



# **TAXES IN EUROPE**

## **2025**

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# Ireland



 **Capital city:**  
Dublin

 **Language:**  
English

 **GDP/capita**  
**2023:**  
USD 126,837

 **Telephone code:**  
+353

 **Area:**  
70,273 km<sup>2</sup>

 **Political system:**  
Parliamentary  
republic

 **Currency:**  
Euro

 **National day:**  
17 March

 **Population:**  
5,073,540

 **ISO Code:**  
IRL



## 1. Corporate taxation

### 1.1 Taxes on entities

Corporation Tax is charged on all profits (income and gains), wherever arising, of companies that are resident in Ireland, with some exceptions, and non-resident companies who trade in the State through a branch or agency.

### 1.2 Residence and non-residence

#### **Rules for companies that are incorporated in Ireland**

Different residency rules may apply to a company, depending on whether it was incorporated in Ireland before or after 1 January 2015. A company is deemed to be tax resident here if it was incorporated in Ireland on or after 1 January 2015. This will apply unless it is treated as a tax resident company in another country under a Double Taxation Agreement. If a company was incorporated before 1 January 2015, there is a transition period up to 31 December 2020. From this date, a company will be deemed to be tax resident in Ireland unless it is tax resident in another country under a Double Taxation Agreement.

There is an exception to this rule if, after 31 December 2014, a company has both:

- a change of ownership;
- a major change in the nature and conduct of the business.

In these circumstances, the company will be tax resident from the date of the change in ownership.

Before these rules were introduced, the central management and control rule was used to decide if a company was resident in Ireland. A company was regarded as resident if its central management and control was performed in Ireland. This was the case whether the company was incorporated in Ireland or not. This rule continues to apply, on a transitional basis, to Irish companies that were incorporated before 1 January 2015.



## Rules for companies that are not incorporated in Ireland

The central management and control rule applies to foreign incorporated companies. If a company is incorporated in a foreign country and is centrally managed and controlled in Ireland, it is resident in Ireland for tax purposes.

### The central management and control test

Revenue will consider the highest level of control to decide where central management and control exists. Certain critical questions are included in this assessment to discover where:

- company policy is decided
- investment decisions are made
- major contracts are defined
- the company's head office is located
- the majority of directors live.

### Cessation of residency

When a company is no longer tax resident its assets will be deemed to be disposed of at market value. The company must pay tax on any deemed capital gains from the disposal, except where:

- the assets continue to be used in Ireland by a branch or agency of the company;
- the company is controlled by residents of a European Union (EU) or tax treaty country.

## 1.3 Tax year and filing

The tax year in Ireland is the calendar year but Corporation Tax is assessed on the profits of a company's accounting period. An accounting period for tax purposes is a period of not more than twelve months and is normally the period for which the company makes up its annual accounts.

The Self-Assessment system 'Pay & File' applies to companies. Each year a company's pay & file obligations involve:

- paying preliminary tax at certain dates during the accounting period;
- filing a return with the Irish Revenue Commissioners, (by the 23<sup>rd</sup> day of the ninth month after the end of the accounting period);
- paying any balance of tax due on filing the return.

## 1.4 Types of income

Corporation Tax is charged on the company's profits which include both income and chargeable gains. Different rates of Corporation Tax apply to trading income and non-trading income. Non-trading income includes investment and estate income. The taxable profit is based on the accounting profit subject to certain adjustments.

A company is in general, entitled to deduct from its trading profits, revenue expenditure wholly and exclusively incurred for the purposes of its trade. It is not however, entitled to claim a deduction in respect of entertainment expenses or capital expenditure (interest on borrowings is deductible if trade related).

Depreciation of capital assets as computed for accounts purposes is not an allowable expense against income for the purposes of Corporation Tax, however capital allowances are likely to be available on items such as plant and machinery, industrial buildings, patents etc.

## 1.5 Participation exemption

A Corporation Tax exemption in respect of certain foreign dividend has been introduced with effect from 1 January 2025.

## 1.6 Groups and grouping arrangements

When an Irish resident company is a member of a group (one company controls at least 75% of the shares in another company), it may surrender current year trading losses, excess charges on income, excess management expenses and excess rental capital allowances to other group members.

## 1.7 Capital gains

Company capital gains, other than gains from development land are computed in accordance with the Capital Gains Tax rules but included in a company's profits subject to Corporation Tax on chargeable gains. The taxable gain is re-grossed and taxed at 12.50%, however the effective rate is 33%.

Gains by companies from disposals of development land are chargeable to Capital Gains Tax and are not included in profits chargeable to Corporation Tax.

## 1.8 Losses

Trading losses may be offset against trading income of the same and immediately preceding accounting period on a EUR for EUR basis. Any unused losses may be carried forward for offset against trading profits of the same trade of the next and later accounting periods.

Any unused trading losses may be offset against non-trading income, of the current year, including chargeable gains, but only on a value basis.

Capital losses of a company on non-development land assets may be offset against chargeable gains - other than development land gains - of that company only, in the current accounting period and any unused balance can be carried forward. Losses on the disposal of development land can, however, be offset against gains arising on other assets.

## **Reliefs**

### **a) Research and Development**

From 1 January 2024, Ireland provides a 30% tax credit on qualifying R&D expenditure (for some Pillar Two in-scope companies, the value of the credit remains at 25%). This credit is in addition to the existing deduction which can be taken for the expenditure incurred. The net effect is that an effective deduction of 42.5% (37.5% for Pillar Two in-scope companies) is available for each euro of expenditure incurred on qualifying R&D activities. If a company does not have a corporation tax liability, due to losses for example, then the credit can be refunded in three installments to the company, by reference to payroll taxes paid. Therefore, the credit has an inherent cash value and is readily convertible. The amount of the R&D corporation tax credit payable in year one will increase from €50,000 to €75,000, subject to certain conditions being met.

### **b) Knowledge Development Box**

An effective corporate tax rate of 10% (increased from 6.25% by virtue of the commencement order signed in September 2023) will apply to profits arising from certain intangible assets which are the result of qualifying R&D activity being carried out in Ireland. Assets which are within the scope of this OECD compliant regime include patented inventions and copyrighted software. The regime has been extended to 2026.

### **c) Intellectual Property capital allowances**

Capital allowances are available on capital expenditure incurred by an Irish company on the acquisition of intangible assets. Qualifying intangible assets for the purposes of the allowance are assets which are recognised as intangible assets under generally accepted accounting standards and included within the definition of 'intangible asset' under Irish tax legislation. In general, this would include patents, computer software, know-how and any license in respect of the aforementioned. Capital allowances are available over a 15 year period, that is, at an annual rate of 7% of the qualifying expenditure and 2% in the final year, or in line with the write down period as provided for in the financial statements.



In the event that the intangible assets are disposed of more than 10 years after acquisition, no clawback will arise.

#### **d) Digital Games Relief**

Digital games relief is an incentive to digital games developers to produce digital games that contribute to the promotion and expression of Irish and European culture. The relief is a Corporation Tax credit for digital games development companies.

The rate of the credit is 32% of the lowest of:

- 1) eligible expenditure; or
- 2) 80% of qualifying expenditure, subject to a maximum limit of EUR 25.000.000 per game.

The credit is available on expenditure incurred in the design, production and testing stages of the development of qualifying digital games, provided certain conditions are met. In order to be eligible, the qualifying expenditure must not be less than EUR 100,000.

A cultural test also applies. In order to claim the credit, a company must first apply for cultural certification as a qualifying digital game by the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media. Since 1 January 2024, the credit is now refundable.

#### **e) Start up relief**

Certain start-up companies carrying on a new business may qualify for relief from Corporation Tax on business profits in their first five years of trading. The relief is granted by reducing the Corporation Tax payable on the profits of the new trade and gains on the disposal of any assets used for the purposes of the new trade. Currently the amount of relief available in any year is directly linked to the amount of Employers' PRSI paid in the same year and is capped at EUR 40,000 per annum. Where the amount of the Corporation Tax liability is less than EUR 40,000 in any year, any unused relief from the five year period may be aggregated and carried forward against future trading profits of the company.

The relief was due to end on 31 December 2021, but the Minister for Finance has announced an extension of the relief to 31 December 2026.

From 2025, relief will also be calculated by reference to the amount of Class S PRSI paid by a director of the company subject to a maximum of €1,000 and €40,000 overall.

## Transfer Pricing

Ireland's transfer pricing legislation applies the OECD's arm's length principle. SMEs are currently not in scope of the Irish transfer pricing rules, however no formal documentation is required for small enterprises. A Ministerial Order is required to bring SMEs within transfer pricing rules which is still pending. There is simplified documentation requirements for enterprises with turnover between €50 million and €250 million. Non-trading transactions are within the scope of Irish transfer pricing rules, however domestic non-trading transactions are excluded unless the transaction is considered to be a tax avoidance transaction.

## Controlled Foreign Companies

Under the Anti-Tax Avoidance Directive (ATAD), Ireland has adopted Controlled Foreign Company (CFC) rules into domestic law from 1 January 2019 and as such these rules will apply for accounting periods commencing on or after 1 January 2019. The CFC rules are an anti-abuse measure, designed to prevent the artificial diversion of profits from controlling companies to offshore entities in low or no tax jurisdictions. Under these rules, a CFC's undistributed income which arises from a non-genuine arrangement which was put in place for the avoidance of tax, is attributed to the controlling company or connected company in Ireland. The CFC rules are subject to a number of exemptions.

## Country by Country reporting

CbC reporting applies in Ireland for accounting periods commencing on or after 1 January 2016. It applies to companies with global revenue in excess of EUR 750,000,000.

## 1.9 Rates

There are three rates of Corporation Tax:

- 12.5% for trading income (including qualifying foreign dividends paid out of trading profits but excluding income from an excepted trade\* in which case the rate is 25%);
- A new corporate tax rate of 15% for trading companies that have revenues of greater than EUR 750,000,000 was agreed by the government so that Ireland remains in line with OECD guidelines. This was implemented from 1 January 2024.
- 25% for all other income, including income from excepted trades, non-trading income (e.g. investment income, rental income) and non-qualifying foreign dividends.

*\*Excepted trades include certain land dealing activities, income from working minerals and petroleum activities*

Corporation Tax is assessed on the profits of a company's accounting period at the relevant Corporation Tax rate in force during the accounting period. Where the rate of Corporation Tax changes during an accounting period, the profits of that period are apportioned on a time basis and taxed at the appropriate rate for the purpose.

Capital gains, other than gains from development land, are included in a company's profits for Corporation Tax purposes and are charged to tax under a formula that means in effect that tax is paid at the prevailing Capital Gains Tax rate, currently 33%.

### **1.10 Double Tax relief**

Ireland has signed comprehensive Double Taxation Agreements with 79 countries and plans to initiate negotiations for new Double Tax Treaties with other countries are ongoing. 75 agreements are in effect and agreements with Ghana Kenya and Liechtenstein are signed but not yet in effect. Negotiations have concluded for a new DTAs with Uruguay. The agreements cover direct taxes which in the case of Ireland are:

- Income Tax;
- Universal Social Charge;
- Corporation Tax;
- Capital Gains Tax.

Ireland ratified the Multilateral Convention to Implement Tax Treaty Related Measures to prevent BEPS which entered into force for Ireland on 1 May 2019.

## **2. Personal income taxation**

### **2.1 Taxes on income**

Income Tax is imposed under the following categories:

- trading income;
- income from Irish land and property;
- savings and investment income (including interest and dividends);
- employment income;
- foreign income;
- miscellaneous income.

The category of income determines the rules to be applied in order to measure the income subject to tax. Generally, the “basis period” for earnings from employment and all investment income is the calendar year. Thus, the charge to tax for 2024 is on salary received and dividends, rental income etc. for the period from 1 January 2024 to 31 December 2024.

For a trade or profession, tax is charged on profits of the accounting period that ends in the fiscal year. So, for example, accounts are made up to 30 June, the basis period for 2024 is the period 1 July 2023 to 30 June 2024. (There are special rules for years of commencement, year of cessation and where there is not a 12-month accounting period).

PAYE (Pay As You Earn) Tax is levied at source on wages and salaries.

In addition, individuals are liable to pay the Universal Social Charge and PRSI (Pay Related Social Insurance). PAYE, USC and PRSI are deducted at source by your employer.

## 2.2 Residence and non-residence

An individual is liable to Irish Income Tax on his/her worldwide income if he/she is resident and domiciled in Ireland for the tax year subject to any relief under a Double Taxation Agreement.

An individual is resident in Ireland in a tax year if he/she spends 183 days or more in Ireland in that year or spends an aggregate of 280 days in Ireland in that year and the previous tax year. (Presence in a tax year by an individual of not more than 30 days in Ireland is not reckoned for the purpose of applying the two-year test).

Domicile is a legal concept. It may, broadly speaking, be interpreted as meaning residence in a particular country with the intention of residing permanently in that country. Every individual acquires a domicile of origin at birth, usually that of his/her father.

An individual who is domiciled abroad but who is resident in Ireland is taxed only on so much of his/her income which arises outside Ireland and is remitted into Ireland.

Non-residents are normally liable to Income Tax in respect of Irish source income only. Residents of countries with which Ireland has Double Taxation Agreements may be entitled, in certain circumstances, to an exemption from Irish Income Tax. In general, however, where income remains fully or partially taxable in Ireland and in any of the treaty countries, the tax charged in the source country is allowed as a credit against the tax charged in the country of residence on the same income.

## 2.3 Tax year and filing

The tax year is the calendar year.

A Self-Assessment system applies and there is a common date for the payment of tax and filing of Personal Income Tax Returns, i.e. 31 October this deadline is usually extended to mid-November for those who use the Revenue Online Service to pay and file online. The “Pay and File” system requires taxpayers to:

- pay Preliminary Tax for the current tax year on or before 31 October each year;
- submit Tax Returns after the end of the tax year but not later than the following 31 October;
- pay any balance of tax due for the previous tax year on or before 31 October;
- pay any Capital Gains Tax on disposals made between 1 January and 30 November of the current tax year by 15 December and pay any Capital Gains Tax on disposals made between 1 December and 31 December by 31 January.

## 2.4 Types of Income

Self-Assessment applies for Income Tax purposes to:

- Self-employed people (i.e. people carrying on their own business including farming, professions or vocations). For a trade or profession, tax is charged on profits of the accounting period that ends in the tax year.
- Persons receiving income from sources where some or all of the tax cannot be collected under the PAYE system, for example:
  - profits from rents;
  - investment income;
  - foreign income and foreign pensions;
  - maintenance payments made to separated persons or where civil partnerships are dissolved;
  - fees and other income not subject to the PAYE system;
  - profit arising on exercising various Share Options/Share Incentives.

## 2.5 Capital Gains

Capital Gains Tax (CGT) is charged on the disposal of assets. All forms of property are assets for the purposes of Capital Gains Tax including intangible assets such as good-will, options, debts and currency other than Irish currency(EUR) . A disposal refers not only to the sale of an asset but includes any transfer of ownership by way of exchange, gift or settlement on trustees. In the case of shares in a company or mutual society, there is a disposal for Capital Gains Tax purposes where a person receives capital payments in respect of their shareholding/interest held in the paying company.

In general, where assets pass on death there is no charge to CGT.

Gains on the disposal of some assets are specifically exempted from CGT. These include:

- gains on the disposal of property (house, apartment, etc.) which was occupied by the disposer or by a dependent relative as a sole or main residence. Restrictions may apply where the property was not fully occupied as a main residence throughout the period of ownership or where the sale price reflects development value;
- gains from betting, lotteries, sweepstakes, bonuses payable under the national instalments savings scheme and prize bond winnings;
- gains on government and certain other securities;
- gains on disposal of wasting chattels (e.g. animals, private motor cars, etc...);
- gains on life assurance policies (unless purchased from another person or taken out with certain foreign insurers on or after 20 May 1993);
- gains made by individuals on tangible moveable property where the consideration does not exceed EUR 2,540;
- gains realised by pension funds and charities.

A person who is resident in Ireland for a tax year is chargeable to CGT on world-wide gains in that tax year.

Non-residents are chargeable on the disposal of Irish assets including land and buildings in Ireland, minerals or exploration rights and assets of an Irish branch or agency.

A foreign-domiciled person is only chargeable on the disposal of non-Irish assets to the extent that the proceeds of a disposal are remitted to Ireland.

CGT is a self-assessment tax and individuals are obliged to file a return on or before 31 October (with an extension for online filing) in the year following the tax year in which the disposal is made.

The tax year is divided into two periods for payment purposes. These are as follows:

- “initial period” - 1 January to 30 November;
- “later period” - 1 December to 31 December.

The tax arising in respect of gains in the “initial period” must be paid on or before 15 December in that year and the tax due on gains in the 'later period' is payable on or before 31 January following the end of the year of assessment.

The standard rate of CGT is currently 33%. In certain circumstances, subject to a claim for “Entrepreneur Relief”, a rate of 10% may apply to the gain on disposal of certain shares and business assets subject to a ceiling of EUR 1,000,000. A rate of 40% applies on disposals of certain foreign life assurance policies and units in offshore funds.

## **Relief for Investors**

An Angel Investor Relief was introduced from 1 January 2024. The relief reduces the Capital Gains Tax rate for Qualifying Investors to 16% (or 18% where the investment is made through a partnership) on a gain up to twice the value of their initial investment. There is a lifetime limit of EUR 10,000,000 on gains to which this reduced rate will apply. There is a minimum holding period of 3 years and at least EUR 20,000 (EUR 10,000 – EUR 20,000 where the investor holds a stake of at least 5%) must be invested not representing more than 49% of the ordinary issued share capital of the company.

## **2.6 Losses**

Current year trading losses may be offset against income from all sources in that tax year. An unused trading loss is carried forward and may be set against trading income of the next and later tax years. Trading losses may be increased by capital allowances.

A loss in the final year of trade (terminal loss) may be offset against the income of the three immediately preceding tax years.

Losses arising on other income sources, e.g. rental losses may be set against current year income from the same source and any unused balance may be carried forward against income from the same source of the next and later tax years.

## **2.7 Exemptions**

An individual aged 65 or over with total income below EUR 18,000 is exempt from Income Tax. In the case of a married couple, one of whom is aged 65 or over, the threshold is EUR 36,000.

If the claimant has dependent children, the exemption limit is increased by EUR 575 for each of the first and second child, and EUR 830 for the third child and each subsequent child.

There are a number of other exemptions from Income Tax including:

- income of artists, writers and composers, subject to an overall annual limit of EUR 50,000;

- income of recognised charities and amateur sports bodies;
- rent from letting of farmland under a qualifying lease up to certain limits;
- rent-a-room relief; income from lodgers is exempt provided gross income from such letting does not exceed EUR 14,000 in the tax year;
- home childcare earnings of up to EUR 15,000 in the tax year;
- earnings of special assignees; 30% of income over EUR 100,000 in the case of employees assigned from a tax treaty country to work in their employer's Irish operation up to a limit of EUR 1,000,000 Relief is not extended to Universal Social Charge (USC) so USC will be payable on the full salary. SARP relief has been extended to 31 December 2025.
- Personal injury settlements, payments from the Haemophilia HIV trust, Hepatitis C compensation and payments in respect of thalidomide victims;
- certain lump sum payments on redundancy or retirement.

## 2.8 Allowances and rates

Individuals are entitled to tax credits depending on personal circumstances, e.g. married person or civil partner tax credit, employee (PAYE) tax credit, etc. These tax credits are used to reduce the Income Tax calculated on gross income. Tax credits are non-refundable.

Examples of Tax Credits are as follows: <b>2024</b>	EUR
Single Person	1,875
Married Person or Civil Partner	3,750

### Rent Tax Credit

The Rent Tax Credit is increasing to a maximum of €1,000 per individual and €2,00 per jointly assessed couple. The increase will apply retrospectively for 2024 and will be available to claim for 2025.

### Widowed Parent Tax Credit

You may claim the Widowed Parent Tax Credit if you are a widowed person or a surviving civil partner. You must have dependent children in order to qualify. You can claim this credit for five years after the year of death of your spouse or civil partner. The tax relief due in the years after bereavement is as follows:

- EUR 3,600 in the first year after death
- EUR 3,150 in the second year after death
- EUR 2,700 in the third year after death
- EUR 2,250 in the fourth year after death
- EUR 1,800 in the fifth year after death



Single Person Child Carer Credit	1,750
PAYE Tax Credit	1,875
Earned Income Tax credit (Director and Self-Employed)	1,875

## Tax Rates and Tax Bands

### Personal Circumstances 2024 EUR

Single, Widowed or a Surviving Civil Partner  
without qualifying children 42,000  
@ 20%, Balance @ 40%

Married or in a Civil Partnership - one Spouse  
or Civil Partner with income 51,000  
@ 20%, Balance @ 40%

Married or in a Civil Partnership - both Spouses  
or Civil Partners with income \* 84,000  
@ 20%, Balance @ 40%

\* EUR 41,000 with an increase of EUR 33,000 maximum

## 2.9 Social security

Pay Related Social Insurance (PRSI) is levied at the following rates for a typical employee:

Employee PRSI contributions for 2023 are:

Weekly Earnings	Rate (%)
0 - EUR 352	0
Excess over EUR 352	4.1

Employer PRSI contributions for 2023 are:

Weekly Earnings	Rate (%)
0 - EUR 410	8.90
Excess over EUR 410	11.15

Self-employed individuals are liable to PRSI at 4.1% subject to a minimum contribution of EUR 500.

## 2.10 Expatriates

The Special Assignee Relief Programme (“SARP”) provides for Income Tax relief on a proportion of income earned by an employee who is assigned by his or her employer to work in Ireland for that employer or for an associated company of that employer in Ireland. A relevant employer is a company that is incorporated and tax resident in a country with which Ireland has a Double Taxation Agreement or a tax information exchange agreement. The employee must have worked for the employer for a minimum period of 6 months prior to arrival in Ireland.

Where certain conditions are satisfied, the employee may make a claim to have a proportion of his or her earnings from the employment with the relevant employer or with an associated company disregarded for income tax purposes.

From 2023, this proportion is 30% of an employee’s income over EUR 100,000 subject to an upper limit of EUR 1,000,000. Income which is disregarded income for Income Tax purposes is not exempt from the Universal Social Charge (USC) or Pay Related Social Insurance

The relief can be claimed for a maximum period of five consecutive years commencing with the year of first entitlement. This relief has been extended to 31 December 2025. For new entrants to the scheme the qualifying minimum income was increased from EUR 75,000 to EUR 100,000 from 2023 onwards. The Upper threshold remains at EUR 1,000,000.

In addition, employees who qualify for relief under this section may also receive, free of tax, certain expenses of travel and certain costs associated with the education of their children in Ireland.

## 2.11 Options

A share option is a right granted by a company to its employees or directors to acquire shares in the company or in another company at a pre-determined price. The employee or director is not given shares outright but is given the right to acquire them at a fixed price. In some cases, the employee or director will have to pay something for the option itself. When a person exercises a share option and acquires shares for less than the market value he/she is liable to Income Tax on the difference between the market value of the shares and the price paid (i.e. the option price).

An amount (known as Relevant Tax on a Share Option - RTSO) in respect of this Income Tax liability must be paid to the Collector-General not later than 30 days after the date on which the share option is exercised. PRSI and Universal Social Charge (USC) must also be paid. Where the gain is realised prior to 1 January

2024 the employee must pay the RTSO within 30 days, for gains realised after the 1 January 2024, the employer is responsible for payment of the tax in real time via payroll.

Key Employee Engagement Programme (“KEEP”) share options are a tax advantageous share option whereby a qualifying employee can receive qualifying share options in a qualifying company. When KEEP share options are exercised, the employee does not have a liability to income tax on the share option gain. The employee will only be liable to capital gains tax on the ultimate disposal of the shares.

## 2.12 Other Reliefs

There are also a number of other reliefs from income tax including:

- The Employment Investment Incentive Scheme (“EIS”) – A relief from income tax of between 20% - 50% for investments of up to EUR 500.000 in qualifying companies for at least a four year period.
- The Start-Up Capital Incentive (“SCI”) – A relief to family members of existing shareholders.
- The Start-Up Relief for Entrepreneurs (“SURE”) – A relief for entrepreneurs who meet certain criteria and start their own business which provides for a refund of Income Tax that was paid by the entrepreneur in previous years.

## 2.13 Partnerships

Where a trade or profession is carried on by two or more persons in partnership, each partner’s share of the profits or losses is treated for tax purposes as if it were profits or losses of a separate business carried on solely by that partner. The notional separate business of a given partner is to be regarded as having been commenced when he/she became a partner and, if he/she ceases to be a partner, as permanently discontinued when he/she so ceases.

Individual partners are liable to Income Tax on their profit shares. When a partner is a company, that company’s profit from a trade carried on in partnership with others is regarded as arising from a separate trade and is charged to Corporation Tax for that accounting period.

## 2.14 Pensions

Qualifying pension contributions, subject to certain limits, are deductible for Income Tax.

When an individual becomes entitled to receive a pension, he/she may be entitled to receive a tax-free lump sum up to a maximum of EUR 200,000 in his/her lifetime. The subsequent pension payments are charged to Income Tax and Universal Social Charge.

## 3. Inheritance and Gift Tax

Capital Acquisitions Tax (CAT) comprises Gift Tax, Inheritance Tax and Discretionary Trust Tax. Gift tax is charged on taxable gifts taken (other than on a death) and Inheritance Tax is charged on taxable inheritances taken (on a death). A once-off discretionary Trust Tax at 6% applies to property becoming subject to a discretionary trust.

Thereafter, the property in the discretionary trust is subject to Discretionary Trust Tax of 1% per annum. There are a number of exemptions from Discretionary Trust Tax such as trusts created for certain children under 21 years of age.

### 3.1 Residents and non-residents

Generally, CAT applies if:

- the donor was Irish resident at the date of the gift/disposition or at the date of death or
- the donee/successor was Irish resident at the date of the gift/inheritance.

Otherwise, only the part or proportion of the property situate in Ireland at the date of the gift/inheritance is taxable.

A non-Irish domiciled person can only be regarded as Irish resident for CAT purposes if he has been continuously Irish resident for the five years period ending on the date of the gift or inheritance.

### 3.2 Rates

The standard rate of Capital Acquisitions Tax is 33%.

For the purpose of Gift and Inheritance Tax, the relationship between the person who provided the gift or inheritance (i.e. the Donor) and the person who received the gift or inheritance (i.e. the beneficiary), determines the maximum tax free threshold which is known as the "group threshold". The Group thresholds for gifts/inheritances received on or after 10 October 2018 are as follows:

Group	Relationship to Disponer	Group Threshold EUR
A	Son/Daughter	400,000
B	Parent/Brother/Sister/ Niece/Nephew/Grandchild	EUR 40,000
C	Relationship other than Group A or B	EUR 20,000

- There are a number of reliefs available in relation to Capital Acquisitions Tax, including Business Relief, Agricultural Relief, and Favorite Nephew Relief. Exemptions may apply to certain classes of property and to certain classes of individuals.

## 4. Value Added Tax

### 4.1 Rates

The standard rate of VAT on goods and services is 23%.

- Certain financial, medical and educational activities as well as admissions to, and promotion of, certain live theatrical and musical performances are exempt.
- A zero rate applies inter alia to certain food and drink, oral medicine, certain books and booklets, certain animal feeding stuffs, certain fertilisers, seeds and plants used to produce food, clothing and footwear appropriate to children under 11 years of age.
- There is a reduced rate of VAT at 13.5% which applies to certain fuels, building services, repair, hot take-away food, cleaning and maintenance services generally and certain photographic supplies. A second reduced rate of VAT at 9% applies to newspapers, periodicals, certain eBooks, eNewspapers and other printed matter such as brochures, maps, programmes, leaflets and catalogues.
- There was a second reduced rates of 9% available until 31 August 2023 for the hospitality sector which is the Governments response to Covid 19.
- Livestock, including horses, greyhounds and the hire of horses are subject to VAT at 4.8%.

## 4.2 Distance selling to an individual located in Ireland by a company located in the European Union.

If you provide distance sales to customers located in Ireland from a company located within the EU, you are required to register and account for VAT in this State when your distance sales to Ireland exceed EUR 35,000 in the calendar year. However, you may opt to register and account for Value-Added Tax (VAT) on your distance sales even if the threshold is not exceeded.

# 5. Other taxes

## 5.1 Universal Social Charge

The Universal Social Charge (USC) is a tax payable on gross income, including notional pay, after relief for certain capital allowances, but before pension contributions and other deductions. There is an annual exemption threshold of EUR 13,000 and where this amount is exceeded, all of an individual's income is chargeable.

The 2024 rates of USC are:

- 0.5% on the first EUR 12,012;
- 2% on the next EUR 13,748;
- 4% on the next EUR 44,284
- 8% on the remainder.

However, these standard rates are modified in certain circumstances for the elderly and holders of full medical cards.

There is a surcharge of 3% on individuals who have non-PAYE income which exceeds EUR 100,000 in a year, regardless of age.

There are a very limited number of exempt categories. The more important of these include:

- all Department of Social Protection payments and similar payments received from other countries;
- Department of Social Protection-type payments received from state bodies;
- income already subjected to Deposit Interest Retention Tax.

# 5.2 Stamp Duty

Stamp duties fall into two main categories:

- duties payable on a wide range of legal and commercial documents, including (but not limited to) conveyances of property, leases of property, share transfer forms and certain agreements. Depending on the nature of the document, the duty is either ad valorem or of fixed amount;
- duties and levies payable by reference to statements. These duties and levies mainly affect banks and insurance companies and include a duty in respect of financial cards (e.g. credit, ATM, debit and charge cards) and levies on certain insurance premiums and certain statements of interest.

# 5.3 Current Rates of Duty on Residential Property

Rates of duty for deeds executed on or after October 2024

Aggregate Consideration	Rate of Duty (%)
Between EUR 1,000,000 and EUR 1,500,000	1
Excess over EUR 1,500,000	6

A 10% rate applies on the cumulative purchase of 10 or more residential houses in a 12-month period.

# 5.4 Current Rates of Duty on Non-Residential Property

Instruments executed on or after 9 October 2019 a higher rate of 7.5% applies.

# 5.5 Stocks and Marketable Securities

A transfer of stock or marketable securities of any company incorporated in the State is liable to stamp duty at 1% of the consideration paid unless the shares derive their value from land and buildings in the State, TO WHICH THE HIGHER RATE OF 7.5% APPLIES.

# 5.6 Bank Cards and Cheques

Credit card and charge card accounts are subject to a EUR 30 annual duty. A 12 cents ATM withdrawal fee capped at EUR 2.50 per annum (ATM cards)/EUR 5 per annum (Combined ATM & Debit Cards) applies. Cheques (technically, all bills of exchange) incur a EUR 0.50 tax, generally collected by the bank on issue of each cheque book.

## 5.7 Non-Life Insurance Levy on Premiums

A levy of 3% is imposed on the gross amount received by an insurer in respect of certain non-life insurance premiums.

## 5.8 Other taxes in Ireland include

- Business rates;
- Customs & Excise Duties;
- Deposit Interest Retention Tax (currently 33%) ;
- Local Property Tax;
- Vehicle Registration and Motor Taxes.

# 7. Foreign income

Individuals who are resident and domiciled in Ireland are liable to Irish tax on their worldwide income but credit for foreign tax may be claimed under the terms of a Double Taxation Treaty.

Individuals who are resident but not domiciled in Ireland are chargeable to tax on foreign income only to the extent that it is remitted to Ireland. Again, double taxation relief may be available.

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