

Tax Pulse

An analysis of the latest tax trends, insights, and policy changes impacting Irish businesses, prepared by Fitzgerald Power.



Exchequer Returns: TO END OF NOVEMBER 2025

KEY FIGURES

- **Total Tax Receipts:** €97 billion (up 8.2% on last year)
- **Underlying Tax Receipts:** €77 billion (up 5.3% on last year, excluding once-off CJEU tax receipts)
- **Income Tax:** €33.7 billion (up 4.6% on last year), with €5.1 billion collected in October
- **VAT:** €22.5 billion (up 5.0% on last year), with €3.4 billion collected in October
- **Corporation Tax:** €29.4 billion (up 14.9% on last year, excluding once-off CJEU receipts)
- **Gross Voted Expenditure:** €97.3 billion (up 5.7% on last year)
- **Headline Exchequer Deficit:** €10.4 billion

Budget 2026 – Headlines for SMEs

Entrepreneurs:

The entrepreneur relief lifetime limit to which the 10% rate of CGT applies was raised from €1m to €1.5m. This increased threshold applies for disposals made on or after 1 January 2026.

Housing & Property:

There were several supports included which are intended to target an increase in the building of houses and apartments, these include:

- Increased taxes for land retention,
- Reduced rates on apartment sales (9%), and
- Higher development cost deductions to boost housing supply.

Individuals:

Income tax rates, credits and thresholds remain unchanged. However, there were several notable adjustments:

- The employee and self-employed PRSI rate increases from 4.1% to 4.2% (as previously legislated).
- The 2% USC rate band increases from €27,382 to €28,700.
- There were limited new cost-of-living measures beyond social welfare increases.
- The rent tax credit and the income tax exemption on the sale of micro-generated electricity are extended to the end of 2028.

Businesses:

There were several supports for expansion and innovation, this included:

- An increase in the R&D tax credit from 30% to 35% and an increase in the first-year payment threshold from €75,000 to €87,500.
- The participation exemption on dividends was extended to include qualifying dividends that apply a non-refundable dividend withholding tax, and the time a company must be tax resident in a jurisdiction to qualify for the relief has been reduced from 5 years to 3 years.
- The reduced VAT rate of 9% for hospitality is to be applied from July 2026.
- The SARP scheme was extended for five years and the qualifying level increased to €125,000.

E-Invoicing and Real-Time Reporting Roadmap

From November 2028, all businesses must be capable of receiving structured e-invoices, even if not yet required to issue them. This change will ultimately replace VIES returns and streamline VAT compliance.

Timeline:

- **Nov 2028:** Large VAT-registered corporates begin mandatory e-invoicing for domestic B2B transactions.
- **Nov 2029:** Extended to all VAT-registered businesses trading cross-border within the EU.
- **July 2030:** EU-wide mandatory e-invoicing and real-time reporting fully implemented.

Action: Businesses should begin assessing system readiness and liaising with accounting software providers to ensure compatibility. Early adoption will minimise disruption and support digital compliance.

Pension Auto-Enrolment Starts January 2026

Ireland's long-awaited auto-enrolment pension scheme launches 1 January 2026. Eligible employees (aged 23–60, earning over €20,000) will be automatically enrolled unless already in an occupational scheme.

Contribution rates by years of scheme participation:

YEARS	EMPLOYEE	EMPLOYER	STATE
1-3	1.5%	1.5%	0.5%
4-6	3%	3%	1%
7-9	4.5%	4.5%	1.5%
10+	6%	6%	2%

Employers should review payroll systems, pension schemes, and HR policies to ensure compliance before year-end.

Revenue E-Briefs

e-Brief 210/25: RCT for Principal Contractors

Revenue have updated their guidance for principal contractors to assist in determining the employment status of subcontractors. The updated guidance references the decision making framework set out by the Supreme Court in the Karshan case.

e-Brief 197/25: Entertainment Expenses – Directors and Employees

Under Section 840 TCA 1997, entertainment expenses (e.g. hospitality, meals, accommodation) are not deductible for tax purposes.

- Reimbursed expenses wholly and necessarily incurred in duty performance are not taxable for the employee but remain non-deductible for the employer.
- Unvouched or discretionary allowances are treated as taxable emoluments under Section 117 TCA 1997.

Businesses should ensure proper documentation and avoid unsubstantiated reimbursements.

e-Brief 178/25: Revenue Clarifies Tax Treatment of Staff Meals (Effective 1 October 2025)

Revenue has clarified when employer-provided meals are exempt from benefit-in-kind (BIK):

- Exempt: Meals consumed on-site and available to all staff.
- Exempt (within limits): Working lunches/dinners provided for operational reasons, up to €19.25 per employee.
- Taxable: Meal vouchers and off-site catering.

Employers must maintain detailed records for Revenue verification. This update simplifies compliance while recognising modern workplace realities.

e-Brief 038/25: Small Benefit Exemption – New Rules from 1 January 2025

Employers can now provide up to five non-cash benefits per employee per year, with a combined value of €1,500, free from tax, USC, and PRSI.

- Must not form part of salary sacrifice.
- Cash or cash-redeemable vouchers are excluded.
- All benefits must be reported in real time under enhanced employer reporting (Section 897C TCA 1997).

This change offers more flexibility in rewarding staff tax-efficiently.

Tax Appeals Commissions (“TAC”) - Determinations

The role of the TAC is to adjudicate, hear and determine appeals against decisions and determinations of the Revenue Commissioners concerning taxes and duties. The TAC publishes its determinations on a regular basis.

Some of the interesting determinations published over the last few months are:

230TACD2025 – Subcontractor Denied 0% RCT Rate Due to Insufficient Compliance History

- **Issue:** A subcontractor appealed Revenue’s decision to apply the standard 20% RCT rate instead of the 0% rate.
- **Appellant’s Position:** The subcontractor claimed full compliance with tax obligations in Northern Ireland and requested gross payment status.
- **Revenue’s Position:** The subcontractor lacked a three-year compliance history in Ireland and failed to provide sufficient documentation from HMRC.
- **Outcome:** The Commissioner found the subcontractor did not meet the statutory conditions for the 0% rate.
- **Determination:** Appeal unsuccessful. The 20% RCT rate determination stands.

191TACD2025 – Refusal of a VAT registration

- **Issue:** Appeal against Revenue’s refusal to register the Appellant for VAT in Ireland.
- **Appellant’s Position:** Claimed to be a multinational with Irish operations exceeding VAT thresholds and plans for expansion.

- **Revenue’s Position:** Refused registration due to lack of physical establishment and insufficient evidence of trade or capacity to trade.
- **Outcome:** Appeal dismissed; Appellant failed to prove it was or could become an accountable person.
- **Determination:** Revenue’s decision upheld; Appellant may reapply with stronger documentation.

“The above two cases demonstrate the importance of providing full and complete information to Revenue. Early engagement with a tax advisor is important when dealing with Revenue.”

Brian Kelly
Tax Partner



229TACD2025 – Late Claim for Income Tax Refund Outside Statutory Time Limit

- **Issue:** A taxpayer filed a 2020 return in 2025 to claim a refund of €2,652.85. Revenue denied the refund due to the 4-year time limit under section 865 TCA 1997.
- **Appellant’s Position:** Revenue had requested the 2020 return. Personal circumstances delayed filing.
- **Revenue’s Position:** The claim was outside the statutory 4-year limit. Revenue had no discretion to allow late claims.
- **Outcome:** The Commissioner found the claim was valid but submitted outside the statutory timeframe.
- **Determination:** Appeal unsuccessful. No repayment due. The 4-year rule applies strictly.

227TACD2025 – USC Underpayment Due to Incorrect Deduction Instructions

- **Issue:** A retired taxpayer disputed a 2020 USC underpayment of €3,897.10, claiming Revenue issued incorrect deduction instructions to pension providers.
- **Appellant's Position:** Revenue's instructions were flawed, leading to under-deduction. The taxpayer argued they should not be penalised for Revenue's error.
- **Revenue's Position:** The taxpayer's income exceeded the €60,000 threshold, disqualifying them from reduced USC rates. The correct USC rates were applied based on actual income.
- **Outcome:** The Commissioner found the taxpayer's income exceeded the threshold and the correct USC rates applied.
- **Determination:** Appeal unsuccessful. The underpayment stands. Revenue's communication errors do not affect statutory liability.

223TACD2025 – Late Repayment Claim for Employer PAYE/PRSI/USC

- **Issue:** The Appellant sought repayment of €31,952.34 for overpaid employer taxes for 2018, filed in September 2024.
- **Appellant's Position:** Claimed exceptional circumstances delayed filing; argued retention of overpayment was unjust enrichment.
- **Revenue's Position:** Refused repayment as claim was outside the 4-year statutory limit under section 865(4) TCA 1997.
- **Outcome:** The Commissioner found the claim was valid but late and had no discretion to override the statutory time limit.
- **Determination:** Appeal dismissed; repayment disallowed.

222TACD2025 – Surcharge for Late Filing of iXBRL Financial Statements

- **Issue:** A €63,485 surcharge was imposed for late filing of iXBRL financial statements for 2018.
- **Appellant's Position:** Argued CT1 was filed on time and iXBRL was not essential for determining chargeable profits; requested waiver.

- **Revenue's Position:** iXBRL filing was required under legislation and referenced in CT1; late filing justified surcharge.
- **Outcome:** The Commissioner found iXBRL was part of the required return and late filing triggered the surcharge.
- **Determination:** Appeal dismissed; surcharge upheld.

“The above four cases demonstrate the importance of working within the legislation. In the past Revenue would have had provided certain discretion and leniency. However, their approach is becoming more strict so it is important to ensure conditions and deadlines are satisfied.”

Brian Kelly

Tax Partner



209TACD2025 – VAT Input Credit on Surrender of Option Agreement

- **Issue:** Whether VAT of €459,000 paid by the appellant on the surrender of an option agreement was deductible.
- **Background:** The appellant paid €3.4 million plus VAT to surrender an option agreement that allowed family members to purchase apartments. The appellant claimed the VAT as input credit, arguing it related to a future taxable sale.
- **Decision:** The Commissioner found that the surrender of the option was not a supply of immovable goods or a capital good. The actual use of the apartments was VAT-exempt residential letting, not a taxable supply. There was no direct and immediate link between the VAT cost and a taxable output.
- **Outcome:** Appeal denied. VAT input credit not allowed.

Upcoming Tax Deadlines: December 2025 to February 2026

As we approach the end of the year, it is essential to stay on top of upcoming filing and payment dates. Below is a summary of critical tax deadlines from December 2025 through February 2026.

December 2025	
14	Dividend Withholding Tax: Return and payment for distributions made in November 2025.
15	Capital Gains Tax: Payment due on gains arising between 1 January 2025 – 30 November 2025 inclusive.
23	Corporation Tax: Filing of the corporation tax return (Form CT1), and balance of the corporation tax payments, for companies with a financial year ended on 31 March 2025.
23	Corporation Tax: Payment of preliminary tax for companies with a financial year ending on 31 January 2026.
23	Corporation Tax: Payment of first instalments of preliminary tax for companies (not “small” companies) with a financial year ending on 30 June 2026.
23	iXBRL: Filing of the iXBRL tagged financial statements for companies with a financial year ended on 31 December 2024.
23	Relevant Contracts Tax: Monthly return and payment for November 2025.
23	Professional Services Withholding Tax: F30 monthly return and payment for November 2025.
23	Payroll Taxes (PAYE, PRSI, & USC): Monthly return and payment for November 2025.
31	Pillar Two: Deadline for in scope entities with a fiscal year ending on before 31 December 2024 to register with Revenue for Pillar Two top-up taxes.
31	Form 46G: Filing of the third-party payments return (Form 46G) for companies with a financial year ended on 31 March 2025.
31	Close Company Surcharge: Last date for the payment of dividends by close companies for the period ended on 30 June 2024 to avoid the section 440 and 441 surcharges.
31	R&D Tax Credit: Claim in respect of R&D expenditure incurred in an accounting period ended on 31 December 2024.
31	Capital Allowances: Claim in respect of expenditure incurred on specified intangible assets in an accounting period ended on 31 December 2024.

January 2026

10	Local Property Tax: Deadline for paying LPT in full, in one single payment or confirming that payment will be made in full by Single Debit Authority
14	Dividend Withholding Tax: Return and payment for distributions made in December 2025.
23	Corporation Tax: Filing of the corporation tax return (Form CT1), and balance of the corporation tax payments, for companies with a financial year ended on 30 April 2025.
23	Corporation Tax: Payment of preliminary tax for companies with a financial year ending on 28 February 2026.
23	Corporation Tax: Payment of first instalments of preliminary tax for companies (not “small” companies) with a financial year ending on 31 July 2026.
23	iXBRL: Filing of the iXBRL tagged financial statements for companies with a financial year ended on 31 January 2025.
23	Relevant Contracts Tax: Monthly return and payment for December 2025.
23	Professional Services Withholding Tax: F30 monthly return and payment for December 2025.
23	Payroll Taxes (PAYE, PRSI, & USC): Monthly return and payment for December 2025.
23	Payroll Taxes (PAYE, PRSI, & USC): Quarterly return and payment for the period from October to December 2025.
23	VAT: Bi-monthly VAT 3 return and payment for the period November – December 2025 together with the Return of Trading Details where the VAT accounting period ends between 1 November and 31 December 2025.
31	Form 46G: Filing of the third-party payments return (Form 46G) for companies with a financial year ended on 30 April 2025.
31	Close Company Surcharge: Last date for the payment of dividends by close companies for the period ended on 31 July 2024 to avoid the section 440 and 441 surcharges.

February 2026

14	Dividend Withholding Tax: Return and payment for distributions made in January 2026.
23	Corporation Tax: Filing of the corporation tax return (Form CT1), and balance of the corporation tax payments, for companies with a financial year ended on 31 May 2025.
23	Corporation Tax: Payment of preliminary tax for companies with a financial year ending on 31 March 2026.
23	Corporation Tax: Payment of first instalments of preliminary tax for companies (not “small” companies) with a financial year ending on 30 August 2026.
23	iXBRL: Filing of the iXBRL tagged financial statements for companies with a financial year ended on 28 February 2025.
23	Relevant Contracts Tax: Monthly return and payment for January 2026.
23	Professional Services Withholding Tax: F30 monthly return and payment for January 2026.
23	Payroll Taxes (PAYE, PRSI, & USC): Monthly return and payment for January 2026.
31	Form 46G: Filing of the third-party payments return (Form 46G) for companies with a financial year ended on 31 May 2025.
31	Close Company Surcharge: Last date for the payment of dividends by close companies for the period ended on 30 August 2024 to avoid the section 440 and 441 surcharges.

At Fitzgerald Power, we partner with ambitious, fast-growing businesses to help them scale with confidence. Growing a company is complex, it takes vision, agility, and the right financial guidance. That's where we step in.

We provide clear, tailored tax solutions for you and your business. Every case is approached with a fresh perspective, ensuring strategies that strengthen your business and support growth.

We turn complex numbers into practical insights you can act on, delivering timely, reliable advice. Our expert team develops strategic plans to improve efficiency, minimise costs, and unlock opportunities.

Speak with our tax experts today and see how we can help your business thrive.

Head Office

Greyfriars
Waterford
X91 K2WV

T: (0)51 870152

F: (0)51 871214

Waterford

Saint John's Parish Hall
Catherine Street
Waterford
X91 X827

T: (0)51 870152

F: (0)51 871214

Dublin

50-56
Merrion Road
Dublin
D04 V4K3

T: (0)1 4693739

F: (0)51 871214

