2026

Investment Tax Guide

Goodbody

Chartered Accountants Ireland

Marketing Communication

Goodbody

Important information

Goodbody is not a tax adviser. We recommend that you consult a tax adviser for confirmation on whether the benefits referenced herein are suitable to your circumstances.

Please note the following information about this publication:

- The term corporate investor does not refer to a corporate that carries on a trade of buying and selling investments.
- It is aimed at Irish resident individuals and corporates only. It does not cover non-Irish resident individuals and entities.
- It is not intended to cover the entire investment spectrum, only those which are frequently encountered and where recurring tax questions arise.
- It does not cover the tax treatment of fund investments where the investor can influence the selection of investments of the undertaking, fund or life policy. This refers to Personal Portfolio Investment Undertakings (PPIUs), Personal Portfolio Life Policies (PPLPs) and Personal Portfolio IREFS (PPIREFs).
- References to Ireland mean the Republic of Ireland only.

Warning: The value of your investment may go down as well as up.

Warning: If you invest in investment products, you may lose some or all of the money you invest.

Warning: Early withdrawal from certain investment products will impact returns as costs and fees are higher at investment.

Warning: The value of your investments may be affected by changes in currency exchange rates.

Warning: The income you get from investments may go down as well as up.

Warning: CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Approximately 75% of retail investor accounts lose money when trading CFDs. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

Foreword

Ireland’s investment landscape has undergone significant transformation in recent years, shaped by global economic trends, a growing focus on sustainable finance, and the complexities of tax and regulatory frameworks. For individuals and businesses alike, understanding this environment is essential to making informed decisions and avoiding costly mistakes.

This guide, produced by the experts at Goodbody with the support of Chartered Accountants Ireland, aims to demystify the tax implications of investing. From income tax and capital gains tax to the treatment of dividends, interest, and foreign investments, the Irish tax system plays a critical role in shaping returns.

At a European level, initiatives such as the Capital Markets Union and the Savings and Investment Union seek to harmonise investment rules, simplify the regulatory framework and improve cross-border capital flows. These developments will influence how Irish investors access opportunities and how tax considerations apply in an increasingly integrated market.

Whether you are a first-time investor seeking to understand the basics or an experienced professional exploring new opportunities, the information within these pages is designed to be practical, relevant, and accessible.

As the world becomes increasingly interconnected, Irish investors are part of a global marketplace. Staying informed, adaptable, and proactive is more important than ever. We hope this guide serves as a trusted resource – empowering you to ask the right questions of your investment and tax advisers, make informed decisions, and ultimately contribute to Ireland’s continued economic growth.

Cróna Clohisey
Director of Advocacy and Voice

Investment Vehicle

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Bonds are a form of borrowing by the issuer. The issuer of the bond may pay interest (a coupon) and undertake to repay the nominal value of the bond at a specified date in the future. Bonds are typically issued by corporates, governments and public sector bodies.

Bonds

Irish corporate bonds

Individual investor

Return	Tax	Rate
Tax on interest	Yes	Marginal rate plus USC & PRSI
Tax on gain on disposal	Yes	33%

Corporate investor

Return	Tax	Rate
Tax on interest	Yes	25%*
Tax on gain on disposal	Yes	33%

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

DIRT

Income from Irish corporate bonds is not subject to DIRT at source.

Irish encashment tax or withholding tax

If Irish encashment tax (25%) or Irish withholding tax is withheld at source on the payment of interest, it can be deducted as a credit against final tax due.

CGT losses

Unlike government bonds, because a disposal of a corporate bond is liable to CGT, a realised loss is an allowable loss which can be set against other chargeable capital gains.

Bond washing – two-year rule

If corporate bonds are sold after being held for two years all the proceeds are subject to CGT. However, if corporate bonds were sold within two years it is necessary to identify whether the interest that accrued during the ownership of the bonds was higher than the interest paid during the period of ownership. If it was, then a portion of the sale proceeds (equal to the difference between the interest accrued and the interest paid) is subject to tax as income rather than capital. The rule requiring interest to be identified separately does not apply where:

- there is a transfer of the bond between spouses or civil partners; or
- the interest payment on the bond is treated as a distribution under corporate tax rules.

(Other exemptions apply where the owner of the bond is an investment undertaking and those that carry on a business of dealing in bonds).

Stamp duty

No stamp duty generally arises on the purchase of Irish corporate bonds.

Irish government bonds

Individual investor

Return	Tax	Rate
Tax on interest	Yes	Marginal rate plus USC & PRSI
Tax on gain on disposal	No	N/A

Corporate investor

Return	Tax	Rate
Tax on interest	Yes	25%*
Tax on gain on disposal	No	N/A

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

DIRT

Income from government bonds is not subject to DIRT at source.

CGT losses

As no CGT arises on the disposal of government bonds, losses cannot be offset against chargeable capital gains.

Bond washing – two-year rule

As with corporate bonds, where government bonds are sold within two years it is necessary to identify whether the interest that accrued during the ownership of the bonds was higher than the interest paid during the period of ownership. If it was, then a portion of the sale proceeds (equal to the difference between the interest accrued and the interest paid) is subject to tax as income rather than capital. The rule requiring interest to be identified separately does not apply where:

- there is a transfer of the bonds between spouses or civil partners; or
- the interest payment on the bond is treated as a distribution under corporate tax rules.

(Other exemptions apply where the owner of the bond is an investment undertaking and those that carry on a business of dealing in bonds).

Stamp duty

No stamp duty arises on the purchase of government bonds.

Overseas government and corporate bonds

Individual investor

Return	Tax	Rate
Tax on interest	Yes	Marginal rate plus USC & PRSI
Tax on gain on disposal	Yes	33%

Corporate investor

Return	Tax	Rate
Tax on interest	Yes	25%*
Tax on gain on disposal	Yes	33%

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

Withholding Taxes – Irish encashment tax and foreign taxes

Where these taxes are withheld before payment of the interest, they can be deducted as a credit against final tax due.

CGT losses

Disposals of overseas government and corporate bonds are liable to CGT. Therefore a realised loss is an allowable loss which can be set against chargeable capital gains. It is arguable that gains on government bonds within the EU should be exempt from CGT on the basis that gains on Irish government bonds are exempt, and it is not permissible to discriminate between different EU countries from a tax perspective.

Bond washing – two-year rule

As with Irish government and corporate bonds, the bond washing rules apply to overseas government and corporate bonds. If such bonds are sold after being held for two years, all the proceeds are subject to CGT. However, if they are sold within two years it is necessary to identify whether the interest that accrued during the ownership of the bond was higher than the interest paid during the period of ownership. If it was, then a portion of the sale proceeds (equal to the difference between the interest accrued and the interest paid) is subject to tax as income rather than capital. The rule requiring interest to be identified separately does not apply where:

- there is a transfer of the bond between spouses or civil partners; or
- the interest payment on the bond is treated as a distribution under corporate tax rules.

(Other exemptions apply where the owner of the bond is an investment undertaking and those that carry on a business of dealing in bonds).

Stamp duty

No Irish stamp duty arises on the purchase of an overseas government or corporate bond. However, some non-Irish transaction taxes may arise on the purchase or sale of the bond.

Overseas Government Bills issued at a discount to par value

In general, the returns on such bills are treated as income for both the individual and corporate investor.

A **share** in a company represents the holder’s interest in the company.

The company can be unquoted or quoted on a recognised stock exchange.

Shares

Irish shares

Individual investor

Return	Tax	Rate
Tax on dividend	Yes	Marginal rate plus USC & PRSI
Tax on gain on disposal	Yes	33%

Corporate investor

Return	Tax	Rate
Tax on dividend	No	N/A*
Tax on gain on disposal	Yes	33%

Source: Goodbody
See full table of rates on page 88 - 90
* Close company surcharge may apply to increase the rate. See page 69

DWT

DWT is a withholding tax that is deducted from the majority of Irish dividend payments at the current rate of 25%. When DWT is withheld from a dividend payment, it can be deducted as a credit against the overall tax liability.

DWT applies both to cash dividends and scrip dividends (shares in lieu of dividend). Shares in lieu of dividends are taxed in the same way as a cash dividend. For CGT purposes, the allowable cost on a future sale of the scrip shares is the amount of cash dividend foregone.

A drip (dividend reinvestment plan) is different to a scrip as an investor's cash dividends are used to purchase shares in the company. The cash dividend used to purchase the shares would be taxed as normal.

From a tax perspective, in the context of the taxation of dividend income, it makes no difference whether a dividend is taken in cash or as shares. Stamp duty may however be due where shares are acquired.

Dividends received by an Irish resident company from an Irish resident company are not subject to corporation tax. DWT is not deducted in this situation. However, a liability to close company surcharge may arise on such a dividend for a close company, see page 69.

Stamp duty

Stamp duty generally arises on the purchase of Irish shares for both corporates and individuals. No Irish stamp duty arises for Irish shares dealt on a recognised stock exchange in the USA or Canada where the securities settlement system is operated by a central securities depository in the USA or Canada. From 1 January 2026 until 31 December 2030 no Irish stamp duty arises on the acquisition of stocks and marketable securities where the market capitalisation of the entity that issued the securities is below €1 billion on 1 December of the previous year.

Overseas shares

Individual investor

Return	Tax	Rate
Tax on dividend	Yes	Marginal rate plus USC & PRSI
Tax on gain on disposal	Yes	33%

Corporate investor

Return	Tax	Rate
Tax on dividend	Yes	25%* / 12.5%**
Tax on gain on disposal	Yes	33%

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

** In certain cases if the foreign company is a quoted company or in an EU/Double Tax Treaty country then the Irish company receiving the dividend can make a claim to have the dividend taxed at the 12.5% rate

Irish encashment tax

Irish encashment tax is applied on payments from stock incorporated outside of Ireland. After overseas tax, encashment tax at a rate of 25% is applied on the net dividend payment. Encashment tax can be deducted as a credit against the final tax liability.

US withholding tax

US withholding tax is applied on payments by a US registered company of a dividend or distribution. There are currently two rates of this tax, 15% (Double Tax Treaty rate) and 30% (non-Treaty rate). The rate applicable is dependent on the specific circumstances of the individual or corporate and the documentation held. Where the lower Treaty rate applies, the necessary documentation should be in place before receipt of a dividend payment. If the entitlement to the Treaty rate is unclear, or the 30% rate has been withheld but there is an entitlement to the lower 15% rate, advice should be sought from a tax advisor.

UK tax

Generally, UK tax is not deducted at source from a UK dividend. UK tax can be deducted from certain payments from a UK REIT.

Overseas shares (excluding UK)

Overseas withholding taxes may apply on a dividend payment by a company registered outside the US, Ireland or the UK. There are differing rates of these taxes.

Credit for non-Irish taxes withheld

Credit for non-Irish taxes withheld should be available against final tax due in accordance with Double Tax Treaty relief provisions. In addition, if the tax withheld is higher than the withholding tax rate stipulated in a Double Tax Treaty and there is an entitlement to the lower Treaty rate, advice should be sought from a tax advisor.

Stamp duty

No Irish stamp duty arises but transaction taxes in the overseas jurisdiction may apply.

A **REIT** is a company which invests predominantly in rental investment properties. REIT shares are listed on a stock exchange in Ireland or another EU Member State and must meet certain criteria to be subject to the REIT tax regime in Ireland.

Real Estate Investment Trusts (REITs)

Irish REITs
(Real Estate Investment Trusts)

Individual investor

Return	Tax	Rate
Tax on dividend	Yes	Marginal rate plus USC & PRSI
Tax on gain on disposal	Yes	33%

Corporate investor

Return	Tax	Rate
Tax on dividend	Yes	25%*
Tax on gain on disposal	Yes	33%

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

DWT

The general DWT provisions discussed on page 17, apply to dividends from an Irish REIT.

Overseas REITs

The returns from overseas REITs will generally be taxed in the same way as an overseas share. The rates of withholding taxes on overseas REITs vary and can depend on the specific circumstances or nature of the investor. If there is doubt regarding the rate of overseas withholding tax applicable, advice should be sought from a tax advisor.

CGT losses

As a disposal of an Irish REIT is liable to CGT, a realised loss is an allowable loss which can be set against other chargeable capital gains.

Stamp duty

Irish stamp duty arises on investing in an Irish REIT, however, the market capitalisation exemption mentioned on page 17 also applies to an Irish REIT. Non-Irish transaction taxes may arise on the acquisition of an overseas REIT.

Deposit interest covers interest paid or accrued on deposits from financial institutions such as a bank, building society, credit union and post office. It does not cover any other type of investment which may be linked to DIRT rules (e.g., structured products).

Deposit interest

Irish deposit interest

Individual investor

Return	Tax	Rate	
Income tax on interest	Yes	33% rate plus PRSI, no USC	
Tax on gain on disposal	N/A Yes	N/A 33%	(euro) (foreign currency)

Corporate investor

Return	Tax	Rate	
Tax on interest	Yes	25%*	
Tax on gain on disposal	N/A Yes	N/A 33% or taxed as income of the company	(euro) (foreign currency)

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

DIRT

DIRT is withheld on interest paid on deposit accounts. This includes deposits held in a foreign currency with an Irish bank. The current rate of DIRT is 33%. Exemptions apply for individuals aged 65 or over where their income is below a certain limit (see table of rates on pages 88-90 for further details). Other exemptions apply for individuals such as in the case of non-residents or permanent incapacity. A refund of DIRT may be available for first-time homebuyers, subject to conditions. In addition, DIRT is generally not deducted on interest paid to corporates.

DIRT as a final tax liability

For individuals DIRT is a final liability tax, which means that an individual has no further income tax liability in respect of the deposit interest. However, PRSI may be due. No USC is due on deposit interest. DIRT is generally non-refundable.

Overseas deposit interest

Individual investor

Return	Tax	Rate	
Tax on interest	Yes	EU/EEA: 33% plus PRSI, no USC Non-EU/EEA: 33% or 40% plus PRSI, no USC	
Tax on gain on disposal	Yes	33%	(foreign currency)

Corporate investor

Return	Tax	Rate	
Tax on interest	Yes	25%*	
Tax on gain on disposal	Yes	33% or taxed as income of the company	(foreign currency)

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

EU/EEA deposits

The DIRT rate of tax of 33% applies to EU/EEA deposit interest.

Non-EU/EEA deposits (including UK deposits)

The rate of tax that applies to non-EU/EEA deposits depends on whether an individual pays income tax at the standard rate (20%) or the higher rate (40%). For standard rate taxpayers the rate of DIRT tax of 33% (plus PRSI) applies (rather than 20%).
The 40% tax rate will apply to individuals paying tax at the higher rate.

Overseas taxes

Relief for double taxation should be available in accordance with Double Tax Treaty provisions either by way of exemption from tax in the source country or by way of credit against the final Irish tax due.

CGT foreign currency

Foreign currency is an asset for CGT, this is the case whether the foreign currency is held in an Irish or foreign bank. There is an exemption that applies to exempt foreign currency from the charge to capital gains tax where the foreign currency was acquired for personal expenditure outside Ireland including expenditure on a foreign home.

A disposal arises for CGT where foreign currency is converted not just to euro but to any other currency, and CGT may arise in other transactions involving currency.

Generally, an **Irish investment undertaking** is an Irish collective investment fund such as a unit trust scheme authorised under the Unit Trusts Act 1990, a UCITS authorised under specific EU Regulations, certain authorised investment companies within the meaning of Part 24 of the Companies Act 2014, an authorised ICAV and certain wholly owned companies of these investment undertakings.

Irish investment undertakings

Irish investment undertaking – funds

Individual investor

Return	Tax	Rate
Tax on payment	Yes	38%, no USC or PRSI
Tax on gain on disposal and every 8-year anniversary	Yes	38%, no USC or PRSI

Corporate investor

Return	Tax	Rate
Tax on payment	Yes	25%*
Tax on gain on disposal and every 8-year anniversary	Yes	25%*

Source: Goodbody

* Close company surcharge may apply to increase the rate. See page 69

Deduction of tax

These undertakings are required to deduct appropriate tax (referred to as exit tax) at source at the rates in the table on page 32 in respect of payments made to investors and pay this tax directly to the Revenue Commissioners. Where they don't (e.g., if the fund is held in a recognised clearing system), the investor is required to report the income and/or gains on a tax return and pay the tax due directly to the Revenue Commissioners.

For corporate investors, where exit tax is deducted at source, the payment received should be declared to the Revenue Commissioners. The net payment received is treated as a net amount of an annual payment (chargeable to tax under Case IV of Schedule D) from the gross amount of which tax at 25% has been deducted.

Stamp duty

No stamp duty arises on the acquisition of an investment in such funds.

Investment undertakings – other points to note

Gross roll up

The tax regime outlined on pages 32-33 is subject to the gross roll up regime introduced in the Finance Act 2000 i.e., where the investment return is allowed to grow tax free, and it is only when payments are made to the investor or when the eight-year anniversary occurs that tax is applied.

Eight-year deemed disposal

There is a deemed disposal of the investment in the fund on the occurrence of every eight-year anniversary following the acquisition of the investment. This means that exit tax must be accounted for on the same basis as would apply if the investment had been disposed of by the investor on that deemed disposal date. Where exit tax is not deducted at source by the fund and the view is that this charge is due, it is important for the taxpayer to separately track, report and pay this tax liability when it becomes due. This tax can be offset against the tax due on an ultimate disposal of the investment, so it does not increase the tax liability over the life of the investment.

Fund switches

An exchange or a switch of units by an investor between sub-funds of an umbrella fund where no payment is made to the investor is not liable to exit tax. Such a switch or exchange could be from an accumulating line of a fund to a distributing line.

Losses

No loss relief (CGT or otherwise) is available on the disposal of an investment in an investment undertaking. Losses on such an investment cannot be offset against CGT gains or other gains from the disposal of investment undertakings.

CGT rules

It is important to remember that while some CGT rules may apply to tax a gain on a fund disposal (e.g., FIFO rules), the exit tax charge is an income tax charge and therefore the CGT annual exemption is not due.

IREF taxation

An investment undertaking may also be an IREF meaning 25% or more of the value of its assets are directly or indirectly derived from real estate or its main purpose is to acquire IREF assets or carry on IREF business. This would include holding shares in a REIT or a company where the greater part of the value is from real estate. Investors in an IREF may be subject to 20% IREF withholding tax. IREF taxation typically applies to non-Irish resident investors.

Death

Unlike CGT, death generally gives rise to a charge to exit tax.

Exit tax/CAT offset

Exit tax arising on the inheritance of an investment in an investment undertaking can be offset against inheritance tax provided that the investment is held for two years from the date of the inheritance by the beneficiary. This does not apply to gift tax.

Offshore funds are similar in design and nature to an Irish collective investment (Irish investment undertaking) so rather than having a direct investment in for example an equity or property, an investment is made in a pooled investment fund.

Offshore funds

Offshore funds – general

Determining tax rates

In order to determine tax rates on offshore investments, a number of factors must be analysed:

- Does the offshore fund meet criteria to qualify for offshore fund tax classification?
- Does the investor hold a material interest?
- Is this fund (the underlying investment entity) in a region considered good or bad?

The answers to each of these questions will require an understanding of the key definitions outlined on page 39.

How is an offshore fund defined for tax purposes?

An offshore fund is defined as having an interest e.g., a holding of shares or units in one of the following:

a) A company resident outside Ireland; or

b) A unit trust scheme the trustees of which are not resident in Ireland (subject to certain exceptions); or

c) An arrangement other than a) or b) outside of Ireland that creates legal rights of co-ownership.

What is a material interest in an offshore fund?

The tax rules related to offshore funds only apply if the investor holds a material interest in an offshore fund.

A material interest means:

- At the time the interest is acquired it could reasonably be expected that the investor will be able to realise the value of their investment at some point within seven years whether by way of transfer, surrender or in any other manner; and
- The value able to be realised is reasonably approximate to the proportion which the investor's interest represents of the market value of the assets of the offshore fund.

An investment in a listed trading company would not generally be a "material interest" because the value of the shares in such a company would not typically represent the value of the company's underlying assets. Also, in considering whether the investor can realise the value of the investment within seven years, it would be appropriate to consider whether the investor has the ability to call on the redemption of their interest in the fund or if there is a secondary market on which the fund can easily be traded. If this is possible, the investor can control the realisation of their investment and therefore could be reasonably expected to realise the value of the investment within seven years.

Offshore funds – good and bad

The terms good and bad refer to the jurisdiction in which the fund is located

Individual investor

Good fund-regulated	Rate of tax
Tax on payment	38%, no USC or PRSI
Tax on disposal and on every 8-year anniversary (for funds acquired post 1 January 2001)	38%, no USC or PRSI

Corporate investor

Good fund-regulated	Rate of tax
Tax on payment	25%*
Tax on disposal and on every 8-year anniversary (for funds acquired post 1 January 2001)	25%*

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

Determining the tax treatment of an offshore fund

If an investor does not have a material interest in an offshore fund, the investment is not subject to the tax rules that apply to an offshore fund. Instead, income tax, PRSI and USC will be due on income from the investment and CGT on a gain on disposal.

If the investor has acquired a material interest in an offshore fund the legal structure of the fund (underlying entity) and its location are vital to determine the tax treatment of the investment.

Good fund – regulated

Such funds are located in an EU, EEA or OECD country with which Ireland has a Double Tax Treaty. In addition, it must be:

- Similar in all material respects (including regulation) to an Irish investment limited partnership, an Irish Part XIII company (investment companies) or an Irish regulated unit trust; or
- A UCITS.

Good fund – unregulated

Where the legal structure of the fund does not meet the above, but is located in a good jurisdiction (EU, EEA or OECD country with which Ireland has a Double Tax Treaty), it is not taxed as an offshore fund. This means that income tax, PRSI and USC will be due on income from the investment and CGT on a gain on disposal.

Offshore funds – good and bad

Individual investor

Bad fund	Distributing – rate of tax	Non-distributing – rate of tax
Tax on payment	Marginal rate of tax plus USC & PRSI	Marginal rate of tax plus USC & PRSI
Tax on disposal (no 8-year charge)	40% CGT	Marginal rate of tax plus USC & PRSI

Corporate investor

Bad fund	Distributing – rate of tax	Non-distributing – rate of tax
Tax on payment	25%*	25%*
Tax on disposal (no 8-year charge)	40% CGT	25%*

Source: Goodbody

See full table of rates on page 88 - 90

* Close company surcharge may apply to increase the rate. See page 69

Bad funds

These are funds which fall within the definition of an offshore fund and in which the investor has a material interest. However, the underlying investment entity is resident outside the EU, EEA or OECD Double Tax Treaty country (e.g., Jersey). The Irish tax treatment of such a fund depends on whether it is distributing or non-distributing.

Bad fund – distributing or non-distributing

Unless a fund applies to and is certified by the Revenue Commissioners as a distributing fund it is a non-distributing fund.

To obtain approval as a distributing fund, the fund must apply to the Revenue Commissioners for "distributor" status.

To obtain this status the fund must satisfy a range of conditions for the accounting period in question, one of which is that it distributes at least 85% of its income to its unit holders. A fund is only a distributing fund for an accounting period if it is certified by the Revenue Commissioners as such a fund. A fund must apply to Revenue to be certified as a distributing fund for an accounting period within six months of the end of that accounting period.

A non-distributing fund accumulates rather than distributes the majority of its profits to its unit holders.

Offshore funds – other points to note

Tax reporting

In the year where a person acquires a material interest in an offshore fund, that person must file a tax return and include details of the acquisition on the tax return. Income and gains on offshore funds should also be disclosed in the relevant section of the tax return.

Gains arising on the eighth year deemed encashment event should also be included on the tax return for good funds which are regulated. As tax is not deducted at source by the fund, it is important for the taxpayer to separately track, report and pay this tax liability when it becomes due.

Exchange-Traded Funds (ETF)

An exchange-traded fund (ETF) is an investment fund traded on a stock exchange (see glossary for further details). To determine the tax treatment of a non-Irish ETF, the same factors and tests should be applied as outlined on page 38 and 39 to assess whether it is an offshore fund for tax purposes. As a result of updated Revenue Commissioner guidance, with effect from 1 January 2022, non-Irish ETFs located in the EU, EEA or an OECD member state with which Ireland has a Double Tax Treaty need to be analysed in the same manner as all other offshore fund investments to determine their tax treatment. The updated guidance notes also confirm that where following an analysis, such an ETF that was covered by the previous Revenue guidance is found to be an offshore fund, then the eighth year deemed encashment rule will apply as follows: while the actual acquisition cost of the ETF will remain unchanged, the eight years should be counted from 2022 meaning the earliest deemed disposal will be in 2030.

Fund switches

An exchange or a switch of units by an investor between sub-funds of an umbrella fund where no payment is made to the investor is not liable to tax. Such a switch or exchange could be from an accumulating line of a fund to a distributing line.

CGT rules

It is important to remember that for offshore funds subject to income tax, while some CGT rules may apply to tax a gain on disposal (e.g., FIFO rules), the CGT annual exemption is not due. For funds which are subject to CGT on disposal, normal CGT principles will apply.

Losses

No CGT loss relief is available on good offshore fund losses. Fund losses cannot be offset against fund gains.

CGT loss relief is available on bad distributing and non-distributing offshore funds.

Where a good fund is subject to normal income tax and CGT principles, CGT loss relief will be available.

Death

On death, a person who held a material interest in an offshore fund is deemed to have disposed of and reacquired that interest immediately before death for its market value on that date and the tax rates on a disposal mentioned earlier apply. As no spousal exemption applies in this situation, consideration may need to be given to passing the investment to a beneficiary who is within the charge to gift or inheritance tax so that the CAT offset (see next paragraph) can be availed of.

CAT offset

Tax arising on the gift or inheritance of a good offshore fund or a distributor fund can be offset against CAT provided that the investment is held for two years from the date of the gift or inheritance by the beneficiary. There is no credit for the income tax paid on death for a bad non-distributing fund.

> "Tax is not deducted at source by the fund, therefore it is important for the taxpayer to track, report and pay this tax liability when it becomes due."

Investment life policies are life policies that house the underlying investments within the policy. Effectively the underlying investments are “wrapped” in a life policy.

Investment life policies

Investment life policies – Irish

Individual investor

Return	Tax	Rate
Gain on maturity (including surrender or assignment) and on every 8-year anniversary	Yes	38%, no USC or PRSI

Corporate investor

Return	Tax	Rate
Gain on maturity (including surrender or assignment) and on every 8-year anniversary	Yes	25%*

Source: Goodbody

* Assumes relevant declaration has been made

Life assurance exit tax

Similar to investment undertakings, life companies are required to deduct the tax due on a policy which is subject to life assurance exit tax and pay it directly to the Revenue Commissioners.

Eight-year deemed encashment

Investment life policies are subject to a deemed disposal on the occurrence of every eight-year anniversary following the acquisition of the investment. This means that exit tax must be accounted for on the same basis that would apply if the investment had been disposed of by the investor on that deemed disposal date.

Losses

Relief for losses on the disposal of a policy cannot be claimed against CGT gains. Neither can a CGT loss be offset against a gain on the disposal of the policy.

Stamp duty

Stamp duty at a rate of 1% applies on such policies.

Investment life policies – overseas

Individual investor

Return	Tax	Rate
Tax on payment/gain and on 8-year anniversary	Yes	38%, no USC, no PRSI

Corporate investor

Return	Tax	Rate
Tax on payment/gain and on 8-year anniversary	Yes	25%*

Source: Goodbody

* Close company surcharge may apply to increase the rate. See page 69

Life company established in EU/EEA/OECD

The tax applicable on the income or gains from such a policy depend on the location of the life company issuing the policy where it is not issued through a branch in Ireland. The rates in the table apply to policies where the life company is established in the EU/EEA/OECD Double Tax Treaty countries. Where the life company is established outside these areas, CGT at a rate of 40% applies.

Eight-year deemed encashment

Overseas investment life policies in EU/EEA/OECD Double Tax Treaty countries are subject to a deemed disposal on the occurrence of every eight-year anniversary following the acquisition of the investment. This means that tax must be accounted for by the investor on the same basis as would apply if the investment had been disposed of by the investor on that deemed disposal date. As exit tax is not deducted at source, it is important for the taxpayer to separately track, report and pay this tax liability when it becomes due.

Losses

Relief for losses on the disposal of a policy cannot be claimed against CGT gains. Neither can a CGT loss be offset against a gain on the disposal of the policy.

Stamp duty

Irish stamp duty may arise on the acquisition of a foreign life policy and overseas transaction taxes may be due.

Life policies – Irish and overseas – other points to note

Gross roll up

The tax regime outlined on pages 48-51 relates only to policies subject to the gross roll up regime introduced in the Finance Act 2000 and 2001 i.e., those where the investment return is allowed to grow tax free, and it is only when payments are made to the policy holder or when the eight-year anniversary occurs that tax is applied.

Death

Unlike CGT, death gives rise to a charge to life assurance exit tax as if the policy were encashed just before death.

Exit tax/CAT offset

Exit tax arising on the inheritance of a life policy (Irish) can be offset against inheritance tax due (but not gift tax). There is no requirement for the beneficiary to hold the investment for two years following the inheritance.

Tax arising at the rates in the table on page 50 (overseas life policy) for an individual investor on the gift or inheritance of the investment can be offset against gift and inheritance tax. The beneficiary of the investment must continue to hold the investment for two years following the gift or inheritance to avail of this credit.

"Exit tax arising on the inheritance of a life policy (Irish) can be offset against inheritance tax due (but not gift tax)."

Tax efficient investment options for individuals

Tax efficient investment options for individuals

Pensions – Tax relief for private pension contributions

Individuals can obtain income tax relief against earnings from their employment or self-employment for pension contributions. Income tax relief is available on pension contributions made to the following type of pension arrangements:

- Occupational pension schemes (OPS)
- Personal Retirement Savings Accounts (PRSAs)
- Retirement Annuity Contracts (RACs)*
- Qualifying overseas plans including a Pan-European Personal Pension Product (PEPP)

Income tax relief is given at an individual's marginal tax rate and the level of income tax relief is subject to the limits outlined on page 57. There is no relief from USC or PRSI for personal pension contributions.

* Note: Finance (No. 2) Act 2023 provides for no new RACs being capable of being approved on or after 1 January 2024

Limits for tax relief on pension contributions

Tax relief for personal pension contributions is subject to two main limits:

- An age-related earnings percentage limit.
- A total earnings limit.

Age-related earnings percentage limits

An individual can obtain tax relief up to the relevant age-related percentage limit on their earnings in any tax year, as follows on page 57.

Age	Percentage limit
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 or over	40%

Total earnings limit
The maximum amount of earnings taken into account for calculating tax relief is €115,000 per tax year.

Where an individual has a mix of self-employed earnings and earnings from a pensionable employment (dual income earners), special rules apply which determine the order in which tax relief is granted. Broadly, these individuals must exhaust the tax relief available against their pensionable employment earnings first. Only then can they use any surplus relief to shelter their self-employed earnings.

Taxation on retirement of pension fund

Self-employed individuals can withdraw up to 25% of the total fund as a retirement lump sum taxable as per page 58 and with the balance of the fund, either:

- purchase a retirement annuity;
- draw some or all of the balance subject to their marginal income tax rate plus USC and PRSI (if applicable); or
- invest in an Approved Retirement Fund (ARF).

Members of an OPS can:

- withdraw up to 150% of final remuneration as a retirement lump sum, taxable as per page 58 and with the balance of the fund purchase a retirement annuity; or
- withdraw up to 25% of the total retirement fund as a retirement lump sum, taxable as per page 58, and with the balance of the fund either:
  - purchase a retirement annuity;
  - draw some or all of the balance subject to their marginal income tax rate plus USC and PRSI (if applicable); or
  - invest in an Approved Retirement Fund (ARF).

Retirement lump sum

The maximum tax-free lump sum available on retirement is capped at €200,000. Any excess between €200,000 up to €500,000 is taxed at the standard rate of income tax (currently 20%). This excess is ring fenced so that no reliefs, allowances or deductions can reduce the taxable amount. Any further excess over €500,000 will be taxed at the taxpayer's marginal income tax rate plus USC and PRSI (if applicable). A lump sum paid to an Irish tax resident individual from a foreign pension arrangement on or after 1 January 2023 may also be subject to these rules.

Maximum tax relieved pension fund (Standard Fund Threshold – SFT)

Except where a Personal Fund Threshold (PFT) applies, the maximum allowable pension fund for tax purposes prior to 1 January 2026 was €2 million. Starting in 2026, the SFT will increase on a phased basis of €200,000 per year until 2029, such that the SFT for 2026 is €2.2 million and will increase to €2.8 million by 2029. From 2030 onwards, the SFT is to increase each year in line with an applicable level of wage growth. Any amount exceeding the SFT is subject to tax at 40%. The SFT applies to the total of all pension funds held by the individual. The 20% tax paid on the lump sum between €200,000 and €500,000 may be offset against any fund tax due.

Individuals who have previously crystallised pension assets may not benefit from the full increase in the SFT. They will realise a pro-rata increase according to the amount of threshold they have left.

Auto-Enrolment – "My Future Fund"

Ireland's pension auto-enrolment system – My Future Fund (MFF) – commenced on 1 January 2026. It provides for a government contribution to the scheme, no employee tax relief and no benefit in kind (BIK) on employer contributions to the scheme. Like other pension arrangements the SFT and lump sum regime will apply and investment income and gains in the fund will not be subject to tax.

Approved Retirement Fund (ARF) taxation

As outlined, an individual may choose to invest the balance of their retirement fund in an ARF. Funds invested in an ARF can be withdrawn by lump sum or by regular income. From age 61 an individual must draw down a minimum amount from the ARF each year (or pay tax as if the amount was drawn).

The minimum drawdown requirements are:

- 4% for ARFs valued at less than €2m under age 70.
- 5% for ARFs valued at less than €2m where the individual is aged 70 and over.
- 6% for ARFs valued at over €2m.

These withdrawals are subject to the ARF holder's marginal rate of income tax together with USC and PRSI where applicable.

Employment Investment Incentive (EII)

The EII is a tax relief incentive scheme, whereby investors can avail of income tax relief at tax rates of 50%, 35% and 20% on an EII investment with the potential for an additional return. The tax rate depends on the stage the business is at e.g., early stage, expansion stage.

From 1 January 2025 the maximum investment per year on which income tax relief is due is €1 million where the shares are held for a minimum of four years. The relief can be offset against all sources of taxable income e.g., dividend income, interest income and pension income.

In the case of married couples, or civil partners, each individual should have taxable income to offset against an EII investment. For example, if one spouse does not have taxable income, then an EII investment made by that spouse will not be eligible for tax relief.

Where the return on the investment gives rise to a CGT charge, normal FIFO rules do not apply where the investment includes a mix of shares, some of which qualified for the relief and others which didn't. In this situation, the shares which attracted EII relief are treated as being disposed of first.

If a disposal of the investment gives rise to a CGT loss, this loss is restricted by the amount of the income tax relief obtained.

This generally results in no allowable CGT loss.

Relief for investment in innovative enterprises

CGT relief is available for individuals who take a shareholding of 5% to 49% or a certain minimum value for at least three years in innovative start-up companies that they are not connected to. These individuals can avail of an effective reduced rate of CGT of 16%, or 18% for partnerships on a disposal of their shareholding. The relief can be applied on a gain of up to twice the value of the individual's initial investment and is subject to a lifetime limit of €10 million. A number of other conditions apply to avail of this relief.

Section 72 Policy

A Section 72 policy is a life insurance policy which would otherwise be liable to inheritance tax (CAT) on the death of the insured person. It allows the beneficiaries to inherit assets without then having to find the funds to pay a significant tax liability. It may be a useful option if the beneficiary would not have sufficient funds to pay the CAT liability on the inheritance and does not want to sell inherited asset(s) in order to fund the CAT liability or where they can't sell the assets quickly enough to fund the liability.

The tax benefit of the Section 72 policy is that the proceeds of the policy are used to pay the CAT bill arising on an inheritance without the proceeds of the policy itself being considered a further taxable inheritance.

Section 73 policy

A Section 73 policy is a savings policy that provides the option of paying a beneficiary's CAT bill on a gift without the payment itself being considered a further taxable gift.

It typically involves investing via an investment savings policy, for a minimum of eight years from the date on which the policy is effected. After that eight-year period, a parent for example is free to cash in the proceeds to settle a child's gift tax liability following the gift of an asset subject to CAT. The proceeds must be used within one year of the policy maturing to pay gift tax in order for those proceeds not to count as a gift for tax purposes.

A Section 73 policy may be a useful option where a parent wishes to help a child during their own lifetime and is looking to structure their succession plans tax efficiently.

"A Section 73 policy is a savings policy that provides the option of paying a beneficiary's CAT bill on a gift without the payment itself being considered a further taxable gift."

Other investments

Other investments

Contracts for Difference (CFDs)

Contracts for Difference are capital assets to which the CGT rules apply. Actual interest paid, if any, on a margin payment is chargeable to tax as income and does not come into the CGT calculation.

Other derivatives/stock repos

Given the range and structure of other derivatives, it is not possible to indicate the specific tax treatment applicable to these investments. The features and structure of these investments would need to be reviewed on a case by case basis to determine the tax treatment.

Structured products

The returns from structured products are often linked to the value of an underlying asset, product or index. As a result, it is not possible to clearly indicate whether the returns on such products are subject to income tax and/or CGT. Therefore, the products must be reviewed to determine the tax implications.

Private equity investments

Similar to structured products, it is not possible to indicate the tax treatment of such an investment as the features and structure of the investment would need to be reviewed on a case by case basis to determine the tax treatment.

Employer share awards

The majority of shares awarded under an employer share scheme give rise to an income tax, USC and PRSI liability for an employee. In addition, CGT on a disposal of the shares needs to be calculated and the share identification rules outlined on pages 76-77 apply. Specific tax advice should be obtained in relation to the award.

Effective from 1 January 2024, employers are required to operate income tax, USC and PRSI on share options through the PAYE system. Individuals will no longer be required to pay these taxes through the self assessment system.

"The majority of shares awarded under an employer share scheme give rise to an income tax, USC and PRSI liability for an employee."

Investments made by other entities

Investments made by other entities

Irish pension funds

Pension funds are not subject to Irish income tax and CGT on their investments. In addition, where pension funds invest in Irish funds or Irish investment life policies, no exit tax applies on the basis that the pension fund has provided the relevant declaration.

Where pension schemes invest in overseas assets, overseas taxes due or withheld may not be recoverable. The exemption from tax applies only to Irish income tax and Irish CGT.

Charities

In general charities are not subject to tax on the returns from their investments provided that the returns are applied solely for charitable purposes. Where the conditions for exemption are satisfied, this extends to exit tax, DIRT, DWT and encashment tax.

Other bodies

Other bodies such as credit unions, friendly societies and government bodies benefit from certain tax exemptions on income and capital gains. Eligibility may also be based on certain qualification factors. Tax advice should be sought to confirm eligibility for exemptions.

Partnerships

Investments made by an Irish partnership are generally look through to the individual partners. As a result, each partner is taxed individually on the return from the investment.

Trusts

Trusts are generally liable to tax on their investments. As there are different types of trusts, tax advice should be sought in relation to the taxes that apply to trust income and gains.

Corporates that are close companies

In addition to the corporate tax charge that arises on investments by corporates, the surcharge on undistributed investment income may also be due where the corporate is a close company. The surcharge is charged at a rate of 20% bringing the effective tax rate for the close company to 40%.

If the amount of income liable to surcharge is distributed within 18 months of the end of the accounting period, the surcharge is not due.

Non-residents

The liability or entitlement to exemption from income tax and CGT on investment income and gains needs to be assessed on a case-by-case basis for a non-Irish resident corporate and individuals who are not tax resident and/or not ordinarily tax resident in Ireland.

If a gain (profit) is made when an asset is disposed of, a charge to **Capital Gains Tax (CGT)** may be due on the gain.

Important CGT rules

Capital Gains Tax (CGT) –
other points to note

Annual allowance – use it or lose it

Individuals but not corporates are entitled to the annual CGT exemption of €1,270 in a tax year. If the annual exemption is not used by the individual in a tax year, it cannot be carried forward.

In addition, any part of the unused €1,270 annual allowance cannot be transferred to a spouse or civil partner.

Costs of acquisition and costs of disposal

Incidental costs both at the date of acquisition and at the date of disposal, which were wholly and exclusively incurred for the acquisition or disposal, of an asset liable to CGT can be deducted in calculating the CGT due. Examples of such costs are legal fees, commission, stamp duty and advertising costs.

Losses

The disposal of an asset liable to CGT may give rise to an allowable loss. Where permitted, such a loss should be deducted from any chargeable gains made in the same tax year. This can include losses on overseas assets that are within the charge to Irish CGT. Any unutilised losses in a tax year can be carried forward for offset against capital gains made in later years.

Where spouses or civil partners are living together, unused losses can be transferred to a spouse or civil partner and used against their chargeable gains.

Where a CGT loss arises in the year of death, it can be carried back and set against gains of the previous three tax years.

A disposal to a connected party may result in a loss. However, this loss can only be utilised against a gain on a disposal to the same connected party.

Spouses/civil partners living together

Where an asset is transferred from one spouse/civil partner to another, no charge to CGT arises. There are some limited exceptions to this rule. Where no charge arises on the transfer, on a subsequent disposal the base cost and acquisition date is that of the spouse/civil partner who originally acquired the asset.

Indexation

Indexation relief (relief for inflation) is only allowed for the period of ownership of the asset up to 31 December 2002. It is important to remember that indexation cannot increase a loss, the loss is restricted to the actual monetary loss. If indexation turns a gain into a loss or loss into a gain, no gain or no loss is deemed to arise.

Assets denominated in foreign currency

An asset may be acquired and sold in a foreign currency. When calculating the gain, the acquisition cost and sale proceeds must be converted to euro. The exchange rate used to convert is the market exchange rate between the non-euro and euro currency on the date of acquisition of the asset and the date of sale of the asset.

Payment dates

Any CGT due by an individual must be paid to the Revenue Commissioners by the dates specified below. These dates are relevant to a corporate if the corporate is not within the charge to corporation tax.

Disposal	CGT due date
On or before 30 November in the tax year	15 December in the tax year
1 December to 31 December in the tax year	31 January in the following tax year

Share indentification rules

Share identification rules –

Shares – other points to note

FIFO

When shares (including REIT shares) of the same class are sold, the First-in First-out (FIFO) rule applies. This means that the oldest shares are treated as being sold first. However, Last-in First-out (LIFO) rules will apply in certain situations, see the four-week rule on page 77. These rules can also apply to fund (Irish and offshore) investments, see pages 32-45.

Bonus issues

Bonus shares are deemed to be acquired at the same date as the original shareholding. As there is no cost to the shareholder for bonus shares, the total number of shares in the shareholding increases while the original cost remains the same. On a subsequent disposal of the shares, the original cost of the shares is allocated between the original shares and the bonus shares.

A bonus issue may involve the issue of warrants. Warrants that are treated as capital in nature will be subject to CGT treatment.

Rights issues

The shares received on a rights issue are deemed to have been acquired at the same time as the original holding of shares in respect of which the rights issue shares have been allocated. The original cost of the shares is allocated evenly over the total number of shares (originally acquired and under the rights issue). The expenditure incurred to acquire the shares under the terms of the rights issue is treated as enhancement expenditure for CGT purposes.

A sale of rights under a rights issue is a part-disposal of the shareholding in respect of which the rights were offered and CGT will need to be calculated in respect of this part-disposal.

Rights issues may involve the issue of a different class of shares resulting in the need to apportion the cost of acquiring the rights differently on a disposal of the shares. The shares of a different class are treated as a new holding of shares and this new holding is deemed to have the same acquisition date and cost of the original shares. The cost of the original shares needs to then be allocated between the original shares and the new shares acquired under the rights issue. However, the cost of the rights is treated as enhancement expenditure on the date of payment of the rights issue.

Other corporate actions

Other corporate actions may take place aside from a bonus or rights issue. The tax implications of such actions may vary depending on the nature of the action. Advice should be sought if there is any doubt regarding the tax treatment of a corporate action.

Four-week rule

Where shares are sold within four weeks of acquisition the FIFO rules do not apply. Instead, the LIFO rule will apply so that the shares acquired within four weeks prior to the sale of shares of the same class are deemed to be sold first.

Where shares are acquired within four weeks of a disposal, and a loss occurred on this disposal, then this loss can only be offset against a gain on the sale of shares of the same class which were purchased within four weeks of that sale.

Glossary

Investment tax glossary

Accumulating line of a fund
An accumulating line of a fund typically means that the income of the fund is accumulated and not distributed. The income or gains allocated to the accumulating line of the fund are not declared nor distributed but the Net Asset Value per share of the accumulating line will be increased to take account of such income or gains. On the eight-year anniversary of the holding, exit tax will be applied in the normal manner. Tax on the gain on this eight-year event will either be deducted at source by the fund, or the taxpayer will be required to declare the gain on a tax return and pay the tax due, directly to the Revenue.

Bad funds
These are funds which fall within the definition of an offshore fund and in which the investor has a material interest. However, the underlying investment entity is resident outside the EU, EEA or an OECD Double Tax Treaty country. The Irish tax treatment of such a fund depends on whether it is distributing or not distributing.

Bad funds distributing or non-distributing
Unless a fund applies to and is certified by the Revenue Commissioners as a distributing fund it is a non-distributing fund. A non-distributing fund accumulates rather than distributes the majority of its profits to its unit holders from year to year.

Capital Acquisitions Tax (CAT)
Capital Acquisitions Tax (CAT) is a tax on gifts and inheritances.

Contracts for Difference (CFDs)
A CFD is a financial derivative which is effectively a contract between two parties who agree to make a payment at the close of the contract for the difference between the opening and closing value of a selected asset (typically shares or a share index).

Capital Gains Tax (CGT)

If a gain (profit) is made when an asset is disposed of, a charge to Capital Gains Tax (CGT) may be due on the gain.

Close company

A close company is an Irish resident company that is controlled by five or fewer participators. This number can be higher if the participators are also directors. A participator is somebody who has a share or interest in the capital or income of a company and includes a person who:

- Has or is entitled to acquire share capital or voting rights.
- Has loan capital in the company.
- Has rights or is entitled to acquire rights to any company distributions.
- Can secure that company assets or income directly or indirectly for their benefit.

Connected party

Connected persons include:

- Spouse and civil partner and blood relatives. Relative can include a brother, sister, uncle, aunt, niece, nephew, lineal ancestor, lineal descendant or a person adopted.
- Child (including adopted child).
- "In Laws" – husband or wife or civil partner of a relative.
- Trustees – a trustee of a trust (in their capacity as trustee) is connected with the settlor if the settlor is an individual (i.e., not a company). The trustee is also connected with any person connected with that settlor.
- Partners – an individual is connected with any partners and with the spouse or civil partner or relatives of any of the individual's partners. There is however one important exception to this rule. A person is not connected with another person solely by reason of them being partners, where the transaction in question is the acquisition or disposal of partnership assets pursuant to bona fide commercial arrangements.

Corporate action

An event carried out by a corporate such as a bonus issue, rights issue, or stock split.

Derivative

A derivative refers to an instrument that derives its value from another asset e.g., a quoted share.

Deposit Interest Retention Tax (DIRT)

DIRT is deducted by Irish financial institutions from deposit interest paid or credited to the accounts of Irish resident individuals. Financial institutions will deduct the tax before paying the interest. Non-residents may be entitled to an exemption from DIRT.

Distributing line of a fund
A distributing line of a fund typically means that the income of the fund is distributed and not accumulated. Distributions are subject to exit tax and tax will also need to be calculated on the eight-year anniversary of holding the investment. The tax on the distribution and on the gain on the eight-year event will either be deducted at source by the fund, or the taxpayer will be required to declare the income and gains on a tax return and pay the tax due directly to Revenue.

Dividend Withholding Tax (DWT)
This is a tax imposed on dividends paid by a corporate to its shareholders. Before payment of a dividend to a shareholder, this tax is withheld such that the dividend received is net of this tax.

Employment Investment Incentive (EII)
The EII is a tax relief incentive scheme to encourage investment by individuals in certain trading companies. Investors can avail of income tax relief at rates of 50%, 35% and 20% on their investment amount with the potential for an additional return.

Encashment Tax
Encashment Tax is a withholding tax deducted on dividends and interest payable out of the public revenue of any government or institution. The person who is responsible for the payment of the income (typically, Irish banks or other paying agents) must deduct the tax before payment of the dividend or interest to the investor.

Enhancement expenditure
Enhancement expenditure is the cost of any improvement to an asset which enhances the value of that asset and is reflected in the asset at the date of its disposal.

Exchange Traded Fund (ETF)
An ETF is an investment fund that aims to track an index of securities (e.g., stock market index), sector, commodity, or another asset. An ETF can be purchased or sold on a stock exchange in the same way as a regular share can.

First-in first-out (FIFO)
When shares of the same class are sold with the oldest shares held deemed to be sold first.

Irish Collective Asset Management Vehicle (ICAV)
The ICAV is a corporate vehicle tailored specifically for Irish investment funds, established by way of registration and authorisation by the Central Bank of Ireland. As a corporate vehicle, the ICAV has a distinct and separate legal personality, i.e., it may enter into contracts itself, can own property itself etc.

Irish Real Estate Fund (IREF)
An IREF is generally defined as an Irish regulated fund which derives more than 25% of its value from underlying Irish real estate.

Irish investment undertaking
Generally, this is an Irish collective investment fund such as a unit trust scheme authorised under the Unit Trusts Act 1990, a UCITS authorised under specific EU Regulations, certain authorised investment companies within the meaning of Part 24 of the Companies Act 2014, an authorised ICAV and certain wholly owned companies of these investment undertakings. See pages 32-35 of the main document for more information.

Good fund – regulated
A fund that is located in an EU, EEA or OECD country with which Ireland has a Double Tax Treaty.

Good fund – unregulated
Where the legal structure of the fund does not meet the definition of 'Good Fund Regulated', but is located in a good jurisdiction (EU, EEA or OECD country with which Ireland has a Double Tax Treaty).

Last-in first-out (LIFO)
The LIFO rule means being deemed to sell the shares you bought most recently where the share identification rules require the taxpayer to do so.

Non-resident
Individuals
Individuals are not tax resident in Ireland if they spend:
- Less than 183 days in Ireland in a tax year (1 January to 31 December); or
- Less than 280 days in Ireland in the tax year and the preceding tax year (this test only applies where an individual has spent more than 30 days in Ireland in each year).

Since 1 January 2009, an individual is considered to be present for a day if they are present in Ireland at any time during that day. There are rules that Revenue apply in practice to individuals in transit and 'force majeure' circumstances where a day may not count as a day spent in Ireland.

Corporates
Different residency tests apply to a company depending on whether it was incorporated in Ireland before or after 1 January 2015. Generally, a corporate will be resident in Ireland if it was incorporated in Ireland on or after 1 January 2015.

Offshore fund
Generally offshore funds are similar in design and nature to an Irish collective investment (Irish investment undertaking) so rather than having a direct investment in, for example an equity or property, an investment is made in a pooled investment fund.

Pay Related Social Insurance (PRSI)
PRSI is a compulsory social insurance contribution paid by most employees, employers, and self-employed individuals in Ireland. PRSI contributions fund the Social Insurance Fund. These contributions fund social welfare benefits such as the State Pension, Jobseeker's Benefit and Illness Benefit. The amount of PRSI due depends on factors such as earnings and employment type, with different PRSI classes determining contribution rates and benefit entitlements.

Private Equity
A capital investment typically into companies that are not publicly traded.

Recognised clearing system
A list of recognised clearing systems is available on www.revenue.ie.

Real Estate Investment Trusts (REITs)
A Real Estate Investment Trust (REIT) is a company that owns, operates, or finances income-generating real estate. Modelled after mutual funds, REITs pool the capital of numerous investors. This makes it possible for individual investors to earn

dividends from real estate investments without having to buy, manage, or finance properties directly themselves.

Scrip Dividend
Scrip dividends are issued by a company to its shareholders in the form of new shares instead of a cash dividend.

A shareholder is generally provided the choice of receiving their dividend this way.

Stamp Duty
Stamp Duty is a tax on certain instruments (written documents). It is chargeable on instruments that transfer land, buildings and shares situated in Ireland.

Stock repo
A stock repo (repurchase) transaction is a short-term agreement to sell shares in order to repurchase them back at a higher price, usually with interest.

Structured products
An investment which usually combines two or more asset classes, e.g., a bond plus a derivative.

Umbrella fund
This is a fund which is split into a number of sub funds, and each have their own group of assets. An investor can switch from one sub fund to another without encashing their investment. Such a switch does not generally trigger a tax charge.

Undertakings for Collective Investment in Transferable Securities (UCITS)
UCITS are collective investment schemes that meet the requirements of UCITS regulations. Examples in Ireland can be a unit trust authorised under the Unit Trusts Act 1990 and certain investment companies. There is an EU wide system of recognition of UCITS whereby when one is authorised in an EU Member State by, for example, the central bank of that state, UCITS can be marketed to residents of other EU Member States.

Universal Social Charge (USC)
USC is a tax on gross income in Ireland, charged on most forms of income including employment income, taxable employer provided benefits, self-employed income, rental income, share option gains and dividend income. Individuals with annual income over €13,000 are liable to pay USC on their entire income once the threshold is exceeded. There are some types of income that are exempt.

Warrants
Generally, warrants give the buyer the right but not the obligation to buy or sell an underlying share at a pre-determined price on or before a future date.

Summary rates and information

Irish tax rates

Personal income tax rates

Personal Circumstances	2025	2026
Single	€44,000@20% Balance@40%	€44,000@20% Balance@40%
Married or in a civil partnership, one spouse of civil partner with income	€53,000@20% Balance@40%	€53,000@20% Balance@40%
Married or in a civil partnership, both spouses or civil partners with income	€53,000@20% with increase of €35,000 max. Balance@40%	€53,000@20% with increase of €35,000 max. Balance@40%
Single parent, qualifying for Single person child carer credit	€48,000@20% Balance@40%	€48,000@20% Balance@40%

USC rates – Standard rates of USC*

USC Thresholds

2025	Rate	2026	Rate
Income up to €12,012.00	0.5%	**Income up to €12,012.00**	0.5%
Income from €12,012.01 to €27,382	2.0%	**Income from €12,012.01 to €28,700**	2.0%
Income from €27,382.01 to €70,044	3.0%	**Income from €28,700.01 to €70,044**	3.0%
Income above €70,044.00	8.0%	**Income above €70,044.00**	8.0%
Non-PAYE income €100,000 and above	Additional 3%	**Non-PAYE income €100,000 and above**	Additional 3%

Source: Goodbody

*Individuals with total income of up to €13,000 per annum are not subject to the USC

USC rates – Reduced rates of USC

USC Thresholds

2025	Rate	2026	Rate
Income up to €12,012.00	0.5%	**Income up to €12,012.00**	0.5%
Income above €12,012.01	2.0%	**Income above €12,012.01**	2.0%

The reduced rates of USC apply to:

- Individuals aged 70 years or over whose aggregate income for the year is €60,000 or less.
- Individuals (aged under 70) who hold a full medical card whose aggregate income for the year is €60,000 or less.
- Aggregate income for USC purposes excludes payments from the Department of Social Protection and Deposit Interest.

PRSI rates – Investment income

Aged under 66	Rate
Investment income greater than €5,000 p.a.	4.2% (increasing to 4.35% from 1 October 2026) Minimum charge €650 p.a.
Aged 66 and over	Up to 31 December 2023, if you are age 66 or over, you are not liable to pay PRSI. From 1 January 2024, you will be able to draw down your State Pension (Contributory) between age 66 and 70. You will continue to be liable for PRSI until you are awarded the State Pension (Contributory) or reach age 70.

Irish tax rates

Income exemption thresholds

Personal Circumstances	2025	2026
Single, 65 years of age and over	€18,000	€18,000
Married, 65 years of age and over	€36,000	€36,000

Corporation tax rates – Investment income

Corporation tax	Rate
Income other than trading income	25%. Effective rate of 40% (where close company surcharge applies)
Capital gains	33%

Source: Goodbody

Double Tax Treaties by country

Ireland has signed Double Taxation Treaties with 78 countries; 75 are in effect.

- Albania
- Armenia
- Australia
- Austria
- Bahrain
- Belarus
- Belgium
- Bosnia and Herzegovina
- Botswana
- Bulgaria
- Canada
- Chile
- China
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Egypt
- Estonia
- Ethiopia
- Finland
- France
- Georgia
- Germany
- Ghana*
- Greece
- Hong Kong
- Hungary
- Iceland
- India
- Israel
- Italy
- Japan
- Kazakhstan
- Kenya*
- Korea
- Kuwait
- Kosovo
- Latvia
- Liechtenstein*
- Lithuania
- Luxembourg
- Macedonia
- Malaysia
- Malta
- Mexico
- Moldova
- Montenegro
- Morocco
- Netherlands
- New Zealand
- Norway
- Oman
- Pakistan
- Panama
- Poland
- Portuguese Republic
- Qatar
- Romania
- Russian Federation
- Saudi Arabia
- Serbia
- Singapore
- Slovak Republic
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Thailand
- Turkey
- United Kingdom
- Ukraine
- United Arab Emirates
- Uzbekistan
- United States of America
- Vietnam
- Zambia

* Not in effect

Contact us

Arrange a consultation with our team today

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