



# Finance Bill 2021

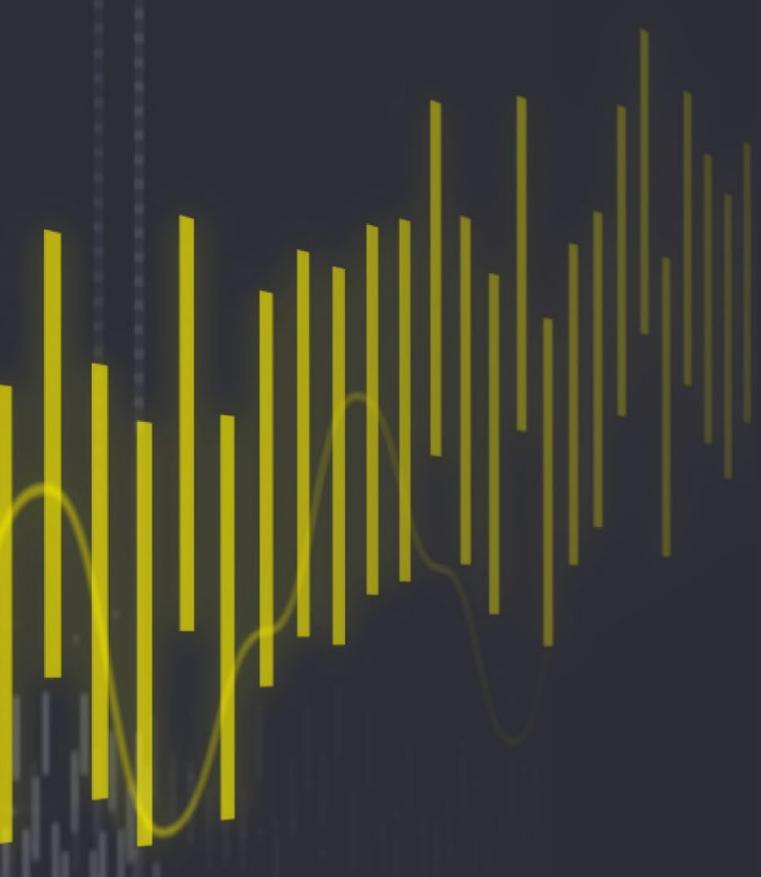
October 2021



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# Finance Bill 2021 published

On 21 October the Government published Finance Bill 2021 (as initiated). The Bill primarily seeks to implement the tax elements of Budget 2022 measures announced on 12 October last. However, in addition to clarifying aspects of the Budget 2022 announcements, it also contains previously unannounced measures, some of which are highlighted below.

# Business taxes

## Interest Limitation rules introduced

In line with Ireland's obligations under the EU Anti-Tax Avoidance Directive (ATAD), Finance Bill 2021 introduces rules which may limit the deductibility of interest for corporation tax purposes in certain circumstances. The proposed rules will be effective for accounting periods beginning on or after 1 January 2022.

The proposed rules have been the subject of an extensive Consultation Process to date and it is clear that certain policy and technical decisions have been taken since the receipt of stakeholder responses to the latest Feedback Statement.

We understand that Revenue will issue detailed guidance on the proposed rules in due course.

At a high level, the proposed rules provide for:

- ▶ A cap on corporate interest (and interest equivalent) deduction of 30% of EBITDA (subject to certain consolidated group ratio reliefs)
- ▶ A de-minimis rule whereby no restriction will apply where net deductible interest incurred by a relevant taxpayer does not exceed €3m
- ▶ Application of the interest limitation rule to 'interest groups' (by election) - disallowable amounts and spare capacity may be allocated between interest group members and the de minimis threshold will apply at interest group level
- ▶ Value-basing of interest and EBITDA to factor in the different tax rates potentially applicable in Ireland
- ▶ The carry forward of disallowable interest or total spare capacity to future periods
- ▶ Detailed reporting requirements

Interest paid on certain legacy debt (broadly, debt the terms of which were agreed before 17 June 2016) and on long-term infrastructure projects will not be subject to restriction under the proposed rules. In addition, for worldwide groups, several other reliefs may apply which may reduce/eliminate the impact of any restriction based on certain group ratios. Relief may also be available for certain standalone Irish resident companies which are not members of a worldwide group.

Ireland has not taken up the option to include an exception from the application of the rules for certain financial undertakings. The draft legislation does however include a provision for operating lessors and lessees to treat a portion of lease payments as equivalent to interest, and so reflect the underlying economic nature of an operating lease as being a financing transaction. This should reduce the excess interest charge arising to such entities, which is helpful for lessors.

It is important to note that the proposed rules will apply on top of Ireland's (already complex) interest deduction provisions and companies should carefully analyse the impact of same. Consultation remains ongoing on certain aspects of the proposed rules and we note the acknowledgement in the Budget 2022 Tax Strategy Group papers that work will be required in coming years to 'integrate' these new rules with the existing interest deduction provisions.

## Anti-avoidance - interest

Where certain assets are acquired from a connected company that are financed by connected party loans, an interest restriction may apply. This restriction is to be amended to provide that it applies to interest on promissory notes and other arrangements having a similar effect. It will also now apply to interest on refinancing of such loans.

## Anti-reverse hybrid rules

As required by the ATAD, Ireland is introducing anti-reverse hybrid mismatch rules with effect for tax periods commencing on or after 1 January 2022.

These rules are highly technical in their content and are intended to guard against tax planning through the structuring of transactions in a manner that is treated differently according to the tax law of two or more jurisdictions. The aim is to tax income that would otherwise go untaxed because an entity regarded as transparent in Ireland is considered tax 'opaque' in another jurisdiction. Where the provision applies, a reverse hybrid entity established in Ireland will be taxed as if the business carried on by it was carried on by an Irish resident company. The Finance Bill contains an exemption for collective investment schemes that are subject to investor-protection regulation, are held widely and hold a diversified portfolio of assets. All non-corporate investment vehicles should carefully study these important definitions.

The Bill also makes some technical amendments to the existing anti-hybrid rules.

# Business taxes

## Digital gaming tax credit

In Budget 2022 the Government announced the introduction of a 32% refundable corporation tax credit for the digital gaming sector subject to EU State Aid approval. The Finance Bill contains details of the new relief which will offer synergies with Ireland's established film and animation sectors.

In a welcome move which will no doubt significantly enhance the competitiveness of the scheme, any excess credit that exceeds the corporation tax liability of the digital gaming company will be paid by the Revenue to the company.

The Bill confirms that relief will be available on eligible expenditure (net of grant assistance) on the design, production and testing of a digital game, on a minimum spend of €100,000 up to a maximum €25m ceiling per project or 80% of total qualifying expenditure, whichever is lower. A cultural certificate from the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media will be required to access the credit which may be claimed on an annual basis as each project progresses. Certain exclusions, e.g., for advertising and gambling will apply. An undertaking in respect of quality employment will also be required, like that needed to access the existing film credit and applicants will need to be tax compliant with respect to tax payments and returns. The scheme will run until 31 December 2025.

Additional matters may be the subject of Regulations to be made by the Revenue Commissioners.

## Dividends paid out of foreign profits

Under existing rules, the corporation tax exemption that normally applies when an Irish resident company receives a dividend from another such company, is disapplied where the profits out of which the dividend is paid was earned at a time when the distributing company was not resident in Ireland. EY had observed that the application of this provision gives rise to some anomalies due to Irish profits sometimes being treated as previously foreign profits by default.

The Bill addresses one issue which is that an interim dividend for an accounting period will not now be regarded as being paid out of previously foreign profits if it is paid out of the profits arising in that same accounting period. This change will apply for distributions made on or after the date of enactment of the Bill, expected in December.

## Controlled Foreign Companies and non-co-operative jurisdictions

Finance Act 2020 amended the Controlled Foreign Company (CFC) rules to provide that the effective tax rate, low profit margin and low accounting profit margin exemptions would not apply where the CFC is resident in a jurisdiction listed on the EU list of non-cooperative jurisdictions. As the list is subject to amendment from time to time, the Bill clarifies that the list as updated in October 2021 will take effect for applicable CFCs with accounting periods beginning on or after 1 January 2022.

## EII, SURE and SCI

The Bill contains provisions outlined in Budget 2022 to broaden the ability to claim income tax relief for investment in start-up companies under the Employment Investment Incentive (EII), Start-Up Relief for Entrepreneurs (SURE) and Start-Up Incentive (SCI) schemes. The schemes are also extended for a further three years, up to 31 December 2024.

Up to now a statement of qualification (which is a pre-requisite to claiming tax relief) could not be issued until 30% of the equity finance raised had been spent. That rule will be abolished and replaced with a requirement that a company qualifying for EII or SURE must issue a statement of qualification within four months of the year of assessment in which shares are issued.

Investors may also claim relief under these schemes for investments made through Designated Investment Funds (DIFs). This facility will be extended so that investments may now also be made through certain Investment Limited Partnerships and Limited Partnerships that satisfy requirements similar to DIFs. The Bill also extends the circumstances in which an investor can redeem shares without triggering a clawback of EII, the capital redemption window, to include certain investors who remain within the compliance period albeit subject to certain conditions. This should remove an anomaly whereby multi-year investments in the same company had a less favourable tax position.

# Transfer pricing

## Domestic transactions

Finance Act 2019 extended Ireland's transfer pricing rules to non-trading transactions. It was intended that the rules should not create deemed income taxable at 25% for which deductions were only available at the 12.5% rate, a risk for wholly domestic transactions. However, the relief was open to a wide range of interpretations as to its scope. It was rewritten in Finance Act 2020 to include some very prescriptive conditions to be met for a transaction between two Irish parties to be exempt. However, given foreseeable practical difficulties, the legislation was made subject to a commencement order which never issued.

Finance Bill 2021 repeals the 2020 amendments and for chargeable periods commencing on or after 1 January 2022 rewrites the relief to deal with the unintended consequences of applying transfer pricing rules to certain domestic to domestic non-trading transactions. It excludes certain transactions between associated persons that are both chargeable to Irish tax on profits, gains or losses arising from the transaction, or who would be chargeable if there were any such profits.

In the context of loans, relief will also be available to the extent that a borrower is chargeable to tax on profits, gains or losses arising directly or indirectly from its relevant activities or would be but for any Irish dividends being outside the scope of charge, provided the borrower is Irish tax resident.

## Authorised OECD Approach (AOA)

Non-resident companies trading in Ireland through a branch or agency are chargeable to Irish corporation tax. If it does so, the non-resident company is chargeable to corporation tax on all of its chargeable profits, wherever arising, that are attributable to such branch or agency.

As outlined in the Government's public consultation in March 2021, Irish domestic legislation governing the computation of branch profits is to be amended to bring it into line with international best practice in this area. Finance Bill 2021 seeks to achieve this by incorporating a provision like Article 7(2) of the Model Tax Convention, which contains an AOA Rule, into domestic legislation and by adopting OECD AOA Guidance, as appropriate. The Bill also prescribes that certain branch records outlining the activities of the branch's business must be retained for possible inspection by Revenue.

These rules will apply for accounting periods commencing on or after 1 January 2022, although transfer pricing rules, including these new branch provisions, for small or medium-sized companies remain subject to a commencement order.



# Employer taxes

## International flight crew

As flagged in Budget 2022, the Finance Bill amends the tax treatment of flight crew in international traffic. A non-resident individual employed aboard an aircraft that is operated by an Irish airline will not, from 1 January 2022, be within the scope of Irish Income Tax. Such flight crew will instead pay taxes under the taxation regime of the country in which they are based. This has been a contentious issue and the subject of litigation in the Irish courts.

Certain conditions apply. The crew member must be resident in a territory with which an Irish tax treaty is in force and must be subject to tax on the income in such a territory.

## Benefit in kind - health benefits

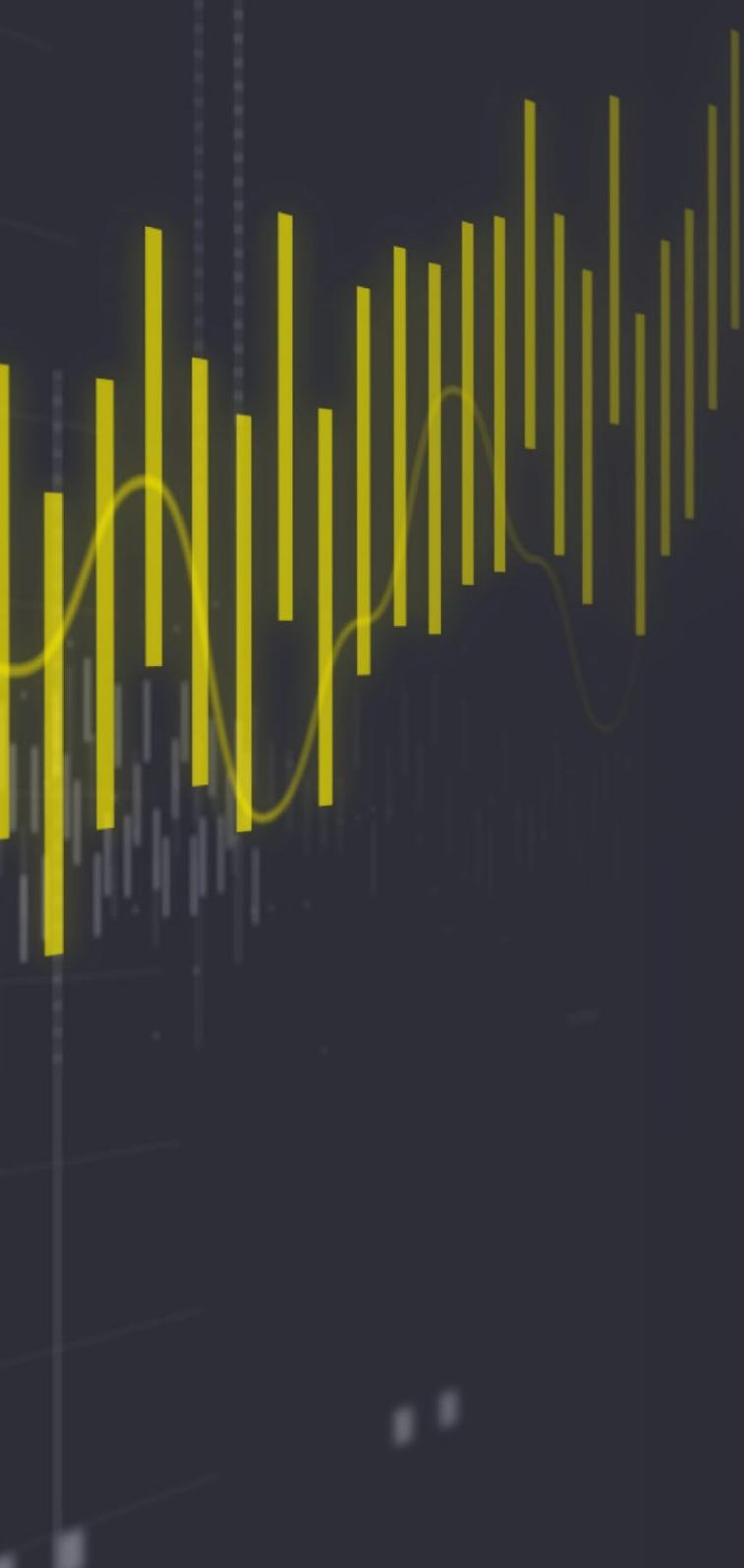
The Bill provides for a benefit-in-kind exemption for employer funded annual medical check-ups, general health expenses, COVID-19 testing and influenza vaccines subject to conditions, including that these benefits are made generally available to all employees and directors. This measure will be backdated to 1 January 2021.

## Benefit in kind - electric cars and vans

The provision by employers of electric cars and vans is subject to reduced benefit-in-kind. Under current rules, until 31 December 2022, where the original market value of an employer provided electric vehicle does not exceed €50,000 no benefit-in-kind arises. Where the value exceeds this amount, for the purpose of determining the cash equivalent, the original market value is reduced by €50,000.

Where an electric vehicle is provided between 1 January 2023 and 31 December 2025 the original market value will be reduced as follows:

| Period                             | Reduction in original market value |
|------------------------------------|------------------------------------|
| 1 January 2023 to 31 December 2023 | €35,000                            |
| 1 January 2024 to 31 December 2024 | €20,000                            |
| 1 January 2025 to 31 December 2025 | €10,000                            |



# Personal taxes

## Pensions

The Bill contains several pension-related amendments.

The requirement to maintain Approved Minimum Retirement Funds (AMRFs) will be removed with the enactment of the Bill and funds in AMRFs will become Approved Retirement Funds (ARFs) from 1 January 2022.

The Bill includes a number of other relaxations of rules relating to occupational pension schemes notably benefiting surviving relatives of individuals who die in service and long-term employees who wish to transfer benefits to a Personal Retirement Savings Account (PRSA). These changes albeit narrow in their scope are welcome.

## Exemptions

The Bill also provides for a tax exemption for Pandemic Placement Grants made by or on behalf of the Minister for Health to qualifying nursing and midwifery students in 2021 up to a maximum of €2,100 per student.

## Remote working

Details of the remote working relief announced in Budget 2022 are contained in the Finance Bill. The current working from home relief for vouched expenditure incurred on broadband, heating and electricity is being enhanced for 2022. As expected, 30% of the cost of such expenditure (net of any reimbursements by employers) will be allowable subject to a pro-rata allocation for days actually spent working from home in any given year and for shared costs.

# Financial services

## Stamp duties

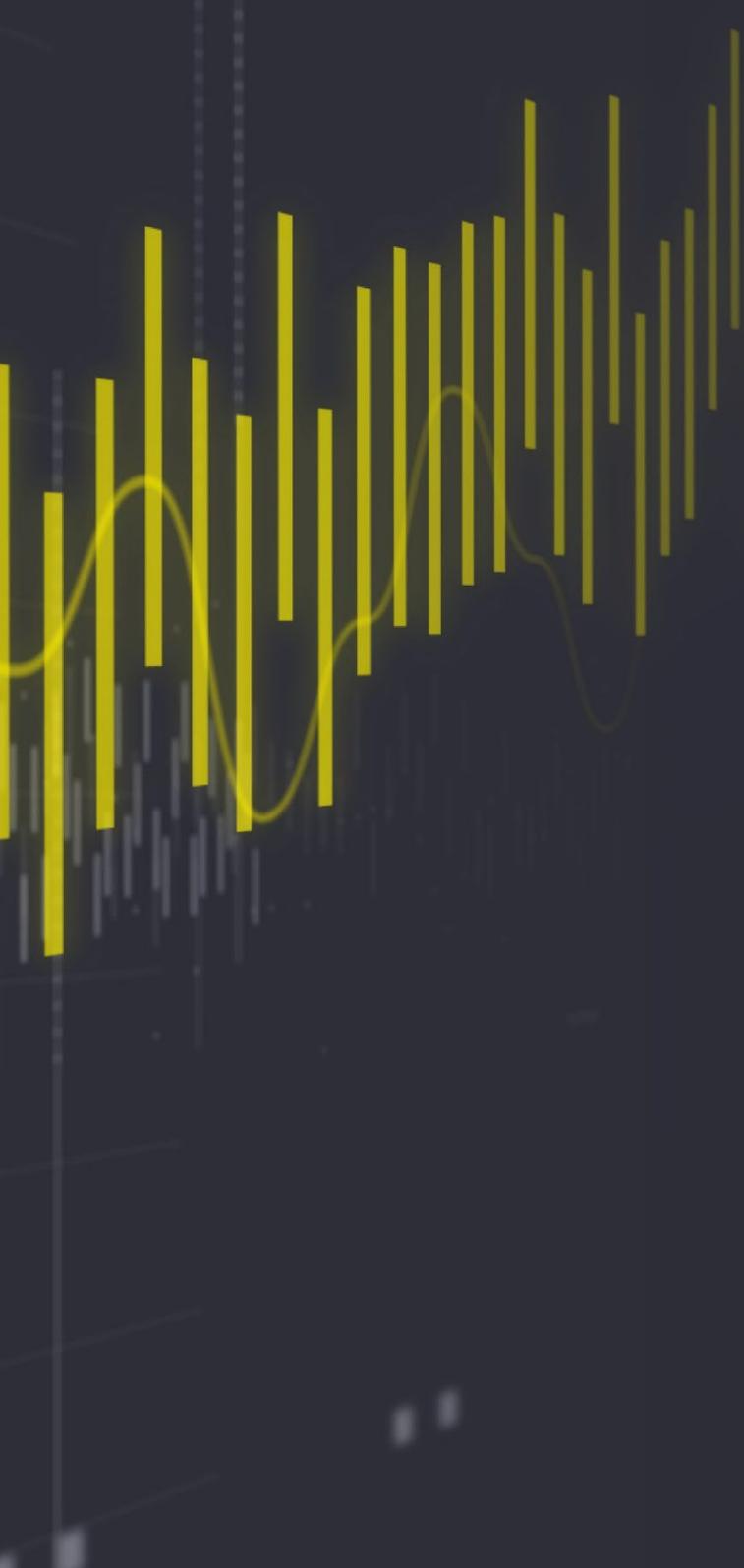
The Finance Bill provides for the modernisation of the collection mechanism for stamp duty on cheques, bills of exchange, bank cards and insurance policies. Duty arising on cheques, bills of exchange and bank cards will be assessed on a calendar year basis with payment to be made one month after year end, commencing January 2024. A short chargeable period in respect of credit cards will apply from April-December 2023.

The requirement to pay preliminary tax on bank cards is removed. In addition, the daily penalty rates for late payment have been replaced with the standard interest and late filing surcharge provisions. Similar amendments apply to insurance policies, with duty of €1 per policy payable 25 days after the end of each quarter. These amendments are subject to Ministerial Commencement Order.

## Bank Levy

The bank levy will be extended for a further year to the end of 2022, while maintaining 2019 as the base year for the levy calculation. The remaining banks will pay the same levy in 2022 as they did in 2021.





# Capital taxes

## Capital Gains - mergers

At the time that relief for cross-border mergers was introduced in accordance with the requirements of the EC Mergers Directive, domestic mergers were not facilitated under Irish company law. Since the introduction of the Companies Act 2014, domestic mergers are possible. This lacuna was creating concerns and extra administration in practice. Thus, the Finance Bill makes two changes.

It first will provide that where a company transfers all its assets and liabilities to its 100% parent as a consequence of a merger by absorption, it will not be treated as giving rise to a disposal by the parent of the share capital it held. Secondly, the cross-border merger provision is itself being clarified to ensure that its application is not construed too narrowly by reference to the meaning of 'transfer' and that in accordance with the Mergers Directive, it applies to the transfer of all assets and liabilities of a company and not merely to a transfer of a trade.

## Capital Acquisitions Tax - Interest free loans

The free use of money may constitute a gift or an inheritance. The Bill provides that the value of the gift or inheritance in such circumstance is to be determined by reference to the best price obtainable of borrowing an equivalent sum in the open market.

## Capital Acquisitions Tax - Returns

The Bill will require the disponents of a gift comprising agricultural property (where agricultural relief applies) or relevant business property (where business relief applies) to file a return of such gifts with the Revenue upon request irrespective of whether the taxable value of such property when aggregated with previous gifts or inheritances since 5 December 2001 exceeds 80% of the relevant group threshold.

# Property

## Application of corporation tax to non-resident landlords

A significant measure in the Bill will bring non-resident companies that own Irish rental property within the charge to corporation tax rather than income tax with effect for profits accruing from 1 January 2022.

This is primarily designed to ensure that such entities will be within the scope of the new interest limitation rules, which would not otherwise have applied to them. Another important impact will be to increase the applicable tax rate on Irish rental income of affected entities from 20% to 25%. Gains on disposal of property by non-resident landlord companies will now also be subject to corporation tax as opposed to capital gains tax (albeit the intention is that gains will nonetheless continue to be taxed at 33%).

In addition, the rules will, inter alia, extend the application of Irish anti-hybrid rules to these companies. It is noted that, under current rules, an Irish resident company owning Irish property may be entitled to claim a wider range of expenses than a non-resident entity chargeable to corporation tax by virtue of the new rules. A potential upshot of this change (depending on the circumstances) may be that a non-resident company holding Irish property for investment purposes will pay a slightly higher effective Irish tax rate on its income than an Irish resident equivalent entity.

## Introduction of residential zoned land tax

Further to the announcement in Budget 2022, the Finance Bill provides for a new 3% 'residential zoned land' (RZL) tax. Its key objective is to promote the construction of housing and is intended to replace the current vacant site levy.

The RZL tax imposes a 3% tax on the market value of land that meets the criteria of zoned serviced residential development land. Broadly, this is land which is zoned as suitable for residential development, that is serviced and is not affected in physical condition by considerations which may impact the ability to provide housing on the land. The legislation lists specific exclusions from the scope of the tax. Each local authority will publish a map that identifies the land within its functional area that is within the scope of the RZL tax. These maps will be updated annually for changes in zoning or servicing of land.

Lands within the scope of the RZL tax on 1 January 2022 will be chargeable to the tax from 1 January 2024 onwards. Lands that come within the scope of the tax after 1 January 2022 will be chargeable in the third year after coming within scope.

The tax is to operate as a self-assessed tax. Owners of land within scope will be obliged to file annual returns from 2024 onwards. The liability date for a year is 1 February. The return must be filed and the tax paid by 23 May in that year. The valuation date in respect of the year in which the RZL tax first applies will be the liability date and, for each successive 3-year period thereafter, 1 February in the year following the third year of the 3-year period.

In cases of non-compliance, unpaid tax and interest will accrue as a charge on the land. The legislation also provides for penalties for not filing, late filing or incorrect filing and also provides for a surcharge of up to 30% for undervaluations.

## Stamp Duty

The Bill provides technical clarifications on the application of the new 10% rate of stamp duty introduced in the Finance (Covid-19 and Miscellaneous Provisions) Act 2021. The 10% rate of stamp duty applies on acquisitions of ten or more 'relevant residential units' within a 12-month period, however the higher rate is disapplied where the relevant residential unit is leased to a local authority on the day of acquisition for the provision of social housing.

The Bill clarifies that the 10% rate applies where a relevant residential unit is acquired with an existing local authority lease in place and confirms recent Revenue published guidance issued in eBrief 183/2021.

# Indirect taxes

## Changes to VAT group requirements

The Finance Bill has created a requirement to notify the Revenue of certain changes to a VAT group within 30 days of the end of the taxable period in which the change(s) took effect. This includes changes in the financial, economic and organisational links between the entities in a VAT group, a group entity ceasing to be established in Ireland and where an entity in the VAT group no longer qualifies as an accountable person for VAT purposes.

If Revenue is not notified of such changes, a penalty of €4,000 will apply for each taxable period in which Revenue were not notified. Businesses should review the constitution of their VAT groups to ensure that they continue to meet the requisite requirements of a VAT group to avoid penalties.

## Taxable cancellation deposits

As a result of a large volume of European caselaw, the Finance Bill provides clarity that cancellation charges are taxable at the standard rate of VAT as they constitute a payment for either a service or a right to access a service. This will impact businesses who may have previously taken the approach that such cancellation charges were outside the scope of VAT.

This applies with effect from 1 January 2022.

## VAT treatment of supplies related to COVID-19

In response to the global pandemic, goods imported by requisite bodies for the prevention and treatment of COVID-19 will be exempt from VAT and the zero rate of VAT applies to supplies to such bodies provided such supplies are not sold onward for consideration. This provision is to be applied from 1 January 2021.

It has also been confirmed that the supply of Covid-19 vaccines and in-vitro diagnostic medical devices as well as services closely linked to them will continue to be subject to VAT at the zero rate until 31 December 2022.

# Miscellaneous and tax administration

## Tax treaties

Once enacted, the Finance Bill will complete the ratification process for revisions to the existing double taxation agreement with Germany and a new agreement with the Republic of Kosovo.

## Directive on Administrative Cooperation (DAC) Amendments

The Bill contains several provisions transposing amendments to the DAC. The Bill will require that in order to ensure compliance with 'DAC 5' the Revenue will have access to certain data collected for anti-money laundering and terrorist financing reasons. It will also give the Revenue the power to access this information for 'DAC 6' purposes when enquiring into transactions that seek to obscure the beneficial ownership of assets or avoid DAC reporting.

'DAC 7' provides for the introduction of automatic reporting obligations for online 'platform operators' with effect from 1 January 2023. Platform operators connect users digitally in order to sell goods or provide services. The Bill transposes DAC 7 into Irish law with some further amendments expected in Finance Bill 2022.

## Tax Appeals

Under current rules, the Tax Appeals Commission is required to complete and sign a case stated for the opinion of the High Court within three months of the request from a party dissatisfied with a determination. In that period the Tax Appeals Commission was required to have sent a copy of the draft of the case stated to the parties of the appeal and allow them 21 days to make representations regarding the draft. The Bill proposes to extend the timeline for this process by an effective 42 days.

It does this by requiring:

- ▶ The Appeal Commissioners to send the draft of the case stated to the parties within three months of the request;
- ▶ The parties to make their representations to the Tax Appeals Commissioner within 21 days
- ▶ The Tax Appeal Commissioners to complete and sign the case stated within a further 21 days

## Publication of names and details of tax defaulters

The Bill will replace the existing provision for publication of names and details of tax defaulters with a somewhat similar provision. The notable differences from the existing provisions are:

- ▶ The threshold for publication of tax settlements will increase from its current level of €35,000 to €50,000
- ▶ The existing condition that required the tax settlement to contain tax, interest and penalties in order to be publishable has been reduced to just tax and penalties
- ▶ Settlements, subject to the threshold limit, arising due to a reduction in a repayment of tax may now be publishable
- ▶ Surcharges arising as part of a tax settlement, subject to the threshold limit, may now be publishable
- ▶ The details publishable may include any trading or previous name of the person concerned

As before, settlements arising from a qualifying disclosure are not subject to publication but will be where the person fails to pay the settlement amount. Similarly, any settlements where the penalty element does not exceed 15% of the tax liability are not subject to publication.

The Bill also proposes that details of tax settlements and court-imposed fines/penalties may be reproduced on the Revenue Commissioners' website but shall not be retained there for more than two years from the date of publication.

## Tax penalties

The Bill broadly proposes to replace the existing penalties' provision for deliberately or carelessly making incorrect returns or failing to make such returns with a similar provision.

The new provision codifies certain practices of the Revenue Commissioners whereby no penalties were applied. These include instances where the tax adjustment is attributable to an innocent error, is a technical adjustment or where the total tax default arising from careless behaviour is less than €6,000. In another welcome development, the Bill also proposes to remove the restriction on penalty mitigation in respect of tax defaults relating to 'offshore' matters.

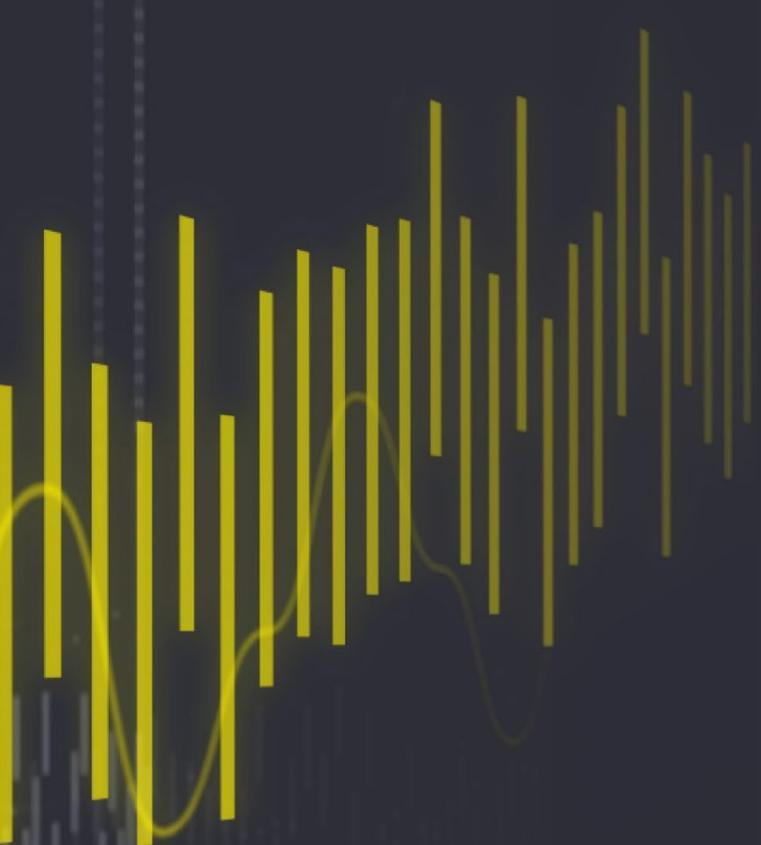
The updated legislation also clarifies the position that should a business fail to submit its VAT return, a tax-geared penalty based on the tax paid before the notification of a Revenue inquiry or investigation shall apply. The changes will come into effect upon enactment of the Bill.

## Record retention

The obligation to keep certain records (normally for six years from the end of a year or assessment or accounting period) is being clarified to make it clear that the records and linking documents to be retained will include all records relating to any allowance, deduction, relief or credit relied upon to compute the tax payable. The requirement to retain such records may be from the date the tax return is submitted where a person has failed to comply with filing requirements.

## Film relief

The Bill amends the film tax credit provisions to confirm that payments made directly by a qualifying company to an individual for labour only services for the purposes of the production of a film can constitute eligible expenditure. They may not be 'eligible individuals' under existing rules.



## What's next?

The next stage of the process at which amendments may be tabled is the Select Committee Stage, which is expected to commence on 16 November next. Tax Alerts on selected measures may issue over the coming weeks as the Finance Bill progresses towards enactment. It is expected that this Finance Bill will be enacted by the end of 2021.

# Rates at a glance

|   | 2022            |
|---|-----------------|
| <b>Income tax rates</b>   |                 |
| Standard  | 20%             |
| Marginal  | 40%             |
| <b>Standard rate bands</b>  |                 |
| Single (2021: €35,300)  | €36,800         |
| Married/civil partnership (two incomes) (2021: €70,600)                 | €73,600         |
| Married/civil partnership (one income) (2021: €44,300)                  | €45,800         |
| Single parent (2021: €39,300)   | €40,800         |
| <b>Income tax credits</b>   |                 |
| Single (2021: €1,650)   | €1,700          |
| Married (2021: €3,300)  | €3,400          |
| Single person child carer tax credit (primary carer only)               | €1,650          |
| PAYE (2021: €1,650)   | €1,700          |
| Earned income credit (2021: €1,650)                                     | €1,700          |
| Age credit - single (married x2)  | €245            |
| Medical insurance relief max premium - adult/child                      | €1,000/<br>€500 |
| Home carer credit   | €1,600          |
| Dependent relative tax credit   | €245            |
| <b>Income tax age exemption</b>   |                 |
| Single and widowed  | €18,000         |
| Married (either spouse aged 65 or over)                                 | €36,000         |
| <b>Rent-a-room relief</b>   |                 |
|   | €14,000         |
| <b>Preferential loan specified rates - benefit-in-kind</b>              |                 |
| Qualifying home loans   | 4%              |
| All other loans   | 13.5%           |
| <b>Electric vehicles - benefit in kind</b>                              |                 |
| (exemption capped at €50,000 of OMV, tapering to commence 2023 to 2025) | 0%              |

|   | 2022       |
|---|------------|
| <b>Small benefit exemption</b>  |            |
| Single non-cash voucher   | €500       |
| <b>Universal Social Charge</b>  |            |
| Earnings  |            |
| 0 to €12,012*   | 0.5%       |
| €12,013 to €21,295 (2021: €12,013 to €20,687)   | 2%         |
| €21,296 to €70,044** (2021: €20,687 to €70,044)   | 4.5%       |
| €70,045 to €100,000   | 8%         |
| PAYE income > €100,000  | 8%         |
| Self-employed income > €100,000   | 11%        |
| <i>*Exempt if income &lt; €13,000</i>   |            |
| <i>**Reduced rate 2% for persons holding medical card and/or aged 70, where income &lt; €60,000</i> |            |
| <b>PRSI rates</b>   |            |
| Employer  |            |
| Standard rate   | 11.05%     |
| Lower rate  | 8.8%       |
| Weekly lower rate limit (2021: €398)  | €410       |
| Employee  |            |
| PRSI  | 4%         |
| Weekly PRSI threshold (tapering relief available)   | €352       |
| Self-employed   |            |
| PRSI  | 4%         |
| Minimum contribution  | €500       |
| <b>Pensions</b>   |            |
| Annual earnings cap   | €115,000   |
| Marginal rate deduction   | 40%        |
| Tax free lump sum limit   | €200,000   |
| Standard fund threshold   | €2,000,000 |

|   | 2022     |
|---|----------|
| <b>DIRT</b>   |          |
| Deposit accounts  | 33%      |
| Investment funds  | 41%      |
| <b>Local property tax</b>   |          |
| Band 1: Value €0-€200,000   | €90      |
| Band 2: Value €200,001-€262,500   | €225     |
| Bands 3-11: Value €262,501-€1,050,000 (mid-point of range)                              | 0.1029%  |
| Bands 12-19: Value €1,050,001 - €1,750,000  |          |
| First €1,050,000  | 0.1029%  |
| Balance (mid-point of range)  | 0.25%    |
| Band 20: Value > €1,750,000 (calculated on valuation of property)                       |          |
| First €1,050,000  | 0.1029%  |
| Next €700,000   | 0.25%    |
| Balance   | 0.30%    |
| <i>* Local Authorities can adjust annually +/- 15% the standard LPT rate of 0.1029%</i> |          |
| <b>Capital gains tax</b>  |          |
| Standard rate   | 33%      |
| Withholding tax rate  | 15%      |
| Annual exemption  | €1,270   |
| Entrepreneur relief (up to €1m chargeable gains lifetime limit)                         | 10%      |
| <b>Capital acquisitions tax</b>   |          |
| Standard rate   | 33%      |
| <b>Thresholds</b>   |          |
| Group A   | €335,000 |
| Group B   | €32,500  |
| Group C   | €16,250  |

|  | 2022       |
|--|------------|
| <b>Stamp duty</b>  |            |
| Residential property   |            |
| First €1m  | 1%         |
| Excess over €1m  | 2%         |
| Bulk/cumulative purchases of 10 or more residential units in a 12-month period   | 10%        |
| Non-residential property   |            |
|  | 7.5%       |
| <b>Corporation tax rates</b>   |            |
| Standard rate  | 12.5%      |
| Higher rate on passive income  | 25%        |
| Knowledge Development Box effective rate   | 6.25%      |
| Exit tax*  | 12.5%      |
| <i>*Applies to unrealised capital gains where companies migrate/transfer assets offshore such that they leave the scope of Irish tax</i> |            |
| <b>VAT rates and limits</b>  |            |
| Standard rate  | 23%        |
| Reduced rate   | 13.5%      |
| Reduced rate (certain goods and services, extended to hospitality and tourism sector to 31 August 2022)                                  | 9%         |
| Farmer's flat rate (2021: 5.6%)  | 5.5%       |
| Distance selling limit   | €35,000    |
| Registration limit - taxable goods   | €75,000    |
| Registration limit - taxable services  | €37,500    |
| Cash receipts basis limit  | €2,000,000 |
| <b>Dividend Withholding Tax</b>  |            |
| Dividend Withholding Tax   | 25%        |
| <b>Carbon taxes</b>  |            |
| Per tonne/CO2 (2021: €33.50) To be increased incrementally each year to €100 per tonne/ CO2 by 2030                                      | €41        |

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