Chartered Accountants Ireland

Winter Tax Conference 2025

Multi Speakers

3 December 2025

Chartered Accountants Ireland

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Thank you!

Your Member Experience Team

Linda, Emma, Chris, Jenny, Rachel, Aedamair, Ian & Sonia

3rd December 2025

Man, Those Boring Pensions Sorry, Mandatory Pensions

Owen Redmond

Head of Financial Planning

Goodbody

At your side. On your side.

Marketing Communication

What's on the agenda?

- A little bit about Goodbody
- Why is Auto Enrolment needed?
- The secret truth about a well run pension scheme
- A guide to the stakeholders and acronyms that you need to know

About Goodbody

- We're the stockbrokers, not the solicitors!
- We specialise in Wealth Management
- We are owned by AIB
- We are really good in the pensions space…
- Scan QR code to download

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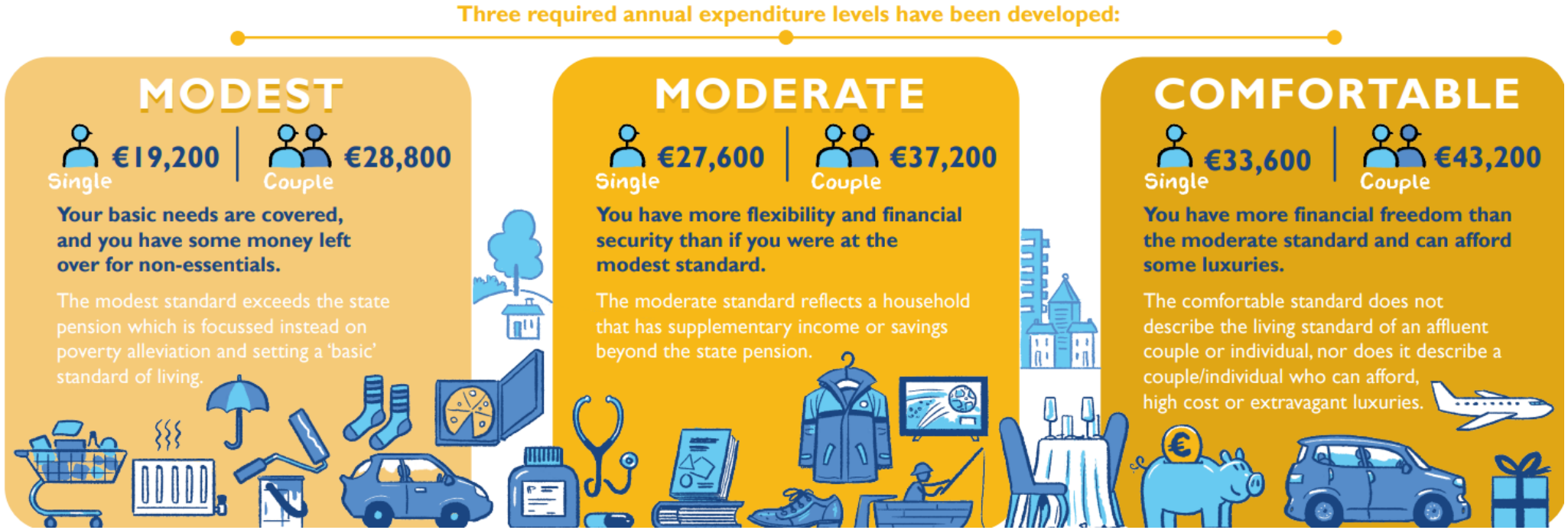
Why is Auto Enrolment needed?



State Pension delivers €15,100 per annum

Only 69% of the workforce are in a pension

Need to cater for the 31% gap

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The secret truth about a well run pension scheme…

Administration

800,000

Number of employees that could be enrolled

273,000

Number of employers impacted

9,000,0000 – 41,000,000

Potential number of contributions to be captured, recorded, and invested each year

- 20,000 retirements annually
- 80,000 opt outs
- 8,000 deaths
- 100,000 (??) fund switches

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And who is responsible for all this?

National Automatic Enrolment Retirement Savings Authority (NAERSA)

Roma Burke
Chair of Board

Dermot Griffin CEO

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Who's who, and the acronyms they go by…

National Automatic Enrolment Retirement Savings Authority (NEARSA)

Scheme administrator

TATA CONSULTANCY SERVICES

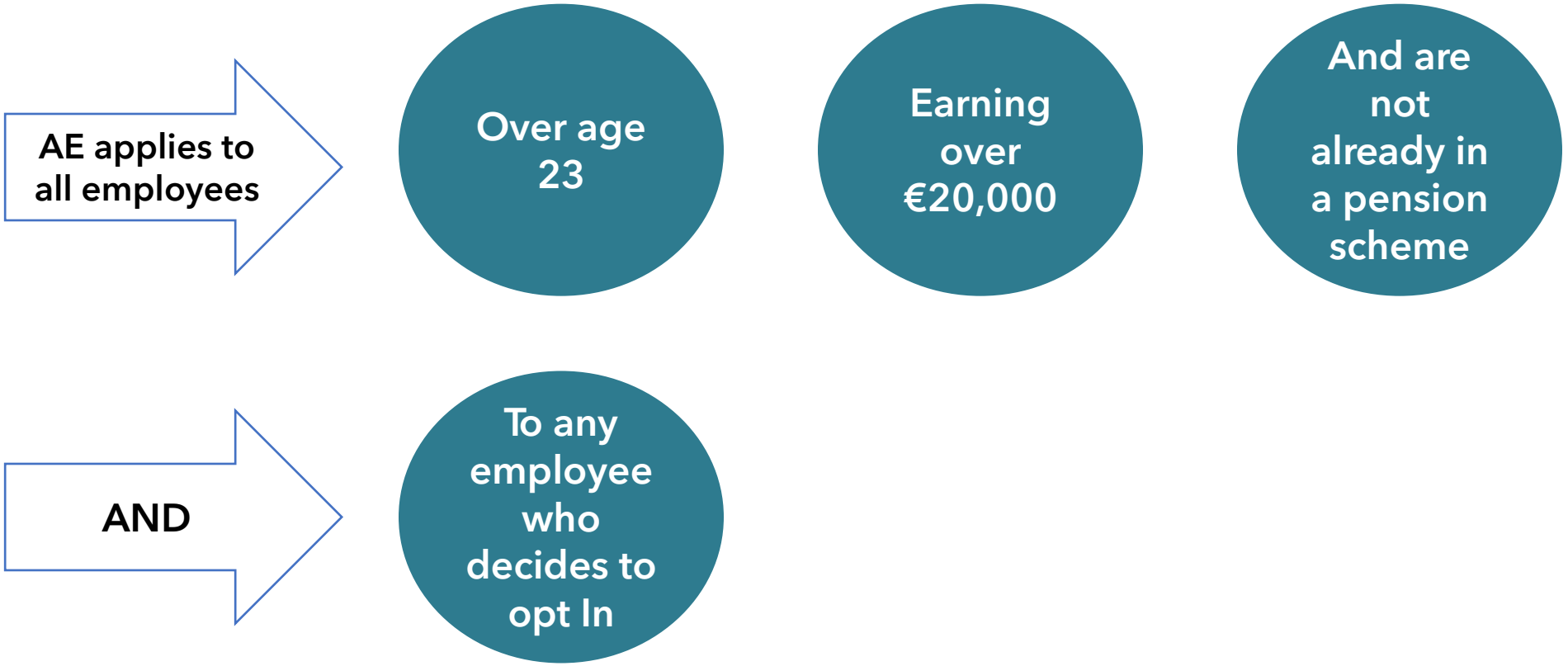
Amundi ASSET MANAGEMENT

BlackRock

ILIM

Investment Managers

The basics…



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The basics…

Contributions

Employer
1.5%
(6%)

Employee
1.5%
(6%)

State
0.5%
(2%)

Equates to 25% relief

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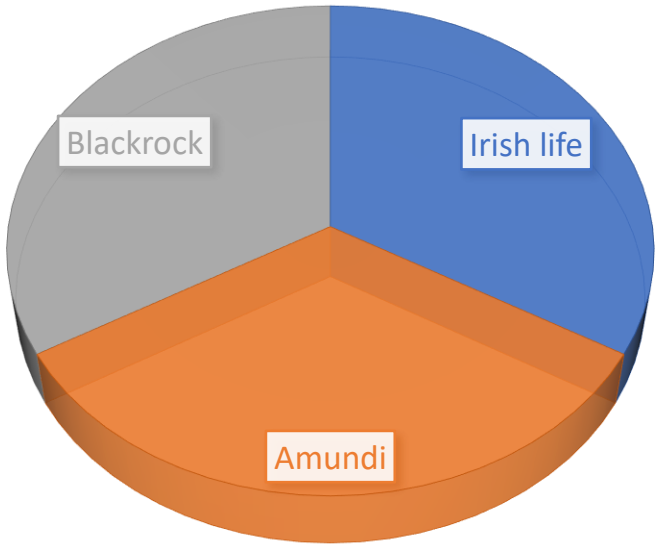
The basics…

Investments

- **Low risk strategy**
- **Medium risk strategy**
- **High risk strategy**
- **Default strategy**

SPLIT



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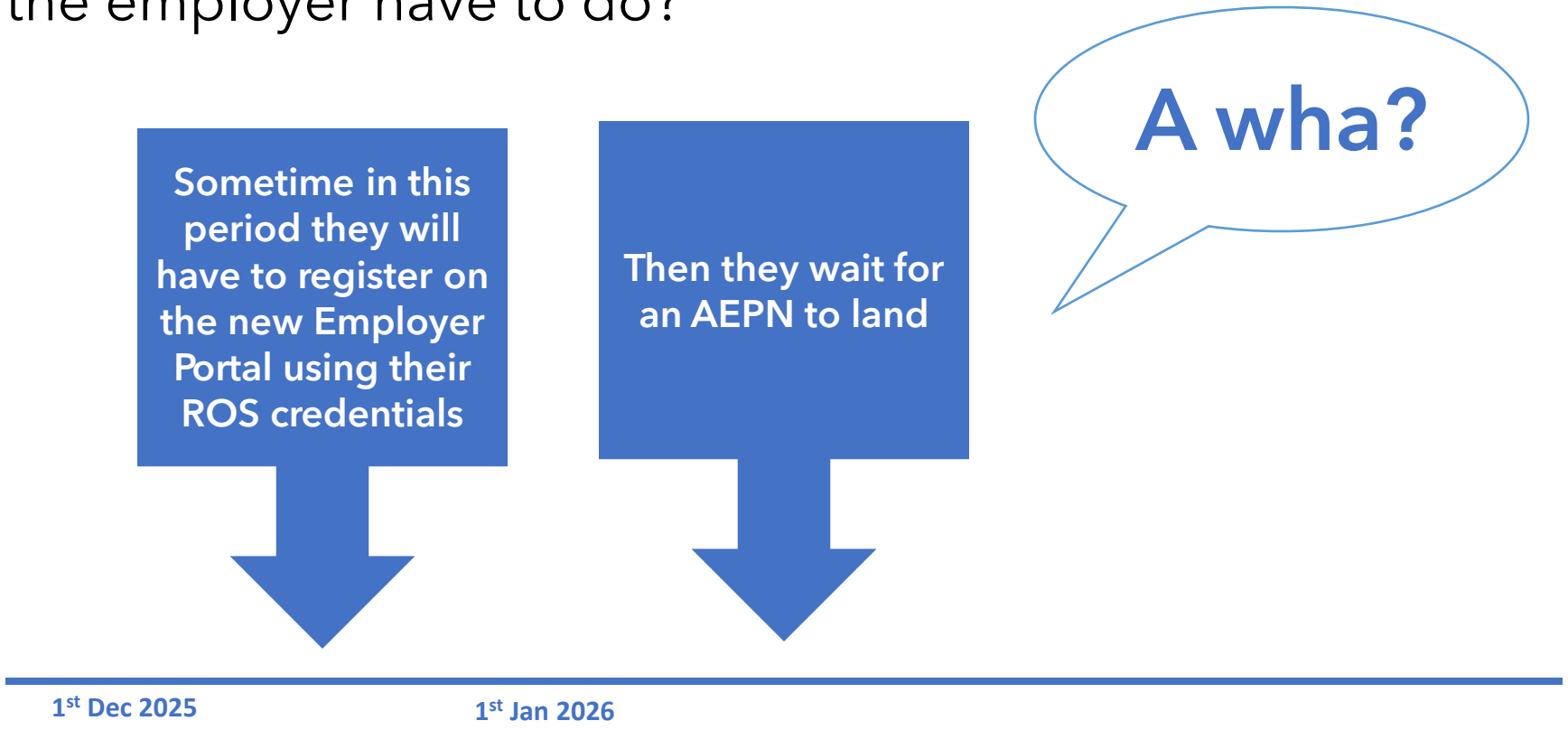
What will the employer have to do?



Automatic Enrolment Payroll Notification - AEPN

NEARSA

Will review Revenue records for the previous 13 weeks to see if the age, salary and pension position makes that individual eligible to join

AEPN

They will issue an AEPN via ROS to alert the employer of the bill for having that employee included in the system.

Employer

Employer settles the debt in the same way as PAYE or PRSI is collected

What could possibly go wrong?

- If the individual is in a pension scheme but the employer makes annual contributions that fall outside the 13 week lookback then employees will be enrolled in error

- Clients over the threshold who have opted out of pensions may now be caught if they are under 60

- Employers will be caught unawares where employees have two jobs and their overall earnings make them eligible

Typical, just bleeding typical…

Warning over some employers trying to avoid pension auto-enrolment

Updated / Thursday, 20 Nov 2025 11:40

The pension auto-enrolment scheme starts on 1 January and is designed to help over 800,000 workers to begin saving for their retirement

By **Brian O'Donovan**
Work & Technology Correspondent

Oifig an Ard-Rúnaí, An Roinn Coimirce Sóisialaí
Office of the Secretary General, Department of Social Protection

17 November 2025

Ms Joyce Brennan,
Chief Executive
IAPF,
25 Lower Mount Street,
Dublin 2.

Re: Automatic Enrolment – My Future Fund

Dear Ms Brennan,

As I'm sure you know, this Department is currently implementing the Automatic Enrolment Retirement Savings System known as My Future Fund. This system is legislated for under the Automatic Enrolment Retirement Savings System Act 2024 (the AE Act). It is designed to provide those employees in the Irish economy, who are currently without pension coverage, the opportunity to save for their retirement in a quality assured scheme. Therefore, from 1 January 2026, those aged over 23, under 66, earning in excess of €5,000 per 13-week period, and not already enrolled in a pension scheme operated through payroll, will be automatically enrolled in My Future Fund. My Future Fund will be operated and regulated by a new state body called the National Automatic Enrolment Retirement Savings Authority (NAERSA).

On 14 October, as part of its announcement of the establishment of NAERSA, this Department issued a press release highlighting, *inter alia*, that it had come to its attention that a number of organisations were directly enrolling some of their employees in occupational pension schemes on the basis that this is now required by a change in law. That Press Release clarified that no such change in law had occurred. It also reminded all concerned that it is an offence to take any action that hinders or attempts to hinder an employee from participating in the My Future Fund scheme, and that any cases where employees are illegally obliged to join another pension scheme such that they are then prevented from accessing the My Future Fund scheme will be fully investigated. A copy of that Press Release is available online (Minister Calleary formally establishes the National Automatic Enrolment Retirement Savings Authority (NAERSA).

Notwithstanding this communication this Department understands that some employers intend to enrol employees, who are currently not participating in a company pension scheme, into such a scheme and to so do so with effect from the 1st January 2026 in order that the employees concerned are not automatically enrolled into the My Future Fund scheme.

Áras Mhic Dhiarmada, Sráid an Stórais, Baile Átha Cliath 1, D01 WY03
Áras Mhic Dhiarmada, Store Street, Dublin 1, D01 WY03
T +353 1 7043896 | secretary.general@welfare.ie
www.gov.ie/dsp

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Long term predications

- In 30 years, Government will reduce or remove the State Pension or make it entirely means tested using the argument that the majority of citizens have private pensions and State support is no longer justified

- Employers will offer roles with inclusive packages to include the cost of AE

- AE might become the norm and schemes that might otherwise have been better funded schemes will diminish

Is it a good regime?

Did we learn from the UK?

One pot approach

No role for insurance companies

Contribution rates

Overall simplicity

State contribution

Costs

Delivery

?

Puts pensions on the agenda

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Begrudging respect

David Nelligan
1899-1983

Officially

Unofficially

Dublin Metropolitan Police (counter-intelligence) — Pension

Irish Army (Commandant) — Pension

DMP n Garda Siochana (Special Branch) — Pension

Irish Civil Service — Pension

IRA (Mole) — Pension

M15 (Double Agent) — Pension

1899 1917 1919 1921 1922 1924 1932 1964

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Succession Planning Pathways

Morna Ahern, FCA, CTC.

Wednesday 3rd December 2025

Morna Ahern

Principal of Brass Tax Consultancy

About

- Chartered Accountant.
- Chartered Tax Consultant.
- Lecturer in Taxation at TUS.
- Owner of Brass Tax Consultancy, a boutique tax advisory firm based in the Mid-West.
- Former Chair of Mid-West Society for Chartered Accountants Ireland

TUS
Technological University of the Shannon: Midlands Midwest
Ollscoil Teicneolaíochta na Sionainne: Lár Tíre Iarthar Láir

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Overview

Succession Planning Legal Landscape - Overview

CGT and CAT Reliefs – Key Reliefs

Simple Strategies for Success.

Q& A

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LEGAL LANDSCAPE

Succession Planning

Through smart planning, you can transfer wealth to the next generations efficiently and responsibly.

In this presentation we will outline options available to you and your children when it comes to gifting or bequeathing your other personal and investment assets.

The aim of this session is to gain more understanding about how to plan for capital gains tax (CGT) and capital acquisitions tax (CAT), you can make wise financial decisions for your family business.

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Succession Planning – Wills EU Dimension

The EU Succession Regulation (known as ‘Brussels IV’) came into force on 17 August 2015. The regulations aimed to simplify the complex cross-border legal issues of succession of the estates of deceased persons within the EU.

It is important to note that Ireland Opted out of Brussels IV in 2015. However, with changes on the horizon clients will need to ensure that the Will stipulates it is under Irish Law – Freedom of Testation.

Consideration needs to be given where Irish people who have property interests abroad in countries. Domicile – determine legal provision.

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Succession Planning – Wills EU Dimension

The Regulation is under review and possible reform by the European Commission.

The Commission has not yet published its proposals, but the European Council of Notaries (**CNUE**) has published a number of major recommendations for reform.

Any reform is likely to have a significant impact on the estate planning of any person with assets in the EU, or who is a resident or national of an EU country.

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Succession Planning – CNEU Proposals

CNUE has set out 18 recommendations which need further review.

Habitual Residency – Not just where you live when you die. CNUE has requested more clarification.

Choice of Law – Presently it is possible for a person to elect to apply the law of the country of their nationality (or one of their nationalities) to govern the succession of their EU estate, which election will override the ‘default’ law of habitual residence.

Public Policy Exemption - The Regulation includes a general ‘escape clause’ which allows an EU court to disapply the Regulation in particular narrow cases where it would be ‘manifestly incompatible’ with local public policy to apply it. (Forced Heirship).

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Succession Planning – Summary of Irish Position

Regardless of whether a person has made a Will providing for his spouse, under Irish Law the spouse has certain rights to inherit under Section 111 of the Succession Act 1965.

Beneficiaries	Intestate Without a Will	Testate With a Will
Spouse Only	100%	Legal Right Share 50%
Spouse & Children	2/3rd & 1/3rd	Spouse legal right share of 1/3rd of Estate.
Children Only	100%	

Child is not entitled to any defined share of the estate and a parent is not obliged to treat their children equally or to benefit them at all. What a parent is obliged to do, however, is to give consideration to each of their children and to consider in what manner to benefit them.

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Ireland - Succession Planning – Where to Start?

Aim to design a structured succession plan which can help mitigate the risk of conflict between your family members ensuring your wishes are carried out.

Asset can be gifted or bequeath under a Last Will in Testament.

As part of the succession plan, it is best to establish the estimated tax liabilities that could arise on transferring assets to future generations whether it be now or on death.

Consideration in the Now may assist in reducing exposure to CAT. It is not always efficient to pass assets on death.

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CAPITAL GAINS TAX

Capital Tax- The Relief's

Capital Gains Tax Relief – Disponer

- Retirement Relief
- Revised Entrepreneur Relief

Capital Acquisitions Tax – Beneficiaries'

- Agricultural Relief
- Business Property Relief

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Capital Gains Tax (CGT) – Retirement Relief

Age of person making disposition for CGT to a Child	Proceeds Threshold
55 to 69 years	€10,000,000
Age 70 plus	€3,000,000

Consider: MARGINAL RELIEF

(Proceeds – Retirement Relief Threshold) * 50%

Age of person making disposition for CGT to a Third party	Proceeds Threshold
55 to 65 years	€750,000
Age 70 plus	€500,000

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Capital Gains Tax (CGT) – Revised Entrepreneur Relief (RER)

CGT rate of 10% applied on first €1,500,000 of a gain on the disposal of chargeable business assets by relevant individual balance taxed at 33%.

Note - €1,500,000 is a lifetime limit. * 1 January 2026*.

Test for Individual

- Individual owning assets directly - minimum of 3 continuous years in 5 years at any time prior to the disposal. Excludes Sole-trade time.
- Individuals owning shares in company - must own at least 5% of the ordinary shares *and*
- must be a director/employee who spent at least 50% of "working time" in managerial or technical capacity for a continuous 3 years in 5 years immediately prior to the disposal.

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Comparative Table - Reliefs

Retirement Relief	Revised Entrepreneur Relief
CGT Exemption	Rate reduction for CGT
At least 55 years old	No minimum age requirement
No max ownership limit	No Max ownership limit
Lifetime Limit on proceeds/ Market Value	Lifetime Limit of €1.5 million of gains
Owned and Used assets 10 years	Own min 3 years
Clawback 10 years child	None
Working 10 years – 5 FT	Worked 50% of working time for 3 or last 5 years
Ownership time of a spouse and working time of deceased spouse taken into consideration.	Ownership and working time of a spouse not considered.

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CAPITAL ACQUISITIONS TAX

Capital Acquisitions Tax (CAT) - Overview

CAT is payable by a beneficiary who takes a gift or an inheritance.

Section 5 CATCA 2003 a gift is deemed to be taken where

“**under or in consequence if any disposition, a person becomes beneficially entitled in possession otherwise than on a death to a benefit”.**

Gift = Inheritance if Disponer dies with 2 years

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Capital Acquisitions Tax (CAT)

Ket definitions & Dates

Valuation Date - is important for establishing the Market Value of the benefit, applying tests for agricultural / business relief and payment of tax.

Valuation date of a gift – Date of gift

Valuation date of an inheritance – this is the earliest of the following dates:

- The date successor entitled to retain the benefit.
- The date the benefit is actually retained.
- Delivery/payment of inheritance.

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Capital Acquisitions Tax (CAT)

When does Irish CAT apply?

Either the **disponer** or the **donee** (gift) **/ successor** (inheritance) is Irish resident or ordinarily resident or if the subject is an Irish situate asset.

A foreign Domiciled person under the law of CAT is deemed to be Non- Resident, Non- Ordinarily resident in Ireland

UNLESS

He or She was resident in Ireland for the FIVE consecutive tax years prior to receiving the benefit

AND

On that date (the date of receiving the benefit) was is either Resident or Ordinarily Resident in Ireland.

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Capital Acquisitions Tax – Exemption and Thresholds

The current small gift exemption is €3,000 which can be deducted in the case of a GIFT only.

The gift/inheritance tax-free thresholds were amended in the last budget with the CAT tax rate remaining at 33%.
These tax-free threshold amounts vary depending on the recipient's relationship (Family member or Others) to the person making the gift or inheritance.

Lifetime Limit – Group Tax free Thresholds

Group A Child Minor of deceased child	Group B Brother Sister Mother Father Grandparent	Group C No Relationship covered under A or B
€400,000	€40,000	€20,000

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Capital Acquisitions Tax

Aggregation Rules – Gift/Inheritance

The rules apply at the date of the gift or the date of the inheritance.
To calculate CAT on the latest benefit, you must add all gifts or inheritances received within the same group threshold since *5 December 1991*.

Filing Obligation – Dependant on Valuation Dates/Date of Death

Any tax due must be paid within 30 days of receiving the benefit.

The form can be submitted by 31 October of same year should the valuation date fall between 1 Jan – 31 Aug.

1 Sept – 31 Dec filing date 31 October the following year.

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Capital Acquisitions Tax – The Relief's

Agricultural Relief operates by reducing the market value of 'agricultural property' by 90%, so that gift or inheritance tax is calculated on an amount - known as the 'agricultural value' - which is substantially less than the market value. Subject to conditions such as Active Farmer Test, Green Cert.

Business relief is granted on the transfer of relevant business property
The relief applies to the transfer of a business/share in a business.
The relief reduces the taxable value of the business property which CAT is calculated on by 90%, subject to certain conditions.

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Capital Acquisitions Tax – Clawbacks

Agricultural Relief

- 6 years of valuation* unless reinvested after 1 year
- CPO 6 years to reinvest
- Stamp Duty Relief for Consanguinity extended to 2028
- Young Trained Farmers relief €100K

Business Property Relief

- Claw back ceased trading bona fide commercial reason.
- 6 years unless replace after 1 year.

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SUCCESSION STRATEGIES

Simple Succession Strategies

1. Tax-free thresholds.
2. Spousal/Civil Partners Exemption.
3. The Same Event.
4. Direct Payment of CAT.
5. The Annual Advantage.
6. Various Exemptions/Payments.
7. Family Partnerships –Control.
8. Section 73.

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Spousal/ Civil Partner Exemption

Inheritances taken between spouses/civil partners are exempt from CAT and are ignored for aggregation

This exemption does not apply to cohabitants.

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Same Event Credit

When an asset is gifted, a liability to CAT and CGT can arise in respect of the same disposal, the same event. Where the same event occurs, the CGT payable by the person gifting the asset is allowed as a credit against the CAT liability by the person who is receiving the gift.

As a long terms succession strategy, the same event rule can be efficient where it is the plan is to gift a mix of assets over a period of time.

Important to note that when gifting assets consideration should be given to gifting assets which may not be subject to CGT first in order to utilise the beneficiaries' relevant tax-free CAT threshold.

Therefore, the CGT/CAT offset will be more beneficial to the beneficiaries' reducing the CAT payable.

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Payment of CAT

You can opt to pay the CAT liability arising from a gift or inheritance on behalf of the recipient. This will increase the total value considered for CAT calculations, it can be a strategic way to reduce the financial impact on your beneficiaries.

OR

Section 73 policy provides an options of paying beneficiaries CAT liability without the payment itself being considered as a taxable gift.

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Annual Advantage

The small gift exemption allows anyone to gift another person up to €3,000 tax-free each year without impacting their lifetime tax-free thresholds.

A simple but effective exemption which can be very effective over a period of time. Notably, you don’t have to be family member to avail of this exemption and there is no cap on the number of people you can gift to in a year.

This relief can’t be claimed retrospectively and must be claimed in the year. A helpful relief for parents or grandparents wishing to pass wealth over time.

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Various Exemptions/ Payments – Tax-Free

- Dwelling House Exemption.

- Support, Maintenance and Education payments for beneficiaries up to age of 25 – exempt from CAT.

- Expenses of Incapacitated Persons- For medical reason if a beneficiary is incapacitated and receives gifts to support qualifying medical expenses and exemption for CAT may apply.

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Control – Family Partnerships

Family partnership can be a highly efficient way to prevent tax -leakage on the transfer of assets to the next generation. Parents pay CGT and Children pay CAT. Stamp duty will also be ain direct cost on transfer.

The beneficiaries must pay CAT on the value of the assets at the date of transfer to the partnership; there is no further CAT on the death of the parents.

Therefore, the next generation should not have to pay tax on the growth of the assets held in the partnership.

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CAT - Insurance

Section 72 policy

This is an insurance policy used to cover the inheritance tax due when the policyholder dies. This policy can be extremely helpful where the beneficiary will have a significant CAT exposure on the policy holder's death.

How does it work?

You pay an annual premium for the rest of your life in return for a predetermined level of cover.

What the benefits?

Proceeds of the policy are not taxable provided they are used to pay an inheritance tax liability to CAT.

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Key Take-Aways

•CAT succession planning = **protecting wealth + minimising tax**

•Key tools: **thresholds, exemptions, reliefs, structured gifting.**

•**Early gifting strategy**: Use €3,000 annual exemption to gradually transfer wealth tax-free.
•**Business & farm reliefs**: Preserve family enterprises while minimising tax burden.
•**Leverage thresholds**: Plan transfers across family members to maximize tax-free amounts.
•**Avoid disputes**: Structured succession reduces family conflict and ensures clarity.

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Q&A

Thank You

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Contact me via email:

Morna.Ahern@brasstaxconsultancy.ie

Connect via Linkedin
Brass Tax Consultancy

KPMG

NI Tax Update

3 December 2025

Agenda

01
UK Budget 2025 Economic Outlook

02
Budget 2025 - Impact on Businesses

03
Budget 2025 - Impact on Employers and Employees

04
Budget 2025 - Impact on Individuals

05
Cross-border Working Arrangements

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Economic Outlook

01

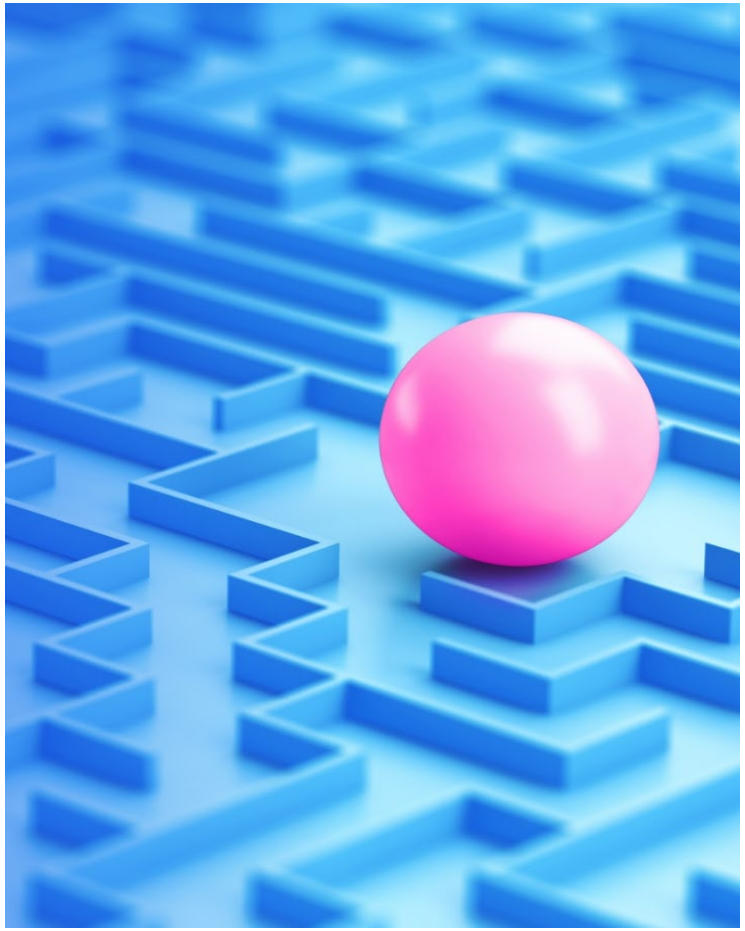
Backdrop to Budget 2025

Economic landscape

- Record high borrowing costs (c4.5% highest in G7)
- Record low fiscal headroom (was only £9.9bn)
- Stubborn inflation (latest 3.6% but expected to reduce)
- Stagnant economic growth (Q3 0.1%)
- Borrowing YTD £116bn (+£10bn)
- Geopolitical uncertainty and new demands on spending (e.g. defense)
- U-turns on Winter Fuel and PIPs
- Pressure to scrap the two-child benefit cap
- New ‘black hole’ in public spending (estimate £20bn – £30bn)

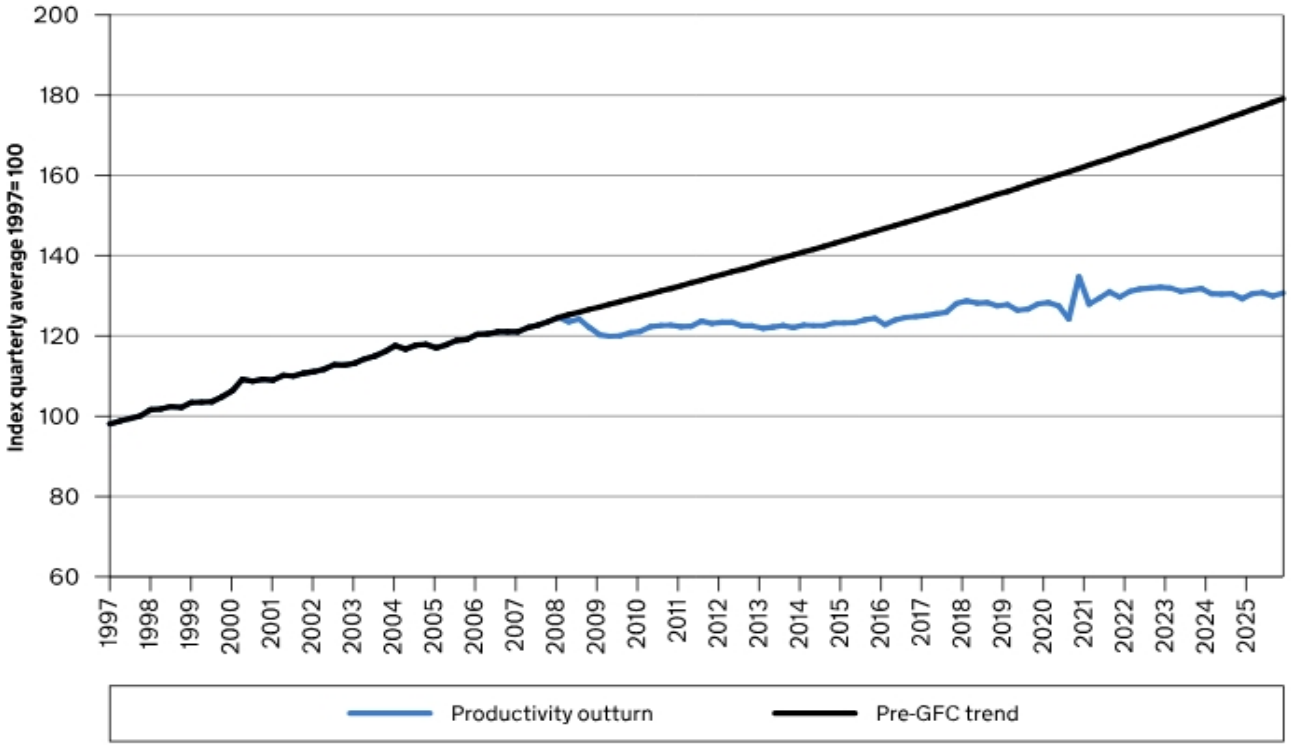
Business sentiment

- Autumn Budget 2024: tax rises of c£40bn p/a – mainly from Employer’s NIC.
- Increases to Minimum Wage and Make Work Pay initiative
- Impact on business confidence and recruitment plans
- UK investors have dumped record amounts of UK equities over the last few years



Productivity downgrade

Chart 1.2: Pre-GFC trend and outturn productivity growth



Source: HMT Calculations and Office for National Statistics.

OBR downgraded the UK's productivity growth in its forecasts as compared to the Spring Statement – now in line with BoE and other external forecasters. This caused a headache for the Chancellor…….

Opening 'headroom'	£9.9bn
Less productivity gap	(£14.3bn)
OPENING DEFICIT	(£4.4bn)
Tax raising measures announced	**£26.1bn**
CLOSING HEADROOM	£21.7bn

Impact on Businesses

02

Autumn Budget 2025 – Business Taxes

- **Capital Allowances** - Main rate pool allowances to reduce from 18% to 14% from April 2026. Introduction of new FYAs at 40% from 1 January 2026. 100% FYA for Zero-emission cars and electric vehicle charge points extended by 12 months 100% FYA for Zero-emission cars and electric vehicle charge points extended by 12 months

- **EIS/VCT** - Increase in Enterprise Incentive Scheme (EIS) and Venture Capital Trust (VCT) limits from 6 April 2026

- **ICTS** International Controlled Transactions Schedule will be implemented in Finance Bill 2025-2026. Requires taxpayers to file an annual ICTS, capturing standardised information on cross-border related party transactions

- **VAT costs reduced for some UK businesses with EU branches –** Revised VAT grouping rules post Skandia – overseas establishment of a UK VAT-grouped entity should be treated as part of the UK VAT group. Retrospective – HMRC inviting claims from taxpayers accounting under reverse charge mechanism in the last 4 years

- **Close company reporting** – consultation proposed on new reporting requirements for transactions between close companies and their participators aimed at improving HMRC visibility on value extraction

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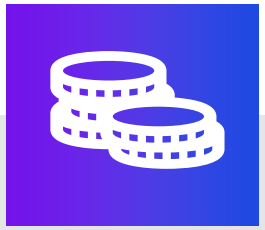
Impact on Employers / Employees

03

Autumn Budget 2025 – Impact on Employers and Employees



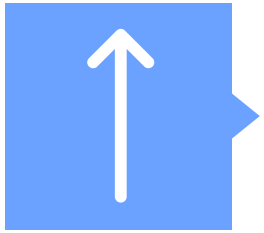
- **Salary sacrifice on pensions**– From 6 April 2029, the value of salary sacrifice on pension contributions receiving NIC relief will be limited to £2,000 per annum
- **National Minimum Wage** – From 1 April 2026 a 4.1% increase from £12.21 to £12.71 an hour, for 18-20-year-olds: 8.5% increase from £10.00 to £10.85 an hour and apprentices: increase from £7.55 to £8.00 an hour
- **EMI Scheme** – Significant expansion of the eligibility limits with the exception of NI specified companies
- **Car benefits** – Employee Car Ownership Schemes and Plug-in Hybrid electric vehicles
- **High Talent New Arrivals** – tax consultation expected

Impact on Individuals

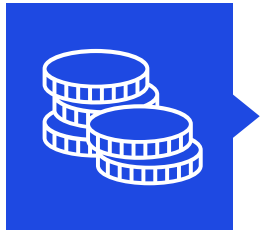
04

Autumn Budget 2025 - Personal taxes

Personal tax thresholds, relevant NI thresholds frozen for another three years (until April 2031)



Electric Vehicle Excise Duty (eVED): new pay per mile charge from April 2028 – reduced rate for hybrids



Tax-free ISA limit to remain at £20,000 but cash limit reduced to £12,000 for under-65s

Employees Ownership Trust – CGT relief reduced from 100% to 50%

Share exchanges and reorganisations

Incorporation relief claims

Freeze on the IHT bands. Transfer of unused £1m allowance to spouse but extension of charge to non-UK companies holding agricultural land

Personal taxes – Changes in Rates

	Previous rate	New rate
Dividend income – ordinary rate	8.75%	10.75%
Dividend income – upper rate	33.75%	35.75%
Dividend income – additional rate	39.35%	39.35%
Savings income – basic rate	20%	22%
Savings income – higher rate	40%	42%
Savings income – additional rate	45%	47%
Property income – basic rate*	20%	22%
Property income – higher rate*	40%	42%
Property income – additional rate*	45%	47%

***New separate tax created (previously subject to income tax)**

Note that rates of income tax of 20%, 40% and 45% remain unchanged (for earned income / non-savings income)

KPMG

Cross-border Working Arrangements

05

Cross-border Working – Risk Considerations

Case study:

Marie

- Marie has a young family and has recently purchased a home in Newry. She requested a home-working arrangement, explaining that she could perform the majority of her duties remotely from Northern Ireland

- The company's policy is to encourage flexible working arrangement, and they don't want to lose Marie. They discuss an arrangement that would enable her to work from home in Newry, whilst still attending the Dublin office two days per week. The flexible working arrangement is approved and Marie moves up to Northern Ireland with her family.

French national

Living and working in Dublin for the past twelve years

Holds a senior position at an Irish company and is a highly regarded employee

Is on an Irish payroll, paying Irish tax, USC and PRSI contributions

Risk Considerations

Corporate Tax

- Permanent Establishment Risk- Does Marie create a PE for the company in NI?
- >50% of time spent in NI
- Role and duties?

Payroll

- Still employed by an Irish company with Irish workdays. Ongoing Irish PAYE requirements
- Payroll obligations in NI

Social Security

- Social Security only due in one country, normally the country where the person works.
- Marie is a multi-state worker
- Social Security due in NI.

Other Risk Areas

- Does Pension auto enrolment apply?
- Irish pension considerations
- Employer's Liability & PII cover
- CTA and visa

KPMG

Any Questions?

Presenter

Eunan Ferguson

Director,
Employment Tax, UK

++44 75000 80202

eunan.ferguson@kpmg.ie

kpmg.ie

Finance Bill 2025 – Real Estate Considerations

CAI Winter Conference

03 December 2025

Shane McCarthy

Real Estate

“Government is determined to use all policies at our disposal to increase supply and alleviate pressure, so that more people can access a home”.

-Minister of Finance Budget 2026 Speech

Real Estate Issues

1. VAT reduction on sale of apartments
2. Enhanced corporation tax deduction on qualifying apartment construction costs
3. Corporation tax exemption for Cost Rental Income
4. Residential Zoned Land Tax (RZLT) amendments
5. Living City Initiative (LCI) Extension
6. Miscellaneous measures – Stamp Duty; Rent Tax Credit; Mortgage Interest Tax Credit; Retrofitting Deduction

Overall aim – boost apartment supply, support affordable and cost rental housing, incentivise retrofitting and regeneration

Focus – address viability challenges in apartment construction, support government housing plans and encourage investment in the residential sector.

“Delivering Homes, Building Communities” – published 13 November

VAT Reduction on Sale of Apartments

- The Finance Bill introduces a temporary reduction in the VAT rate on the sale of completed apartments, from 13.5% to 9%.
- The measure is effective from 8 October 2025 to 31 December 2030.
- The aim is to address the “viability gap” in apartment construction and make it more attractive for developers to build and sell apartments
- Committee and Report Stage amendments have confirmed that site and construction services are included in the 9% rate – will positively impact forward-funding arrangements where investors and housing bodies acquire sites before construction begins and make stage payments during development

Enhanced Corporation Tax Deduction on Apartment Sales

- The Bill introduces an enhanced corporation tax deduction for companies constructing a a qualifying apartment block (10 or more apartments) or convening a non-residential building into such a block
- Eligible companies can claim a deduction of 125% of qualifying construction costs, capped at €50,000 per apartment (net benefit of €6,250 per apartment).
- Applies to projects commenced between 8 October 2025 and 31 December 2030, with relief to be claimed upon completion.
- Ineligible expenditure – costs such as land, finance, insurance, professional fees and taxes

Corporation Tax Exemption for Cost Rental Income

- Rental income from properties designated under the Cost Rental Scheme on or after 8 October 2025 is now exempt from Corporation Tax
- The measure is designed to encourage development and provision of cost rental homes, supporting government targets for affordable housing
- Any rental losses, relief for pre-letting and retrofitting expenses, IBAs and capital allowances are to be disregarded

Residential Zoned Land Tax (RZLT) Amendments

- The Bill amends RZLT (2025 being Year 1 for the tax)
- A further rezoning opportunity is provided for in 2026, allowing landowners to challenge the inclusion of their land in the RZLT regime. Revised maps for 2026 will be published on 31 January 2026 and there will be an opportunity to request rezoning until 1 April 2026 – provided the land is not the subject of a current planning application or extant planning permission which allows residential development.
- The Bill also updates the deferral system, allowing for a full exemption while a 3rd party appeal is underway (aligning treatment with judicial reviews). The exemption applies from the grant of planning permission and lasts for the duration of the appeal.
- This is significant, as a deferral falls away when a site is being sold, and no sale can take place without filing a return and paying tax deferred.

Living City Initiative (LCI) Extension

- The LCI, which provides tax relief for refurbishing or converting properties in designated urban regeneration areas, is extended to 31 December 2030.
- Key changes include:
  - Relief for qualifying expenditure incurred from 2026 will be allowed over two years (50% per annum – previously 15% over 7 years)
  -The carry-forward period for unused relief is extended to 10 years
  -The relief cap is increased from €200,000 to €300,000
  -Certain restrictions on developers and connected parties are removed
- With limited take up on the LCI previously, it will be interesting to see if these changes will have effect

Miscellaneous Measures – Stamp Duty, Rent Tax Credit, Mortgage Interest Tax Credit, Retrofitting Deduction

- The Residential Development Stamp Duty Refund Scheme is extended to 31 December 2030
- The scheme allows for a refund of 11/15 of the stamp duty paid on land developed for residential use, supporting continued investment in housing supply
- Rent Tax Credit: Extended for three years to 31 December 2028. The credit is €1,000 for individuals and €2,000 for jointly assessed couples.
- Mortgage Interest Tax Credit: Extended until 2026 –maximum relief in 2025 is €1,250; maximum relief of €625
- Retrofitting Deduction: Income tax relief for landlords on retrofitting expenses is extended to 2028, with increased property limits and immediate claimability

SCIMET R&D

PRECISION FUNDING FOR YOUR INNOVATION

RESEARCH AND DEVELOPMENT CORPORATION TAX CREDIT UPDATE

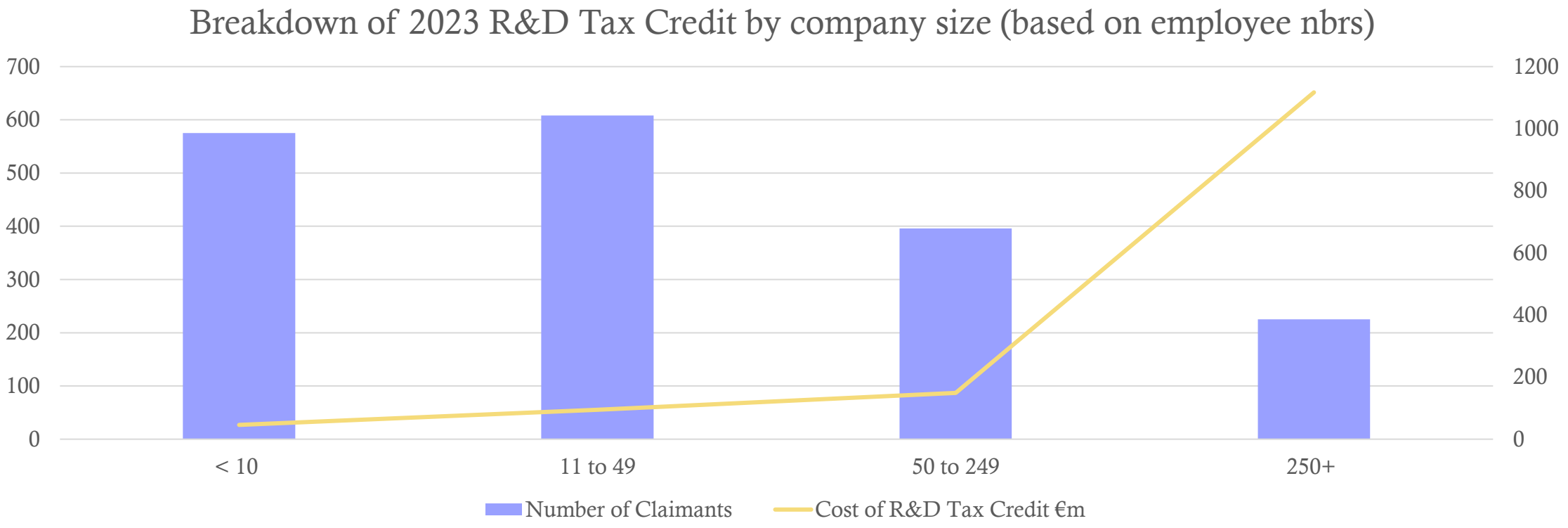
THE R&D TAX CREDIT IN IRELAND

2004 R&D Tax Credit First Introduced in Ireland

1800 The number of companies that claimed in 2023

€1.4bn+ Total amount claimed in 2023

THE R&D TAX CREDIT IN IRELAND



TWO KEY TESTS

Science Test + Accounting Test = R&D Tax Credit

Do we have activities that meet Revenue's definition of R&D?

What expenditure was incurred wholly and exclusively on those activities? Has it been treated correctly in the claim?

R&D DEFINITION – LEGISLATION

"*research and development activities*" means systematic, investigative or experimental activities in a field of science or technology, being one or more of the following –

- basic research, namely, experimental or theoretical work undertaken primarily to acquire new scientific or technical knowledge without a specific practical application in view,
- applied research, namely, work undertaken in order to gain scientific or technical knowledge and directed towards a specific practical application, or
- experimental development, namely, work undertaken which draws on scientific or technical knowledge or practical experience for the purpose of achieving technological advancement and which is directed at producing new, or improving existing, materials, products, devices, processes, systems or services including incremental improvements thereto:

but activities will not be research and development activities unless they –

- seek to achieve scientific or technological advancement, and
- involve the resolution of scientific or technological uncertainty;

R&D DEFINITION – EXCLUDED ACTIVITIES

a) research in the social sciences (including economics, business management, and behavioural sciences), arts, or humanities;

b) routine testing and analysis for purposes of quality or quantity control;

c) alterations of a cosmetic or stylistic nature to existing products, services or processes whether or not these alterations represent some improvement;

d) operational research such as management studies or efficiency surveys which are not wholly and exclusively undertaken for the purposes of a research and development activity;

e) corrective action in connection with breakdowns during commercial production of a product;

f) legal and administrative work in connection with patent applications, records and litigation and the sale or licensing of patents;

g) activity, including design and construction engineering, relating to the construction, relocation, rearrangement or start up of facilities or equipment other than facilities or equipment which is to be used wholly and exclusively for the purposes of carrying on by the company of research and development activities:

h) market research, market testing, market development, sales promotion or consumer surveys;

i) prospecting, exploring or drilling for, or producing, minerals, petroleum or natural gas;

j) the commercial and financial steps necessary for the marketing or the commercial production or distribution of a new or improved material, product, device, process, system or service.

k) administration and general support services (such as transportation, storage, cleaning, repair, maintenance and security) which are not wholly and exclusively undertaken in connection with a research and development activity.

RECENT UPDATES

1. S766C and S766D now apply to all claims

2. R&D Tax Credit Rate

25% → **30%** → **35%**

A.P. commencing on or after 1st January 2024

A.P. with specified return date on or after 23rd September 2027

3. First Instalment Amount: Greater of a) 50% of R&D Corporation Tax Credit, or b)

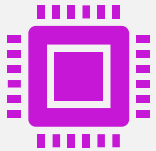
€25,000 → **€50,000** → **€75,000** → **€87,500**

A.P. commencing on or after 1st January 2024

A.P. commencing on or after 1st January 2025

A.P. with specified return date on or after 23rd September 2027

RECENT UPDATES – FINANCE BILL 2025



R&D employees spending ≥ **95%** of time on R&D can be included at **100%**

CapEx on laboratory may qualify under S766D (excluding spend on offices)

The claim for instalments 2 and 3 can be made on CT1 when making initial claim (NB payment of instalments remain the same, administrative change only)

RECENT UPDATES – VALID CLAIM AND CT1 COMPLETION

- Breakdown between P&M, emoluments, and other qualifying expenditure must be provided
- For each instalment, claimant must specific how much of the tax credit is to be a) treated as an overpayment of tax or b) paid to the company.
- Amounts carried forward under S766/S766A TCA 1997 (i.e. the old rules) must be entered in the correct sections of the CT1.
- Grant panels not completed correctly e.g. expenditure met or to be met by grants must be adjusted
- Subcontractor notification requirements not satisfied

RECENT UPDATES – TAX APPEAL CASES

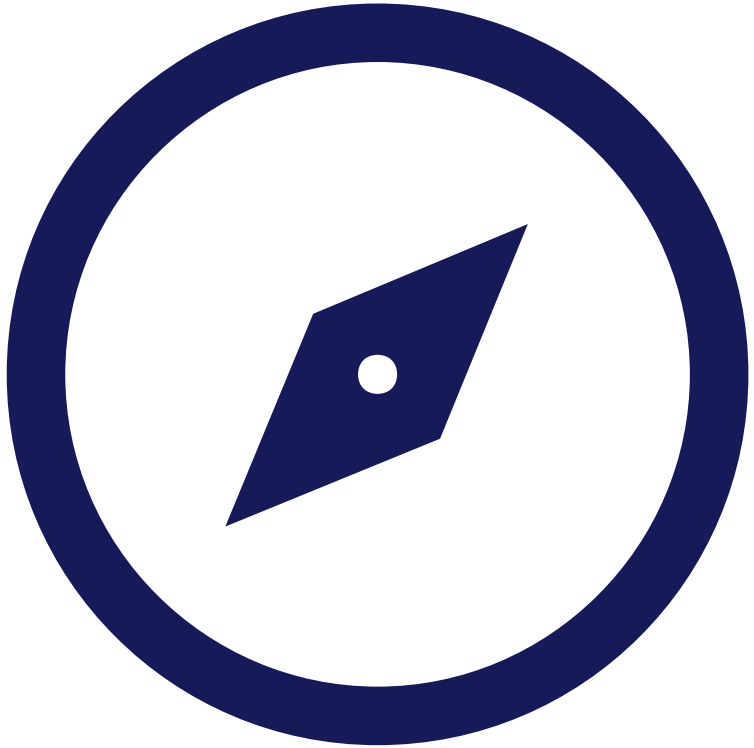
- **162TACD23 (Animal Breeding)**

- **165TACD25(Software)**

REVENUE AUDITS AND ENQUIRIES

- Is it a Level 1, 2 or 3 Compliance Intervention?
- What taxes and periods are covered?
- Has an external expert been appointed?

Prepare, Prepare, Prepare!



R&D CORPORATION TAX CREDIT – WHAT NEXT?

R&D Compass

- Information on potential future enhancements

- Subcontracted R&D
- Definition of qualifying expenditure
- A new Innovation Tax Credit

Q&A?

Key VAT Changes in the Finance Bill

Mairéad Hennessy

Agenda

- 9% VAT rate on hospitality and hairdressing
- 9% VAT rate on apartments
- Waiver of exemption
- E-invoicing provisions

9% VAT for Hospitality & Hairdressing

9% VAT for Hospitality & Hairdressing

VAT rate reduction from 13.5% → 9%

Effective from 1 July 2026

Scope – What's Included

The 9% rate **will apply to** restaurant and catering services (i.e. most prepared food and meals sold by restaurants, cafes, pubs, takeaways, etc.) **and to** hairdressing services.

In practice, this covers food and non-alcoholic drink served on premises or as take-out (e.g. meals, tea/coffee) and all hairdressing work (cuts, styling, etc.), which currently fall under the reduced 13.5% category and will move to 9% from mid-2026.

What Remains Taxed at Higher Rates

Alcoholic beverages (remain at 23%)

Soft drinks (remain at 23%)

Hotel, guesthouse, or short-term rental accommodation (remain at 13.5%)*

Admissions (cinema, theatre, attractions - remain at 13.5%)

Mixed menus: non-qualifying drinks must be split from food

*The Bill provides that the 23% rate of VAT will apply from 1 January 2026 on the hire of rooms in hotels and guesthouses for use other than as accommodation.

What Remains Taxed at Higher Rates?

So, for example, a restaurant meal **will be 9%** but any wine, beer, or soda on the bill **stays at 23%.**

Also, hotel accommodation, short-term guest rentals, and admissions to live events or tourist attractions **are not included** in this new cut (unlike earlier temporary VAT reductions which had covered tourism broadly).

These services either continue **at 13.5%** (the normal reduced rate for tourism accommodation) **or at their applicable rate.**

What Remains Taxed at Higher Rates

Effectively, the 9% hospitality rate in 2026 **will not extend** to hotels/B&B stays or museum/theme park tickets as it did under previous schemes.

It is narrowly **focused on food service and hair care**.

It's also important to note that beautician and other beauty-treatment services are **not covered** by the 9% VAT rate.

Combined/Mixed Supplies

- If a single offering bundles items that fall under **different VAT rates**, the elements may need to be **separately accounted** for.

- **Packages must be split** into 9% vs 13.5%/23% portions

  For example, a “bed-and-breakfast” package from a hotel includes accommodation (still 13.5%) plus breakfast (9%); going forward, such a combined offering **must be split for VAT purposes** between the 13.5% lodging portion and the 9% meal portion.

Combined/Mixed Supplies

Practical example:

A restaurant should ensure its point-of-sale system applies 9% VAT on meals and tea/coffee, but 23% on any soft drinks or beer.

Similarly, a hair salon that sells shampoo or styling products (which are goods, not services) must continue to charge 23% on those product sales, even though the haircut itself will be 9%.

9% VAT Rate – Apartments

9% VAT for Apartments – Summary

VAT cut from 13.5% → 9% on qualifying apartment sales

Period 1: 8 Oct – 25 Nov 2025
Period 2: 26 Nov 2025 – 31 Dec 2030

Temporary relief until 31 December 2030

Significant measure to address construction viability pressures

Two Eligibility Periods Explained

The initial reduction for the sale of completed apartments took effect on October 8, 2025. The **further amendments** introduced during Committee Stage are effective from November 26, 2025.

Period 1: 8 Oct – 25 Nov 2025

Applies to **sale of completed apartments*** under a social-policy supply.

A property is considered ‘completed’ when it can be used as intended, with all essential utility services connected.

Two Eligibility Periods Explained

Expanded scope of 9% VAT rate which now applies beyond just the sale of completed apartments to **also include**:

Period 2: 26 Nov 2025 – 31 Dec 2030

Applies to **supply and construction*** of apartments & apartment blocks for residential purposes, including student accommodation.

* *Refer to next slide for additional amendments*

Finance Bill 2025 Report Stage Amendments

Additional amendments are being introduced to ensure the section **aligns with VAT rules**.

The updated measure now **applies to**:

- both parts of a **dual-contract apartment sale**, that is, the **sale of the site** and the **sale of the building services to build an apartment**.

The wording in the section has also been adjusted to use **“development” instead of “construction”** to reflect existing VAT legislation and case law.

Why the VAT Cut Matters

- **Apartment viability impacted** by rising material, labour & financing costs
- **VAT reduction expected** to improve economic feasibility of schemes
- Intended to **accelerate commencements** and enable stalled projects
- Supports Ireland's broader housing and densification policy

Definition of "Apartment" (Finance Bill)

Based on **Stamp Duty definition** (s31E SDCA 1999)

Multi-storey residential property with grouped/common access

Minimum of **3 apartments** sharing a main entrance or common stairwell

Units with **own front door** still eligible if building meets grouped-access test

Old vs New Apartments

Importantly, this VAT reduction **applies only** to sales of new apartments (typically first sale by a developer).

Second-hand sales of apartments and residential property in Ireland are generally exempt from VAT and that **remains unchanged**.

What Does Not Qualify

- **Duplex units** (if the duplex building only has one or two units and have their own private entrances, it fails both the “three apartments” and “common access” criteria).
- **One-off houses** / low-density units
- **Buildings not meeting** grouped access threshold

Practical Impact

For a €300,000 new apartment (before VAT):

- 13.5% VAT would have added €40,500 (total €340,500 gross).
- at 9%, VAT is €27,000 (total €327,000).

That's a significant €13k difference which can either reduce the purchase price for the buyer or improve the developer's margin (or a bit of both).

"Social Policy" Requirement

- **EU VAT Directive** permits reduced rates only for supplies under social policy

- Reduced VAT rates **can only be applied** to goods and services listed in Annex III of the EU VAT Directive (2006/112/EC).

- These include items like food, medicines, books, and certain housing-related services.

- The term "social policy" is **not explicitly defined** in the Directive, but it generally refers to **measures aimed at benefiting society**, particularly vulnerable groups, such as low-income households or individuals in need of social assistance.

"Social Policy" Requirement

- Member States have some discretion in defining what constitutes a social policy, but the European Court of Justice (ECJ) has ruled that measures **must be genuinely and primarily social in nature to qualify.**

- This requirement remains **central** to the scope of the measure.

- **Question:** Will the 9% VAT rate apply to all new, completed apartments in qualifying blocks, or will it only apply if the apartments form part of a social housing policy?

- This remains **uncertain** pending Revenue guidance. The upcoming **guidance** is expected to **provide clarity** of the qualifying criteria.

Timing & Practical Completion Rules

A development must reach **practical completion** in qualifying periods

Developers need to manage **build timelines strategically**

Early-stage projects could benefit if completed post-Nov 2025

Contracts may require amendment to reflect VAT timing

Practical Considerations for Developers

- Contract wording must distinguish sale vs construction
- VAT cash-flow benefits only at final stage
- Invoices issued at completion must reflect correct VAT rate
- Document retention & audit trail essential

Waiver of exemption

Finance Bill 2025

Finance Bill 2025 contains measures, which upon its date of passing would bring the V**AT waiver of exemption regime for properties to an end**.

Waiver of exemption

A mechanism under Irish VAT law that allowed landlords of commercial properties to **waive their VAT exemption** and opt to charge VAT on rents.

This enabled landlords to **reclaim VAT** on expenses related to the property, such as maintenance, repairs, or development costs.

However, the waiver system underwent **significant changes** after 1 July 2008.

Waiver of exemption

As a consequence of the High Court decision in **Killarney Consortium Case**, from **20 December 2024** onward, Revenue will **no longer collect cancellation sums** for previously granted waivers, even if they are later canceled.

Waiver of exemption

Pre-1 July 2008 Waivers:

Waivers of exemption that were in place **before 1 July 2008** remain valid for the properties to which they apply.

These waivers allow landlords to **charge VAT on rents** and reclaim VAT on associated costs.

The waiver applies only to properties **owned or developed before 1 July 2008**. Properties acquired or developed after this date cannot be included under the waiver.

Waiver of exemption

Post-1 July 2008 Changes:

- New waivers of exemption **cannot be initiated** after 1 July 2008.
- Existing waivers do not extend to properties acquired or developed after this date unless the development **completes a project** that was already underway on 18 February 2008.

Waiver of exemption

Cancellation of Waiver – Pre Revenue Updates from 20 December 2024

A waiver can be cancelled voluntarily by the landlord, provided any **VAT shortfall** (cancellation sum) was paid to Revenue.

The waiver is **automatically cancelled** if the landlord no longer owns any property subject to the waiver.

Upon cancellation, the landlord had to **repay any net VAT refunds** received during the waiver period.

Killarney Consortium case ([2024] IEHC 732)

Background

2004

Consortium bought property for development & letting

Option to tax exercised → allowed **VAT recovery of €717,750.**

Property Performance

Property underperformed: **VAT on rental income: €41,384. VAT reclaimed on costs: €6,820.**

2017

Sold for €750,000 + €89,207 VAT

Killarney Consortium case

Tax Appeals Commission Ruling

Found **in favour of the consortium**

Cancellation payment provision **incompatible with EU law** → must be disapplied

Killarney Consortium case

High Court Decision

Upheld the Tax Appeals ruling

Key findings:

Right to Deduct VAT is **fundamental under EU law** – cannot be retrospectively limited

Killarney Consortium case

Key findings continue:

Cancellation payment = **unlawful clawback**

Economic failure of property is **irrelevant**

Member States may regulate the option to tax, but not undermine VAT deduction rights

Killarney Consortium case

Key Takeaways

VAT Deduction is Protected:

Retrospective limits on deduction **violate EU law**

Fiscal Neutrality:

Cannot justify **unlawful clawbacks**

EU Law Supremacy:

Conflicting national VAT rules **must be disapplied**

Landmark Case:

Strengthens **taxpayer protections** under EU VAT principles

E-Invoicing Provisions

E-Invoicing

Finance Bill 2025 contains provisions to modernise Ireland's VAT invoicing and reporting, as part of the broader EU "**VAT in the Digital Age (ViDA)**" initiative.

Mandatory electronic invoicing (e-invoicing) with **real-time reporting** will be phased in for **business-to-business (B2B) transactions**, moving Ireland away from paper and PDF invoices toward a fully digital system.

Objectives of E-Invoicing Reform

Reduce VAT fraud and under-reporting

Improve real-time visibility of transactions

Modernise VAT administration

Increase automation for businesses

Ireland's Implementation Timeline

1

Phase 1 – Nov 2028: Large VAT-registered corporates (domestic B2B)

2

Phase 2 – Nov 2029: All VAT-registered businesses engaging in intra-EU B2B

3

Phase 3 – July 2030: Full implementation for cross-border EU B2B

Ireland's Implementation Timeline

Phase 1 (November 2028):

Large corporate businesses will be required to issue and process **e-invoices for domestic B2B sales**, with **real-time reporting** of key invoice data to Revenue.

This will likely apply to a relatively small number of the biggest VAT-registered entities first, who have the resources and perhaps experience with e-invoicing in other countries. It serves as a pilot for the system within Ireland.

Ireland's Implementation Timeline

Phase 2 (November 2029):

The mandate extends to **all VAT-registered businesses engaged in **intra-EU B2B trade***.

By this stage, any company that sells to or buys from other EU countries (and thus currently files VIES returns for EU sales) must use e-invoicing and live reporting.

This prepares them for the EU-wide requirement and also brings medium and smaller businesses into the fold if they do cross-border business.

Ireland's Implementation Timeline

Phase 3 (July 2030):

Full implementation of EU ViDA – all cross-border B2B transactions within the EU must be e-invoiced with real-time data reporting.

Essentially by 1 July 2030 (the EU's deadline), Ireland will have **100% of intra-EU B2B invoices in a structured electronic format** reported to tax authorities.

At that point, it becomes an EU-wide norm. (It's possible that domestic B2B transactions for smaller businesses that are purely domestic might only be mandated later or remain voluntary until any future decision, but Ireland's first phase already covers large domestic transactions.)

What E-Invoicing Entails

An e-invoice in this context **means a machine-readable, structured electronic invoice** (likely using a standardized format such as XML EN16931 format) sent through an approved network.

Simple PDFs or paper scans will **no longer suffice** for compliance.

Ireland plans to leverage the PEPPOL network (already used in public procurement) to transmit these invoices securely.

With each invoice, a subset of data (like buyer, seller VAT number, date, amount, VAT amount, rate, etc.) will be reported in **real-time to Revenue's systems**.

What E-Invoicing Entails

Notably, businesses will need the capability **not only to send e-invoices but also to receive them by 2030.**

Every VAT-registered business **must be able to accept an e-invoice from their supplier** (even if they themselves aren't in Phase 1 or 2).

Revenue will engage with stakeholders and publish detailed guidance and technical specifications ahead of each phase.

Recommended Actions Now

1. Perform system readiness assessments
2. Engage finance, IT and software providers early
3. Map VAT and invoice data fields to EN16931 requirements
4. Begin planning for integration with PEPPOL
5. Monitor Revenue for technical specifications & guidance

Questions?

taxkey

https://taxkey.ie/

mairead@taxkey.ie

https://www.linkedin.com/in/mairead-hennessy-a7912820/

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