

Business priorities for the Finance Bill; Tariffs; trends in TAC determinations

With planning under for Budget 2027 and the next Finance Bill the panel puts forward their tax recommendations to improve Ireland's offering for global business activity. These recommendations include extending the participation exemption to foreign branch income, a further refining of the R&D tax credit and implementing the recommendations of the Funds Sector 2030 report. Tariffs returned to the front and centre of exporters' minds in recent months as further policy shifts were threatened, the panel looks at the options for companies in managing the turbulent trade environment. The panel also looks at the latest outlook for Ireland's buoyant corporation tax receipts while the 2025 performance and Q1 2026 trends evident in the Tax Appeals Commission's work.

Finance Bill

As preparations for the next Budget and Finance Bill get underway, what are your main tax recommendations to boost Ireland's standing as a location for global business activity?

Michelle Adams, Director, Financial Services Tax, BDO: The Budget and Finance Bill should prioritise measures that strengthen Ireland's competitiveness,



Michelle Adams

support sustainable economic growth, and enhance Ireland's attractiveness for investment. In that context, we recommend the Minister for Finance consider the following key measures:

Extend the participation exemption to foreign branch income: Finance Act 2024 introduced a participation exemption for foreign dividends, however, a similar exemption regime for foreign branches was not introduced at the time. Ireland currently applies a tax-and-credit regime to foreign branch income, which can create significant

The May Roundtable Panel consisted of:

Michelle Adams, Director, Financial Services Tax, BDO; Deirdre Barnicle, Partner, McCann FitzGerald; Carol Lynch, Tax Partner & Head of Customs and International Trade Services, BDO Ireland; Arthur Gaskin, Tax Counsel, Ogier; John Perry, Partner, Ogier; Edwina Hilton, Tax Associate, Ogier.

administrative burden for taxpayers and may reduce Ireland's competitiveness for foreign direct investment (FDI). Introducing an exemption for foreign branch income should therefore be a high priority in the forthcoming Budget.

Taxation measures to encourage retail investment: Despite being a leading investment funds jurisdiction, participation by Irish retail investors remains chronically low. Last year's Finance Act reduced the IUT and LAET rates from 41% to 38%, and while this is a welcome step, we believe further reduction is warranted to improve Ireland's competitiveness and better align these rates with the current CGT rate of 33%. Furthermore, the removal of the 8-year deemed disposal requirement for investment funds and life assurance products has been a long-standing recommendation. Eliminating this rule would reduce complexity, improve investor outcomes, and strengthen Ireland's position as a jurisdiction that supports long-term investment. The anticipated introduction of a Savings and Investment Account in this year's Budget would be a positive development. This measure has the potential to encourage household savings, support greater retail participation in investment, and contribute to broader domestic economic growth. It is, however, important that the new

savings account is tax incentivised, with low tax administration and no taxation on deemed or assumed profits or gains.

Continue to enhance the R&D tax credit: The R&D tax credit remains a critical tool in sustaining Ireland's innovation economy and attracting investment. It should continue to be enhanced and kept competitive internationally. One targeted improvement would be to amend the legislation to allow certain related-party expenditure where the Irish entity is the owner of the internally generated intellectual property.

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Reduce CGT rate: Ireland's CGT rate of 33% remains among the highest in Europe. For several years, stakeholders have called for a reduction, commonly referenced as a move towards 20%, to better support entrepreneurship, encourage reinvestment, and facilitate the transfer of businesses to the next generation. The current rate can act as a disincentive to disposals and business succession planning.

While there are many additional measures that could be considered as part of the Budget and Finance Bill, addressing the above would be well received by stakeholders and would represent meaningful progress in enhancing Ireland's competitiveness and supporting long-term growth.

Deirdre Barnicle, Partner, McCann FitzGerald: In a climate of increased protectionism and international competition for FDI, changes to the tax



Deirdre Barnicle

regime are required not only to boost Ireland's standing, but also to continue to retain its current position as a key location for global business activity.

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This is particularly evident with the R&D tax credit, a key pillar of Ireland's regime that supports 1,500 companies annually. Ireland currently ranks among the most attractive OECD countries for R&D incentives with the highest funding share of GDP contributed and the lowest effective average tax rate. However, as the Irish economy has developed, the implementation of the regime should be refined alongside it to increase collaboration, foster network dependencies and signal to businesses that Ireland is committed to continuing its support for research and development. The removal of the restrictions on outsourced related party R&D, the cap on subcontracting, and the cap on the application of the credit to the universities and third level institutions would facilitate this. In this regard, the commitment in the R&D Compass published in April 2026 to conduct an in-depth review of sub-contracting in the

context of the regime is welcomed.

Similarly, there are opportunities to improve the efficiency of the participation exemption. Due to the inherently international application of the exemption, asymmetries in legal frameworks across the world can create unnecessary difficulties, for example, the requirement for distributions to be paid out of profits may be incompatible with certain international company law frameworks. The "qualifying participation" rules should also be aligned with the substantial shareholding exemption for CGT to reduce complexity.

Larger changes are needed in the taxation regime for Irish authorised funds to bring it into step with international norms. Helpful recommendations were made in the Funds Sector 2030 Report that should be implemented. In particular, equalising the rate of investment undertaking tax with CGT and the removal of the deemed disposal rule which triggers an exit tax for Irish investors on the eighth anniversary of their investment would bring the taxation of collective investments in line with direct investments and support Ireland's aim to be a key jurisdiction for the industry.

Tariffs

With the trade deal between the EU and the US under pressure amidst threats of new tariffs from the US and counter-threats from the EU, what advice in terms of options and solutions open for businesses trying to navigate the uncertainties do you have?

Carol Lynch, Tax Partner & Head of Customs and International Trade Services, BDO Ireland: The last year has been a very challenging time for businesses with trade disputes and the introduction of new US tariffs being an almost constant feature. A particular challenge in this regard for Irish Exporters was the constant amendment and changes to the application of tariffs on steel products and derivatives being imported into the US.

Alongside this there have also been misgivings aired by many in the European Parliament about the EU-US deal agreed last year (the Turnberry agreement). Finally however, in the early hours of Wednesday 20th May the European Parliament and Member States reached a compromise agreement which should enable the Turnberry agreement (agreed last summer) to enter into force.



Carol Lynch

It is expected that this will pave the way for enactment late June, and before the Trump deadline of 4th July (where he has threatened to impose further tariffs if the deal is not in place).

A new input into the agreement by the Parliament however allows the Commission to suspend the implementation of the preferential tariff rates for US imports if the Trump Administration fails to remove steel and aluminium tariffs above 15% by the end of 2026. If successful this will be welcome news for exporters. Along with this a "sunset clause" has been introduced which will allow the deal to expire on 31 December 2029.

Even with this deal finally legally coming into force this is unlikely to eliminate uncertainty and cost pressures. There continues to be uncertainty over the legality of both new US tariffs under section 122 and 301 respectively, for example there has been successful challenges to the current Section 122 tariffs (balance of payments) following the invalidation of the previous IEEPA tariffs by the courts.

As a result, there is likely to be increased uncertainty over the next few months for businesses which makes planning ahead and pricing extremely difficult for exporters. Therefore, we propose a series of recommendations to help businesses navigate this complex business environment:

Cost and tariff analysis should be a priority. Businesses need to assess how different tariff scenarios impact margins and competitiveness, and in many cases, adopt pricing strategies that assume elevated tariffs will continue. Critical steps include ensuring accurate tariff classification of products, confirming

origin rules, and - where relevant - understanding requirements such as the “melt and pour” origin rules for steel. Businesses should also explore whether any reliefs apply, such as for US origin goods returning, and review intercompany pricing arrangements to ensure duties are calculated on optimised, compliant values.

Diversification is equally important. Companies should examine opportunities to expand into alternative markets, particularly those covered by EU free trade agreements, where tariffs may be reduced or eliminated. Recent agreements with regions such as Mercosur, India, and Australia highlight the EU’s continued commitment to facilitating trade despite a more protectionist global landscape.

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Finally, businesses should leverage available supports. Irish companies may be eligible for funding through Enterprise Ireland, including grants for market research and development of new export strategies. These supports can help offset the costs of analysing tariff exposure and entering new markets.

Arthur Gaskin, Tax Counsel, Ogier: The current strain in EU–US trade relations reflects a deeper structural shift rather than a temporary diplomatic impasse. Although the July 2025 EU–US framework agreement was intended to restore predictability by capping most tariffs at 15%, repeated US threats to raise tariffs - particularly on auto-mobiles to 25% - have exposed the fragility of that settlement. For businesses, the core reality is that transatlantic trade is now subject to recurring political leverage, unilateral action, and implementation disputes. As a result, uncertainty must be treated as a standing operating condition, not a passing phase.

A central lesson for companies is the need to move away from high-level country exposure analysis and toward product specific assessment. Tariff risk increasingly turns on individual HS codes, sector carveouts, and overlapping regimes such as US national security (Section 232) tariffs and potential EU countermeasures. This fragmentation means that two



Arthur Gaskin

products shipped by the same company can face dramatically different trade outcomes. Conducting granular audits of tariff exposure by product line is therefore essential for sound pricing, sourcing, and investment decisions.

Customs and trade planning have simultaneously evolved from compliance exercises into strategic management tools. Lawful tariff engineering—through origin analysis, valuation choices, and use of customs relief mechanisms—can materially reduce or defer duty costs. These tools allow businesses to cope with volatility without resorting immediately to costly restructurings of global supply chains. In the present climate, firms that underinvest in customs strategy are likely to absorb avoidable costs that more agile competitors mitigate.

At the same time, businesses should resist the false binary between full reshoring and maintaining the status quo. Political signals from Washington increasingly favour domestic US production, but wholesale relocation is rarely costeffective or operationally realistic. More nuanced approaches—such as partial localisation, finalstage assembly in the US, or selective joint ventures—can reduce tariff exposure while preserving supplychain flexibility and capital discipline.

Market diversification has also become more strategically important. While the EU–US corridor remains indispensable, overreliance on it amplifies political risk. Firms should accelerate exploitation of EU free trade agreements with other partners and rebalance export portfolios where possible toward jurisdictions with greater regulatory stability. This is less about exiting the US market than about restoring optionality and bargaining power.

Engagement with policymakers is another underappreciated lever. EU countermeasures, safeguard clauses, and anticoercion tools are not automatic; they are shaped through consultation and political choice. Companies that engage early—individually or via trade bodies—have a better chance of influencing how retaliation is targeted and how collateral damage is distributed across sectors.

Finally, contractual and governance frameworks must catch up with trade reality. Commercial agreements that lack tariff reopener clauses and clear riskallocation mechanisms expose firms to sudden margin shocks. Transparent communication with investors and customers about tariff exposure and contingency planning is equally critical, as markets increasingly price geopolitical risk into valuations.

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In short, the overriding strategic shift is from pursuing trade stability to managing trade flexibility. The EU–US relationship remains economically vital but is now politically contingent. Businesses that embed flexibility into sourcing, contracts, customs planning, and market strategy will be better placed to withstand further escalation, regardless of whether current tensions subside or intensify.

Deirdre Barnicle, Partner, McCann FitzGerald: Since the February ruling of the US Supreme Court, which declared Trump’s “liberation day” tariffs to be unconstitutional, European companies have begun the process to seek rebates on tariff costs incurred. Meanwhile, the White House Administration swiftly imposed a new blanket levy that was also held to be unlawful by the US Court of International Trade (a specialised federal court in New York). What emerges as evident from the chaos, is that external market uncertainty will remain a prominent feature for businesses trading with the US, as long as the strategy of US protectionism is pursued.

Brexit has given Ireland experience in the crossfire of trade disputes. A key learning from that period is that internal hesitancy in response to or anticipation of external threats, may harm businesses as much as any tariff itself. Proactivity is needed to mitigate this internal uncertainty as soon as possible.

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Businesses need to conduct scenario modelling to understand where their dependencies are and insulate themselves from any unpredicted changes by diversifying their supply chain where possible. Where exposure exists, companies should be cognisant of the cash flow pressure that often accompany tariffs due to the delays and unexpected nature of the costs.

Tax Determinations

Can you comment on noteworthy determinations from the Tax Appeals Commission from the first quarter of 2026?

John Perry, Partner, Ogier: The Revenue Commissioners latest 2025 Annual Report details another robust year in the administration and collection of taxes, underpinning the funding of public services and Ireland’s economic stability. A trend that has continued in 2025 evidenced by the Tax Appeals Commissioners concluding 1,185 determinations since 2016 of which 204 cases were concluded in 2024 and 165 in 2025.

Of the 165 Tax Appeal Commissioners’ determinations in 2025 the majority relate to Income Tax. Across the Tax Appeals Commission determinations published in the first quarter of 2026, the Commissioners consistently reaffirmed



John Perry

that the burden of proof rests squarely on the taxpayer and must be discharged through clear, contemporaneous and coherent documentary evidence, with cases involving the characterisation of transfers as loans or gifts demonstrating that unsupported assertions, inconsistent explanations or retrospective documentation will not suffice and will result in amounts being taxed in accordance with Revenue’s assessments.

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In a number of determinations concerning capital taxes and unexplained cash movements, the Commission emphasised that while it will not lightly infer receipt of funds or taxable events in the absence of direct evidence, it equally requires taxpayers to substantiate their position with credible and consistent records, such that the absence of documentation, conflicting figures or an inability to trace financial flows will generally lead to adverse findings.

The determinations also illustrate a continued strict and formal approach to statutory interpretation, particularly in the context of PAYE and income tax cases, where the Commissioners applied the relevant provisions of the Taxes Consolidation Act 1997 in a literal and structured manner and showed limited

willingness to recharacterise payments or depart from payroll treatment where the legislation clearly prescribed the tax consequence.

In the area of tax reliefs and incentive regimes, including R&D tax credits and various statutory schemes, the Commission adopted a rigorous compliance-based approach, confirming that entitlement is contingent on satisfying both substantive conditions and procedural requirements, with time limits and filing obligations enforced strictly and without scope for equitable relief where these are not met.

A number of determinations in respect of VAT disputes and other technical matters further highlight the fact-specific nature of the Commission’s analysis, with outcomes turning on the precise factual matrix and the ability of the taxpayer to demonstrate the requisite connection between activities and tax treatment, thereby reinforcing the importance of detailed contemporaneous documentation and robust technical positioning at the time transactions are undertaken.

Finally, the body of decisions from the period underscores the Commission’s broader approach as a tribunal that prioritises evidential clarity, statutory certainty and procedural compliance over equitable considerations, with determinations reflecting a predictable but exacting framework in which well-documented and technically supported positions are essential to successfully challenging Revenue assessments.

Corporation Tax

With corporation tax receipts remaining buoyant in the first quarter of 2026 to date, and immediate prospects positive as the first effects of the 15% minimum CT rate impact on Exchequer accounts in coming months, do you have any observations on the continuing outlook in the light of latest developments?

Edwina Hilton, Tax Associate, Ogier: The most recent Exchequer Returns (published 11 May 2026) strike an encouraging note: on a like-for-like basis, tax receipts were up 4.2% to end-April 2026, with corporation tax at €3.46 billion - an increase of €0.28 billion (+8.6%) year on year (with figures excluding the tax revenues associated with the Court of Justice of the European Union (CJEU) 2024 ruling (i.e. the Apple case windfall)). That said, it is important to emphasise that Q1 and April are not typically



Edwina Hilton

significant corporation tax months, with the major payment dates still to come. While these figures provide a positive early signal, in a period of continued global uncertainty - as repeatedly highlighted by the Department of Finance - we would caution against drawing definitive conclusions about the full-year outlook as the underlying trends will only become clearer as the year proceeds.

On the international tax front, the EU minimum tax regime (Pillar Two) has now moved from legislative concept to operational reality. The registration deadline for in-scope multinational groups expired on 28 February, and first returns and payments are expected from June onwards. While there were early concerns about a potential mass exodus of large international MNEs, there is, so far, no concrete evidence to support those fears. However, taxpayer confidentiality necessarily restricts visibility: it is not possible to know exactly which groups have registered or if any have exited or

downsized their operations. The prevailing consensus suggests that a dramatic departure has not occurred, but, as ever, longer-term trends can only be assessed with time and broader economic data.

Beneath these headline figures lies the more fundamental - and persistent - challenge of concentration risk. Revenue's 2025 statistics reveal that just ten companies accounted for 56% of net corporation tax paid, and foreign-owned multinationals contributed 87%. This small cohort not only underpins the corporation tax base, but also generates significant high-value employment and, by extension, a substantial share of income tax yields. While Pillar Two may increase the effective tax paid by some groups, it does not diminish the State's underlying exposure: such reliance can flatter receipts in robust years but leaves public finances highly sensitive to sectoral fortunes and corporate structural shifts. The Government's ongoing commitment to building fiscal buffers - through transfers now approaching €20 billion to the Future Ireland Fund and the Infrastructure, Climate and Nature Fund - is prudent.

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Nonetheless, strong receipts in 2026, welcome as they are, cannot resolve a longstanding policy question: is Ireland's structural reliance on a narrow group of large taxpayers - and their

employees - a balanced and sustainable foundation for the medium term? Calls to diversify the tax base have been a recurring theme in Irish fiscal commentary, and in our view, remain more pertinent than ever as the global tax landscape continues to evolve.

Deirdre Barnicle, Partner, McCann FitzGerald: Irish corporation tax receipts for April 2026 were notably strong at €564 million. This comes alongside warning calls from IFAC that reiterate Ireland's continued critical dependence on corporation tax receipts from a small number of companies. The Governor of the Central Bank of Ireland flagged his concern that Ireland needs to urgently find additional sources of revenue to alleviate its reliance on US FDI in light of the increasing threats of greater tariffs. This is not yet reflected in the corporation tax receipts mainly on account of the largest MNEs in Ireland (e.g. Eli Lilly, which exports weight loss drugs) entering into bilateral tariff-free trade deals with the US government in return for investments in US manufacturing. However, the Governor stressed that this is a short-term position, and these receipts should no longer be assumed into the future. There are positive indications, and the corporation tax base does appear to be broadening, with the analysis by the Revenue Commissioners noting that net corporation tax receipts from smaller and medium sized companies grew by 15% in 2025. A lot more will be revealed by the corporation tax receipts in May and June, which will be impacted more closely by the supply chain disruption and energy crisis in the Middle East. Smaller companies are less insulated from the impact of these difficult operating environments, which could serve to quell this positive trend.



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