



Ireland's Finance Bill 2025:
key takeaways for clients

November 2025

Contents

Real Estate	3
Corporate	5
Employment	8
Funds	8
Banking and Finance	9

The Irish Finance Bill 2025 (the Bill) has introduced a range of legislative changes designed to reinforce job security and enhance Ireland's competitive position as a leading hub for international finance and cross-border investment.

Published on 16 October, the Bill builds on the Budget 2026 by providing further details on measures to encourage foreign direct investment and promote economic stability. It includes legislative changes relevant to sectors such as real estate, financial services, and investment funds - particularly in the context of corporate structuring, tax planning and cross-border investments.

This guide summarises the key takeaways from the Finance Bill 2025.

Real Estate

Residential Development Refund Scheme

The Finance Bill 2025 provides for the further extension of the Residential Development Stamp Duty Refund Scheme. Introduced in 2017, the scheme has been extended to 31 December 2030. The scheme provides for a refund of a portion of the stamp duty paid on the acquisition of non-residential land (currently 7.5%) where that land is subsequently developed for residential purposes. The net minimum stamp duty payable (after the refund is applied) is 2%.

The Bill includes several additional proposed amendments to the scheme, including:

- for large-scale residential developments, the time limits to avail of the relief are to be extended from 30 months to 36 months, for both the period from site acquisition to commencement, and from commencement to completion
- for multi-phase developments, a refund will be available on commencement of the first phase of development. Where such a claim is made, the time limit from commencement to completion should apply from the date of the last commencement notice
- technical amendments to reflect changes due to the recent Planning and Development Act 2024

Real Estate

Waiver of exemption VAT regime

The waiver of exemption (**waiver**) regime applied where a landlord elected, prior to 1 July 2008, to charge VAT on their lettings of property for a term of 10 years or less and the waiver regime continued to apply to such lettings after 1 July 2008. This is only in respect of property acquired or developed before that date. If the waiver was subsequently cancelled, the landlord was liable to pay to the Revenue Commissioners (**Revenue**) an amount equal to the excess of any VAT reclaimed over VAT paid in respect of all properties which were subject to the waiver.

Following the Irish High Court decision in Killarney Consortium v Revenue Commissioners [2024] IEHC 732, Revenue agreed in its Tax and Duty Manual that it would no longer seek to collect any cancellation amount due, effective since 20 December 2024.

This Finance Bill 2025 contains measures which will result in all remaining waivers being automatically cancelled on the date of passing of the Bill. No amount will be payable to Revenue in respect of that cancellation.

While no cancellation adjustment will arise, the cancellation will mean that ongoing lettings which had been subject to VAT will potentially become VAT exempt unless the landlord has exercised the landlord's option to tax in accordance with the rules in place since 1 July 2008.

As a result, there will be an impact on the VAT recovery position of landlords in cases where lettings which were previously taxable because of a waiver are now exempt from VAT. Landlords should review the VAT treatment of each of their lettings in order to assess the impact of these changes from the Bill.

Living City initiatives

The Living City Initiative and related policies aim to bring idle or underutilised housing stock back into productive use, particularly in urban centres and designated regeneration areas. The tax incentive for refurbishing buildings in special regeneration areas in Irish cities now extends to properties built before 1975. This was previously limited to properties built before 1915, meaning that eligibility has broadened substantially under the initiatives. These initiatives have been extended to 2030, with increased relief caps from €200,000 to €300,000 for enterprises and greater flexibility in the claim timeframe.

Areas subject to the initiative will be expanded to include Athlone, Drogheda, Dundalk, Letterkenny and Sligo. The relief on qualifying expenditure incurred on or after 1 January 2026 can now be claimed over two years at a rate of 50% per annum.

Enhanced corporation tax deduction

A new enhanced corporation tax deduction for qualifying apartment construction costs will allow a deduction of 125% of qualifying costs, up to a maximum additional deduction of €50,000 per apartment unit. The deduction will be available for projects comprising 10 or more apartments and will be available for both new-build developments and for conversion projects.

This enhanced deduction will be available for projects where a commencement notice is submitted between 8 October 2025 and 31 December 2025.

VAT on sale of apartments

The Finance Bill 2025 legislates for the Budget 2026 change to reduce VAT on the sale of completed apartments from 13.5% to 9%, which took effect from 8 October 2025. These include apartments which are already under development. Apartments which currently qualify for an exemption from VAT remain VAT exempt. The new rate is in place until 31 December 2030.

Real Estate

VAT on the hire of rooms in hotels and guesthouses

Currently, the letting of a room in a hotel or guesthouse is subject to VAT at a reduced rate of 13.5%. The Bill provides that the rate of 23% will apply from 1 January 2026 on the hire of rooms in hotels and guesthouses for use other than as accommodation.

Corporation tax exemption for Cost Rental Schemes

An exemption was announced from corporation tax for rental income arising from properties in the Cost Rental Scheme, effective from 8 October 2025. The exemption applies for homes that are designated by the Minister for Housing, Local Government and Heritage as Cost Rental Scheme properties. The Cost Rental Scheme is an Irish government-backed housing initiative aimed at providing affordable rental accommodation, designed to offer homes at rents that cover only the actual costs incurred in delivering, maintaining, and managing the properties, rather than reflecting current market rates. The scheme is particularly targeted at individuals and families whose incomes are too high to qualify for social housing but who cannot afford market rents.

Corporate

Research and development credit

The research and development (**R&D**) credit currently provides a 30% tax credit for all qualifying expenditure. The Finance Bill 2025 provides for a 5% increase to 35%. The Irish Minister for Finance also announced an increase in the first-year payment threshold from €75,000 to €87,500 to further assist the small medium enterprise sector.

The Bill also allows 100% of an R&D employee's emoluments to be considered as qualifying costs where at least 95% of their time is spent on R&D qualifying activities. Furthermore, the Finance Bill 2025 expands the meaning of expenditure incurred on the construction of an R&D building to include expenditure incurred on the construction of an R&D laboratory. However, it carves out any part used as an office or for any purpose ancillary to an office.

The publication of an R&D compass in the coming weeks to consider targeted changes (for example, outsourcing and qualifying expenditure definitions) will set a pathway for the support of innovation in Ireland. This will encourage the retention of existing R&D projects and help attract new foreign direct investment.

Participation exemption for foreign dividends

The Finance Bill 2025 provides for a broadening of the geographic scope of the dividend participation exemption to include qualifying dividends received from jurisdictions that apply a non-refundable dividend withholding tax. From 1 January 2026, distributions made by entities resident in a territory where foreign tax is applied directly to the distribution will now be covered by the participation exemption regime. Furthermore, the lookback period will be shortened from five years to three, reducing the period in which a company must be resident in a relevant territory prior to making an in-scope distribution.

Corporate

Audiovisual sector / digital games relief

The Section 481 Film Tax Credit has been enhanced to 40% for productions with eligible expenditure of a minimum value of €1 million up to a maximum of €10 million per production. The credit will be calculated at 40% on a maximum of €10 million of the qualifying amount for the film, with the remainder qualifying at the standard 32% credit rate. The changes are subject to a Ministerial Order.

The Digital Games Credit was first introduced in the Irish Finance Act 2021. It provides for a 32% credit on qualifying expenditure up to €25 million. This credit, which was due to expire in 2025, will be extended for six years to 31 December 2031. The credit is being enhanced to allow for claims in respect of post-release content work, subject to certain conditions. The changes are also subject to a Ministerial Order.

Entrepreneur relief

The Finance Bill 2025 increases the lifetime limit available on gains that qualify for the revised Entrepreneur Relief which provides a capital gains tax rate of 10% on qualifying investments. This will apply in respect of qualifying disposals made on or after 1 January 2026 and sees the limit increase from €1 million to €1.5 million.

Intangible capital allowances

Section 291A provides for capital allowances for companies that incur capital expenditure on the provision of certain intangible assets for the purpose of a trade. The Finance Bill 2025 provides that the 80% ringfence and cap that is applied to the use of capital allowances on specified intangible assets is extended to apply to balancing allowances. The extension applies with respect to any disposal occurring on or after 8 October 2025.

The Bill clarifies that the rules that apply to assets that transfer as part of a qualifying reconstruction will also apply to intangible assets that transfer as part of a qualifying reconstruction. These rules provide that where a trade transfers between companies within the same 75% ownership, the transfer of assets does not trigger balancing allowances or charges and the successor company steps into the shoes of the predecessor company for the purposes of claiming future tax relief on the assets transferred.

Stamp duty on the acquisition of shares

The Bill repeals Section 86A of the Stamp Duties Consolidation Act 1999 (SDCS 1999) which currently provides for an exemption from stamp duty on a conveyance or transfer of stocks or marketable securities admitted to trading on the Euronext Growth market. This market is operated by the Irish Stock Exchange plc trading as Euronext Dublin and the repeal takes effect from 1 January 2026.

The Bill inserts Section 86B into the SDCA 1999. It provides an exemption from stamp duty on a conveyance or transfer of stocks or marketable securities of Irish registered companies listed on a relevant market where the company's closing market capitalisation was below €1 billion on 1 December of the previous year. This exemption will also take effect from 1 January 2026.

For the exemption to apply to a company's shares for a particular year, the company, operator of the relevant market or both must notify Revenue of the company's sub €1 billion market capitalisation as at the preceding 1 December. The exemption will then apply from 1 January of the particular year, or 14 days after the notification date - whichever is later

As the €1 billion test is an annual test, annual notifications by companies with 1 December market capitalisations below €1 billion will need to be made to Revenue for the exemption to continue to apply.

Corporate

Pillar II

The Finance Bill 2025 updates the Irish tax legislation giving effect to the global minimum tax rate of 15%, known as Pillar II. It includes measures that implement elements of the OECD administrative guidance published in January 2025 (including treatment of deferred tax assets / liabilities arising from certain governmental arrangements).

It also provides for the exchange of information under the Directive on Administrative Cooperation with respect to Pillar Two (**DAC9**) and the OECD Pillar Two Multilateral Competent Authority Agreement (**MCAA**) and now refers to the list of Pillar Two examples published by the OECD in May 2025. It was expected that the Irish Global Anti-Base Erosion (**GloBE**) rules would be amended. These rules require the use of ultimate parent entity financial accounts rather than local financial accounting standards in certain situations. The Bill, as published, did not include any such changes.

The following updates are effective for accounting periods commencing on or after 31 December 2023:

- (I) orphan owned entities that are fully consolidated into a multinational group are confirmed to be included in the definition of a minority owned constituent entity (**MOCE**). The top up taxes of any such entities which are securitisation entities should be allocated to the other Irish entities within the group that are not securitisation entities
- (II) a new allocation mechanism has been introduced which will allow all Irish constituent entities of a multinational group, by unanimous consent, to agree an allocation of the groups under taxed profits rule or domestic top-up tax (QDIT) to one or more Irish constituent entities. This is provided the entire Irish QDIT amount is allocated and paid by the required return date
Secondary liability to the QDIT for the securitisation vehicle will not apply where there is at least one other non-securitisation entity in the QDIT group.

Where the parent entity of a group does not prepare consolidated financial statements under an acceptable accounting standard, the Bill clarifies that, for the purposes of determining the financial accounting net income or loss, the applicable financial statements are those that would have been prepared under an acceptable standard

Country-by-Country Reporting

Section 891H, concerning Country-by-Country Reporting (**CbCR**), has been revised to offer further clarification regarding the implementation of the rules. The amendments confirm that CbCR reports must now be prepared in line with the OECD CbCR implementation guidance, published in May 2024. Additionally, the Finance Bill 2025 addresses specific situations where the OECD guidance allows jurisdictions a degree of flexibility in applying the €750 million threshold that determines whether a group falls within the scope of the CbCR requirements.

VAT on hospitality

A reduced rate of 9% for food and catering businesses, including hairdressing services, will come into effect from 1 July 2026. The new rate excludes soft drinks and alcoholic beverages but does include hot tea and coffee.

Extension of the reduced rate of VAT on electricity and gas

The current 9% rate of VAT applicable to the supply of electricity and gas (which was due to expire on 31 October 2025) has been extended to 31 December 2030. The extension was introduced with effect from midnight on Budget night by a financial resolution.

Employment

Special Assignee Relief Programme

The Special Assignee Relief Programme (**SARP**) is an income tax exemption for assignees to Ireland of 30% of relevant employment income between €100,000 and €1 million, subject to conditions. It has been extended for a further five years, with an increase to the minimum income threshold to €125,000 from 1 January 2026.

Foreign Earnings Deduction

The Foreign Earnings Deduction (**FED**) is an income tax relief that applies, subject to conditions, to employment income of Irish residents working in certain countries whilst exploring new export markets. The relief has been increased to €50,000 from 2026 and extended for a further five years. The scope has been widened to include The Philippines and Türkiye.

In addition, the definition of qualifying day is amended to remove the requirement for an individual to spend three consecutive days working in a relevant state. It also provides that the relief will be not available where an individual chooses to spend time working in a relevant state for personal reasons.

Key Employee Engagement Programme

The Key Employee Engagement Programme (**KEEP**) programme (a share option scheme introduced by the Irish government to support small and medium-sized enterprises in attracting and retaining key employees) was due to expire at the end of 2025. Following engagement with stakeholders, it is to be extended until the end of 2028 subject to EU approval as the measure is a notified State Aid. The conditions of KEEP remain unchanged.

Funds

Regulated partnerships

The Finance Bill 2025 introduces a long-awaited exemption from dividend withholding tax for distributions made by Irish companies to Irish-regulated investment limited partnerships (**ILPs**) or equivalent partnerships within the EEA. This exemption is available where:

- the partners are beneficially entitled to at least 51% of the ordinary share capital of the company paying the dividend
- the ordinary share capital of the dividend-paying company constitutes an asset of the ILP or its EEA equivalent
- the investment limited partnership has provided the dividend-paying company with a declaration confirming its status as an ILP or EEA-equivalent partnership

VAT exemption for management of Auto-enrolment funds

The Finance Bill 2025 extends the VAT exemption for financial services concerning the management of the Automatic Enrolment Retirement Savings System as provided for under the automatic enrolment rules for employees that will be introduced on 1 January 2026.

Income and gains generated by auto-enrolment funds managed by an auto-enrolment provider will not be subject to tax.

Funds

Irish investment undertakings and certain equivalent offshore funds

The Bill has implemented a reduction in the income tax rate applicable to income and gains derived from Irish regulated funds, their offshore counterparts and foreign life assurance products, decreasing the rate from 41% to 38%. This reduced rate will take effect from 1 January 2026. There was no announcement or movement regarding the rules concerning deemed disposal of funds after eight years.

The Irish government will publish a roadmap in early 2026 that will set out an intended approach to improve retail participation in investment funds. It will also take the European Commission's Savings and Investments Union 2025 proposal for the introduction of tax-efficient investment accounts into consideration.

Approved Retirement Fund

The Bill establishes new yearly reporting obligations for Qualifying Fund Managers (**QFMs**), mandating that they provide Revenue with detailed information regarding each Approved Retirement Fund (**ARF**) under their management. The initial report is to be submitted by 31 March 2027.

Banking and finance

Tax treatment of interest

The Minister for Finance published an action plan for the reform of Ireland's taxation regime for interest to ensure that Ireland's tax code is attractive to investment and is aligned with international best practice. A feedback statement will be issued on 21 November 2025 to invite further consultation, with draft legislation outlined in April 2026 and expected legislation changes to be included in the Finance Bill 2026.

The feedback statement will look at areas of specific interest for financial services including Section 110 companies, Islamic-compliant financing, the Irish rental sector and withholding tax provisions.

The Bill also amends a specific anti-avoidance provision in relation to the deductibility of interest in situations where certain assets are transferred and refinanced with related party debt within a group. It provides for an additional exclusion from the application of the anti-avoidance measures to interest arising on a loan advanced to an acquiring company from a connected lender where certain conditions are met. This will support industries where assets are transferred intra-group for bona fide commercial reasons, such as in the leasing and property sectors.

Bank levy

The bank levy will be extended for another year with a target yield of €200 million. Previously, the levy was based on deposits at the four liable financial institutions - AIB, EBS, PTSB and Bank of Ireland - at the end of 2022. It will now be based on deposits at the end of 2024. The rate of levy applied to the base has been changed from 0.112% to 0.1025% for 2026 to achieve the target yield.

Crypto assets

The OECD's Crypto-Asset Reporting Framework (**CARF**) establishes an automatic exchange framework for tax-relevant information on crypto-assets, addressing transparency gaps as activity increasingly occurs outside traditional intermediaries. The EU's Directive on Administrative Cooperation (**DAC 8**) implements CARF within the EU and Ireland has introduced DAC 8 into domestic law in the Finance Bill 2025. CARF mandates transaction-level reporting and prescribes due diligence obligations for Reporting Crypto-Asset Service Providers (**RCASPs**).

Under the Bill, RCASPs must register with Revenue by 31 December 2026, conduct CARF due diligence on customers, and submit transaction-level reports. The first CARF returns will be due by 31 May 2027 which will cover the 2026 reporting period.

Conclusion

The Finance Bill 2025 underscores the Irish government's commitment to strengthening Ireland's economy through targeted measures, to obtain foreign direct investment, preserve domestic growth and maintain Ireland's attractiveness for businesses. Amendments to the Bill may be tabled at select committee stage in November 2025, with the Bill expected to be signed into law before the end of 2025.

How Ogier can help

Ogier's Tax team in Dublin can help you navigate the complexity of these changes to your business. We are here to help you if you have any queries, or if you wish to explore in further detail any of the changes and their impact on your business. We can help to clarify the Finance Bill 2025 measures down to what they mean for you and your business. Contact the team via the details below.

Contacts



John Perry
Tax Partner
Ireland
+353 1 584 6760
john.perry@ogier.com



Arthur Gaskin
Tax Counsel
Ireland
+353 86 834 8038
arthur.gaskin@ogier.com



Edwina Hilton
Associate
Ireland
+353 1 232 1072
edwina.hilton@ogier.com

**Legal
Corporate and Fiduciary
Consulting**

Beijing
British Virgin Islands
Cayman Islands
Dubai
Guernsey
Hong Kong
Ireland
Jersey
London
Luxembourg
Shanghai
Singapore
Tokyo

Ogier is a professional services firm with the expertise to with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. Our legal division provides practical advice on BVI, Cayman Islands, Guernsey, Irish, Jersey and Luxembourg law through its global network of offices. Ours is the only firm to advise on these six laws.

This client briefing prepared for clients and professional associates of Ogier. The information and expressions of opinion which it contains are not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific advice concerning individual situations.

Regulatory information can be found at **ogier.com**