before 31 December 2018 to young trained farmers are exempt where the farmer is under 35 years of age and has attained the necessary qualifications.

There will be a clawback if, within five years of claiming relief, disposal proceeds of the property are not reinvested within one year in other land. The clawback is equal to the percentage of the proceeds not reinvested

EU Single Farm Payment Entitlement

There is a Stamp Duty exemption on the sale or transfer of an EU Single Farm Payment Entitlement.

MARITAL BREAKDOWN

Legally Enforceable Maintenance Agreements

Separated spouses are taxed as single persons with maintenance payments made being deductible in the hands of the payer and chargeable in the hands of the recipient. The deduction and charge also apply for USC purposes. Both may elect for joint assessment for IT purposes if the following applies:

- Both parties reside in Ireland in year of assessment
- Neither spouse has remarried, if divorced

Consequences of Election

- Both parties assessed as a married couple
- No deduction for maintenance payments by paying spouse
- Recipient is not taxed
- Recipient does not pay PRSI or USC on maintenance payments

Social Welfare Benefits may be affected by election.

Where payment is made for the benefit of a child for whom the payer was entitled to child allowance, the payment is to be made without deduction of tax and the payment does not reduce the total income of the payer for IT or USC purposes.

Where an individual is making maintenance payments to their separated or divorced spouse and is not jointly assessed with that spouse, those maintenance payments are deductible for the purposes of calculating USC.

Transfer of Assets - Divorced Persons

Disposal of assets under a court order pursuant to a decree of divorce will not give rise to a gain or a loss. The spouse is deemed to take the asset at the same time and at the same cost to the disponer unless the asset is part of trading stock.

Transfer of Assets - Separated Spouses

Disposal of assets pursuant to a grant of judicial separation under the Family Law Act 1995 or to a deed of separation which takes place after 1 August 1996 will not give rise to a gain or a loss. The spouse acquiring the asset is deemed to take the asset at the same time and at the same cost to the disponer.

Capital Acquisitions Tax

A transfer between spouses as part of a separation agreement, court order or divorce settlement is exempt from CAT. This exemption applies to foreign divorces recognised as valid in Ireland. Subsequent to a decree of divorce, ex-spouses have a Group 3 threshold in relation to each other - i.e. the "stranger" threshold applies (refer to the CAT Threshold table)

CIVIL PARTNERSHIPS

Civil partnerships are treated the same as married persons in certain situations, including the following:

- Payments by a child of a civil partner to an individual do not qualify for rent a room scheme.
- One parent family tax credits are available to civil partners after a relationship break up, even though the partners may be residing under the same roof. Child Carer Credit is available to the primary carer of a qualifying child provided the child resides with the claimant for the whole or greater part of the year. Where the primary carer disclaims the relief, the secondary carer may claim the credit.
- PPR relief on the sale of a house occupied by a dependent relative of a civil partner.
- ARF distributions on the death of an individual made to a child of a civil partner of an individual.
- Annuity to a surviving civil partner.
- Maintenance payments to civil partners.

GLOSSARY

The term "Ireland" or "Irish" or "the State" refers, except where otherwise stated, to the Republic of Ireland.

DISCLAIMER

The objective of this booklet is to provide a useful guide to the Irish tax system. It provides a summary of the rules applying in the 2023 tax year, within the main categories of current taxation law. Accordingly, it cannot be regarded as a definitive guide and no liability can be accepted in respect of decisions taken in reliance on the information herein contained.

NOTES

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