

IRELAND – Budget 2022

The Minister for Finance delivered his Budget speech for the coming year on 12th October 2021, aimed at meeting the twin goals of investing in Ireland's future while also putting the public finances on a sustainable path. The economy is rebounding strongly from the pandemic, growing by 5.25% in 2021 and predicted to grow by 6.5% in 2022. The Budget package this year totals €4.7 billion.

The principal taxation features of the Budget, which will be included in the forthcoming Finance Bill, are as follows:

Corporation Tax

No change to the 12.5% trading rate for all companies at present, and for most companies into the future. Under proposed sweeping OECD global tax reforms, Irish companies with turnover over €750 million per annum will pay Corporation Tax at a new fixed rate of 15%. This new rate, affecting large Irish multinational companies, is expected to take effect from 2023. Companies with annual turnover up to €750 million will remain unaffected and will continue to avail of the 12.5% rate after 2023. The Government's agreement with the OECD on these tax rates provides companies with certainty into the future.

In last year's Finance Act the 0% Corporation Tax relief was extended until the end of 2021 for profit making start-up companies which create and maintain jobs. This relief will be extended for a further period of 5 years until 31st December 2026.

A new tax credit will be introduced for the digital gaming sector. The relief will be available at a rate of 32% on eligible expenditure up to a maximum limit of €25 million per project and will complement employment growth in Ireland's well established film and animation sectors.

Dividend Withholding Tax (DWT)

As before, subject to certain conditions and declarations there are exemptions from Irish DWT for foreign shareholders where dividends are paid to companies or individuals resident in a treaty country or another EU member state.

Anti-Tax Avoidance Directives (ATADs)

Ireland will complete transposition of the ATADs in Finance Bill 2021 through the introduction of two new measures: an interest limitation rule, and anti-reverse-hybrid rules. This latter measure will bring certain tax transparent entities (such as partnerships) within the scope of Irish Tax where the entity is 50% or more owned or controlled by entities resident in a jurisdiction that regards it as tax opaque and as a result of this hybridity, double non-taxation occurs. In such cases, the profits of the Irish entity which would otherwise have gone untaxed due to hybridity will be brought into the charge to Irish Corporation Tax.



Value Added Tax (VAT)

The reduced VAT rate of 9% for the hospitality and tourism sector will continue until 31st August 2022.

Further Business Supports

The Covid19 pandemic wage subsidy scheme is to be extended until 30th April 2022, in a graduated form.

Verfides will continue to keep you updated with any developments. In the meantime, please do not hesitate to speak to your usual Verfides advisor for further assistance, or email or call the Tax Team: tax_team@verfides.com; +44 20 7930 7111.

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