A New Tax Year: Finance Act 2022 and related developments

January 2023

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Finance Act 2022

- Income Tax Measures
- Corporation Tax Measures
- Indirect Tax Measures
- Capital Tax Measures
- Other Measures

Other Tax Highlights

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Finance Act 2022

Income Tax

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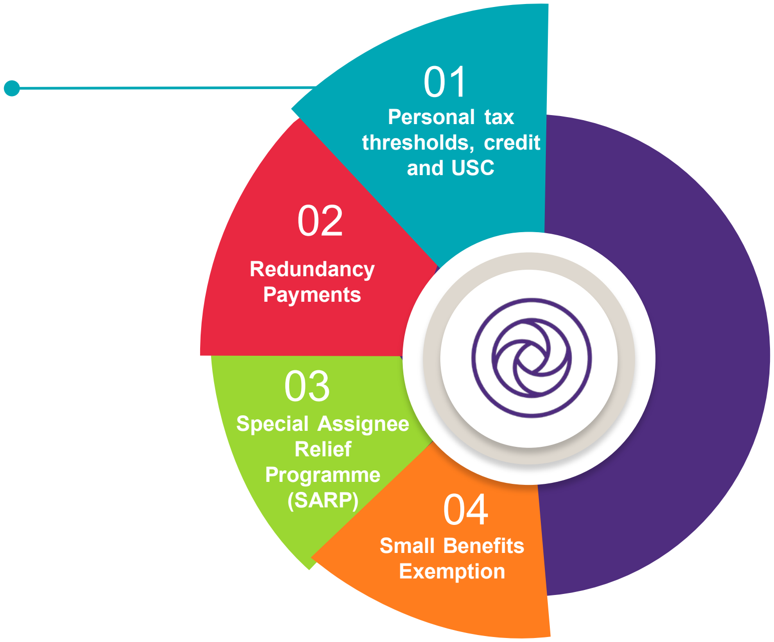
01 Personal tax thresholds and credits

Section 2 Finance Act 2022

- Amended **section 531AN TCA 1997**
- Raised the USC 2% threshold from €21,295 to €22,920 for 2023 tax year
- Extended the reduced rate of USC for medical card holders under 70 years of age on an income of under €60,000 until the end of the 2023 tax year
- First announced in Budget 2023



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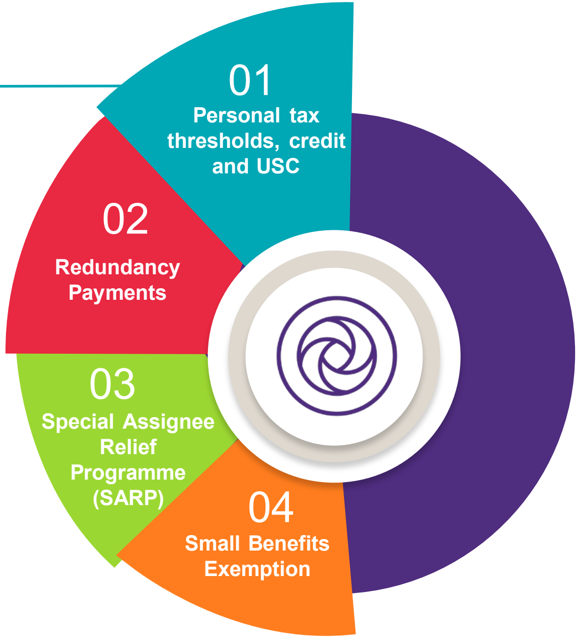
01 Personal tax thresholds and credits

Section 10 Finance Act 2022

- **Section 15 TCA 1997** increase in the standard tax rate band for a single person by €3,200 to €40,000 with a corresponding increase for married persons, jointly assessed civil partners and single person child carers
- Amended the personal tax credits
  - Married persons and jointly assessed civil partners tax credit has increased from €3,400 to €3,550 **(section 461 TCA 1997**)
  - Single person tax credit (**section 461**) has increased from €1,700 to €1,775
  - Home carers tax credit (**section 466A**) has increased from €1,600 to €1,700
  - Employee tax credit (**section 472**) and earned income tax credit (**section 472AB**) have also increased from €1,700 to €1,775



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High income single - €100k

Single, High income, No children

Self-employed income €100k

	2022 Pre-Budget	2023 Post-Budget	Difference	% Saving
Income Tax	€29,240	€28,450	(€790)	-3%
USC	€4,836	€4,795	(€41)	-1%
PRSI	€4,000	€4,000	€0	0%
Total Taxes	€38,076	€37,245	(€831)	-2%
Take Home Pay	€61,924	€62,755	€831	1%

#Budget2023 #GTtax

Single parent - €50k

Single parent entitled to single person child carer tax credit, 1 child

Gross employment income €50k

	2022 Pre-Budget	2023 Post-Budget	Difference	% Saving
Income Tax	€6,790	€6,000	(€790)	-12%
USC	€1,537	€1,497	(€41)	-3%
PRSI	€2,000	€2,000	€0	0%
Total Taxes	€10,327	€9,497	(€831)	-8%
Take Home Pay	€39,673	€40,503	€831	2%

#Budget2023 #GTtax

Average income family - 2 earners

Married, Average wage x2,

Partner 1: employment income €36k,

Partner 2: employment income €26k

	2022 Pre-Budget	2023 Post-Budget	Difference	% Saving
Income Tax	€5,355	€5,055	(€300)	-6%
USC	€1,365	€1,284	(€81)	-6%
PRSI	€2,480	€2,480	€0	0%
Total Taxes	€9,200	€8,819	(€381)	0%
Take Home Pay	€52,800	€53,181	€381	1%

#Budget2023 #GTtax

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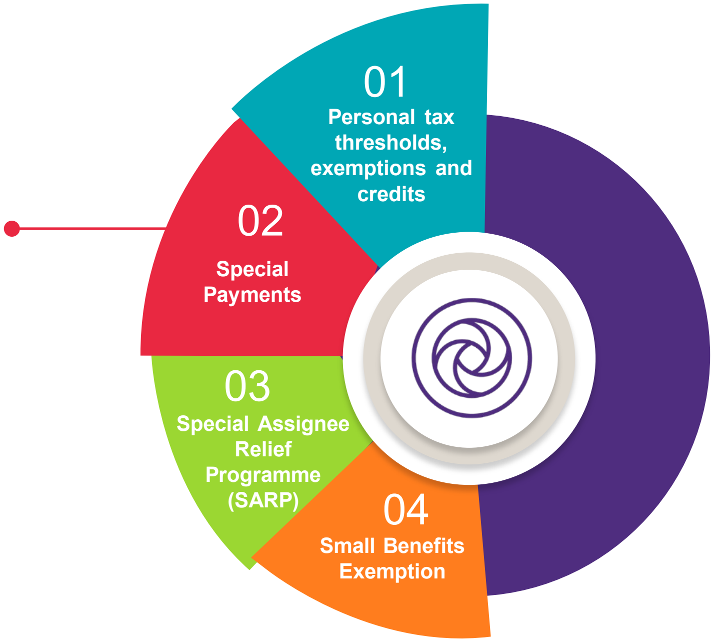
01 Incorrect birth registration payment

Section 3 Finance Act 2022

- Inserted a new **section 192L into TCA 1997**
- An exemption from income tax, USC and PRSI in relation to ex-gratia payments in respect of an incorrect birth registration to a maximum of €3,000 per individual



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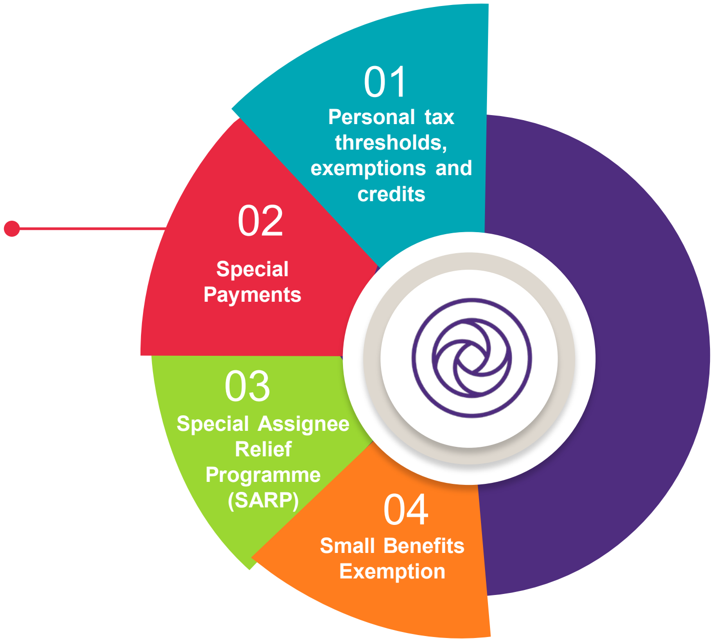
01 Payments in respect of redundancy

Section 5 Finance Act 2022

- Substitutes a new **section 203 TCA 1997**
- An income tax exemption for the Covid-19 Related Lay-off Payment
- The exemption applies to payments made on or after 19 April 2022
- It also removes any obsolete provisions of the Redundancy Payments Act 1967, i.e. ‘weekly payment’



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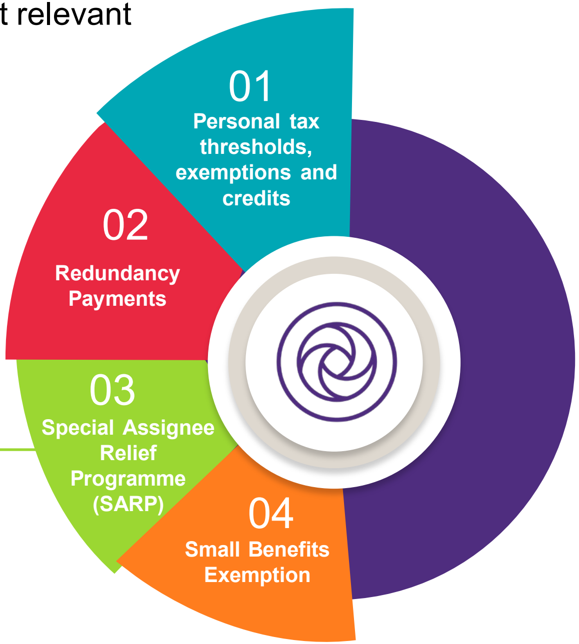
01 Special Assignee Relief Programme

SARP provides for income tax relief (30%) on a portion of income earned by certain employees assigned from abroad to work in the State by their relevant employer, or to work for an associated company in the State of that relevant employer

Section 18 Finance Act 2022

- Amended **section 825C TCA 1997**
- A new **subsection 2AA** applies a new definition for a “relevant employee” in relation to individuals who arrive in the State in any of the tax years 2023 to 2025
- Relevant employees arriving in Ireland from 1 January 2023 require a minimum annualised relevant income of €100,000 to benefit from the relief (previously €75,000). Individuals arriving before this date not impacted by this change
- A PPSN must have been issued – timing issues!
- Relief extended for a further 3 years until 31 December 2025

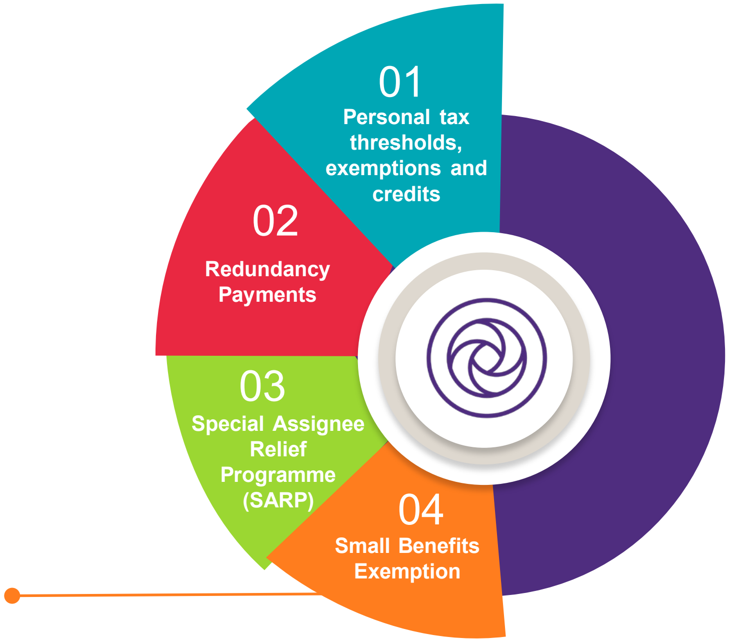


01 Granting of vouchers

“Small Benefits Exemptions”

Section 7 Finance Act 2022

- Amended **subsection (1) of section 112B TCA 1997**.
- This provides for an increase in the Small Benefit exemption to €1,000 and an increase in the number of “qualifying incentives” per year from one to two



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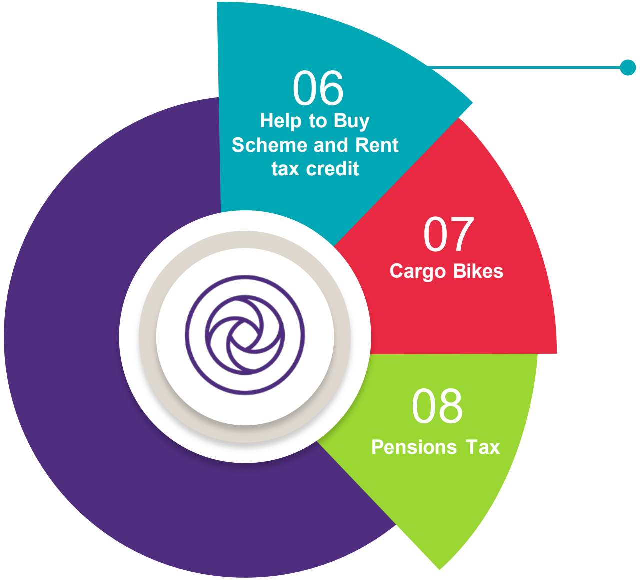
01 Help to Buy Scheme and Rent Credit



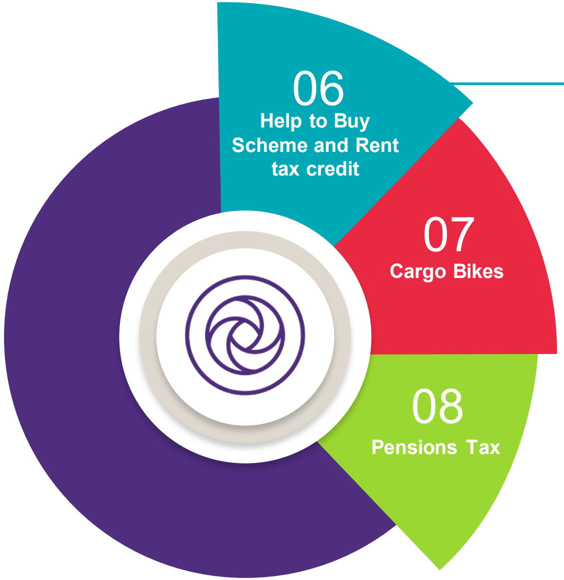
Section 6 Finance Act 2022

Help to Buy Scheme “Enhanced”

- Amended **section 477C TCA 1997**
- Extends the Help to Buy relief for a further two years until 31 December 2024
- First time buyer who either buys or self-builds their principal private residence
- The amount of the relief is the lesser of:

1. €30,000
2. 10% of the purchase value of a new home or of the approved valuation of the property, in the case of self-builds
3. the amount of Income Tax (IT) and Deposit Interest Retention Tax DIRT) for the four years prior to application

01 Help to Buy Scheme and Rent Credit



Section 13 Finance Act 2022

Rent tax credit

- Inserted a new section, **section 473B into Chapter 1 Part 15 TCA 1997**
- A new maximum €500 (€1,000 for married couples and civil partners) tax credit for renters (20% of the qualifying payment)
- Only available to renters who do not already receive state housing supports
- Available to parents of 3rd Level students where they pay the rent and the tenancy is registered with the RTB
- Credit for 2022 available now – must file an income tax return
- 2023 in real time shortly via MyAccount for PAYE only – otherwise self-assessed income tax return

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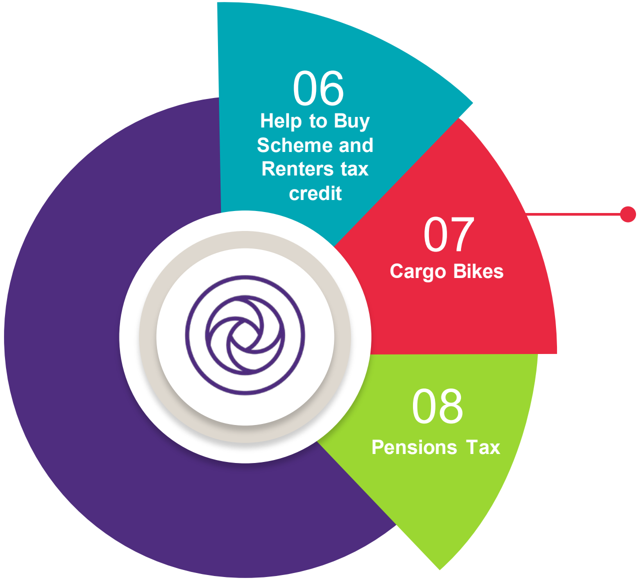
01 Cargo Bikes



Section 8 Finance Act 2022

- Amended **section 118(5G) TCA 1997**.
- Extended the "cycle to work" benefit-in-kind exemption to cargo bicycles and e-cargo bicycles and increased the threshold to €3,000
- Three limits:

1. €1,250 for bike
2. €1,500 for e-bike
3. €3,000 for cargo or e-cargo bike

- The above limits include related safety equipment
- Prior to 1 August 2020 the limit for all bicycles and safety equipment was €1,000
- From 1 August 2020 to 31 December 2022 the limit for cargo and ecargo bikes was €1,250 and €1,500 respectively

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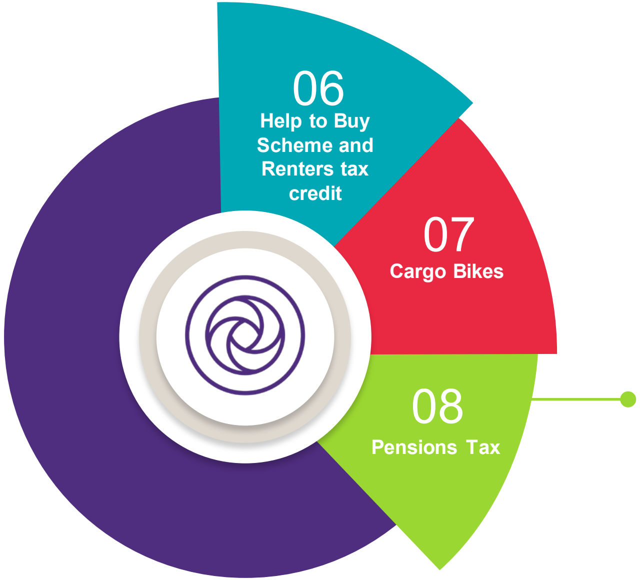
01 Pensions tax



Section 19 Finance Act 2022

Foreign pension arrangements

- Inserted a new section, **section 200A TCA 1997**
- This relates to the tax treatment of lump sums drawn down from foreign pension arrangements
- From 1 January 2023, an Irish tax resident individual can receive a tax free lump sum of €200,000 from a foreign pension
- Any amounts in excess of this amount are subject to tax in two stages:
  - Between €200,000-€500,000, taxed at 20%,
  - >€500,000, taxed at the individuals marginal rate of tax

Section 20 Finance Act 2022

Pan-European Personal Pension Product (PEPP)

- Inserted a new **Chapter 2D Part 30 TCA 1997**.
- This aligns with the tax treatment of PRSAs
- Aim is to facilitate cross-border pension savings with the EU

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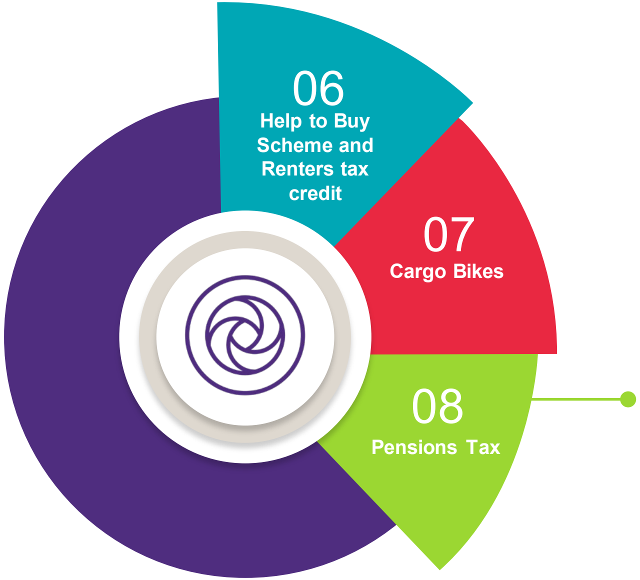
01 Pensions tax



Section 21 Finance Act 2022

Amendments to the TCA 1997, the Capital Acquisition Tax Consolidation Act 2003 and the Stamp Duties Consolidation Act 1999 as a result of the insertion of a new Chapter 2D into the TCA 1997 which provides a framework for the Pan European Personal Pension Product (PEPP.)

Changes are to ensure that PEPP products are subject to the same taxation, relief, and administration provisions as set out for Personal Retirement Savings Accounts (PRSAs) and will be taxed according to the system in common with other Irish pension products

Section 22 Finance Act 2022

Employer contributions to employee PRSAs and PEPPs

- Amended **section 118 TCA 1997**
- This exempts employer contributions to an employee's PRSA or PEPP from a BIK charge. Also not regarded as an employee contribution.
- Increases scope for employer contributions to PRSA or PEPP
- This is based on a recommendation from the Inter-Departmental Pensions Reform and Taxation Group

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01 Employer Reporting

Section 9 Finance Act 2022

- New **section 897C TCA 1997**
- Introduced an automatic employer reporting requirement aimed at recording certain tax-free benefits and expenses payments made to employees
  - the remote working daily allowance of €3.20
  - the payment of travel and subsistence expenses
  - the small benefit exemption/ granting of vouchers
- Stakeholder engagement process initiated by Revenue in January 2023
- Planned implementation in 2024

01 Pre-letting expenditure

Section 31 Finance Act 2022

- **Section 97A TCA 1997** Case V deduction for certain expenses
- Vacancy period reduced from 12 months to 6 months
- Increase in allowable expenditure to €10,000 per property from €5,000
- Applies to a premises first let, after a vacant period, on or after 1 January 2023

01 Other measures

Section 11 Finance Act 2022

- Extended the sea-going naval personnel credit per **section 472BB TCA 1997** by one further year, to 2023. The value of the credit remains unchanged at €1,500

Section 12 Finance Act 2022

- Amended **section 480B TCA 1997** which provides for relief arising in a 'Week 53' scenario. Relief is provided in the form of a flexing of tax credits and bands by one fifty second or one twenty sixth to cater for the extra payment date

Section 17 Finance Act 2022

- Amended **section 823A TCA 1997** extending the Foreign Earnings Deduction to 31 December 2025

Section 24 Finance Act 2022

- Inserted a new **section 216E TCA 1997** to provide for an exemption of up to €20,000 from income tax, for certain profits arising from the production, maintenance and repair of certain musical instruments. Applies to individuals chargeable to tax on profits from such activities on certain harps and pipes

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01 Other measures

Section 25 Finance Act 2022

- Living City Initiative - incentive scheme for Special Regeneration Areas (SRA) in; Cork, Dublin, Galway, Kilkenny, Limerick and Waterford
- Extended by 5 years to 31 December 2027 (**section 372AAA TCA 1997**)
- From 2023 onwards expenditure incurred by owner occupiers can be claimed over 7 years (15% for 6 years and 10% in year 7) (previously over 10 years)
- Owner occupiers can carry forward unused claims to following periods but cannot carry forward past 10 years from the initial claim

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01 Other measures

Section 29 Finance Act 2022

Farming relief for stock increases **sections 667B & 667C TCA 1997** extended to 30 June 2023

Section 30 Finance Act 2022

Farming accelerated allowances for capital expenditure on slurry storage

new section 658A TCA 1997 & Schedule 35A TCA 1997

- Commences from 1 January 2023 and includes any qualifying expenditure incurred on the construction of slurry storage facilities between 1 January 2023 and 30 June 2023
- Maximum value that can be claimed under this scheme is €500,000

01 Other measures

Section 92 Finance Act 2022

- Amendment of **section 1041 TCA 1997**(rents payable to non-residents)
- The tenant has a requirement to provide information to Revenue in relation to the landlord which includes - name and address of landlord, Eircode of property being rented, LPT identification number of property and amount and date of payments
- **Section 1034 TCA 1997** which charges a collection agent to income tax on behalf of the non-resident landlord, will not apply where the agent makes a payment of withholding tax to Revenue and provides Revenue with the necessary information in relation to the landlord
- Subject to Ministerial Order

Finance Act 2022

Corporation Tax

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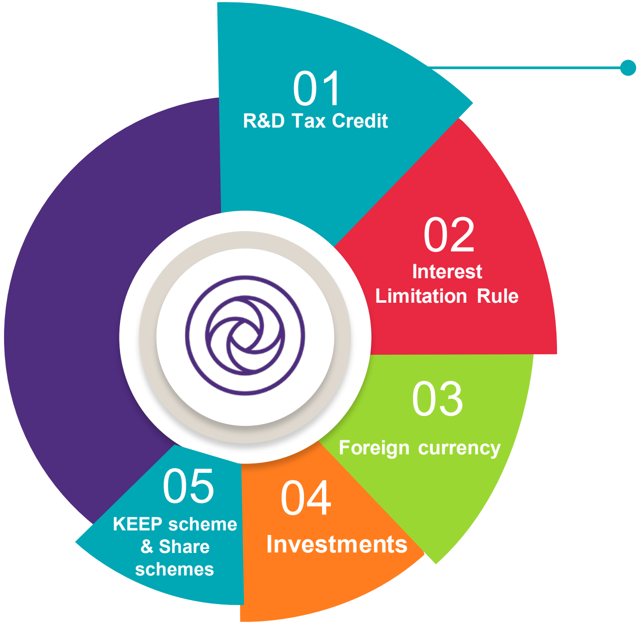
02 R&D Tax Credit



Section 27 Finance Act 2022

- Amended **sections 766, 766A and 766B TCA 1997**, R&D tax credit regime.
- Also introduced two new sections, section **766C TCA 1997** which outline the manner in which expenditure on R&D is released, and **section 766D TCA 1997** which relates to expenditure on buildings and structures
- The quantum of the R&D tax credit for taxpayers is unaffected
- The restriction on the amount of the tax credit which can be refunded (the link to corporation tax paid by the company in the previous 10 years or the payroll taxes remitted by the company for the relevant periods) has been removed
- Some of the old rules still apply to new regime such as:
  - Claim must be made within 12 months of year-end
  - Unauthorised claim being subject to tax under Case IV in an amount equal to 4 times the credit
  - Ability to surrender credit to key employees

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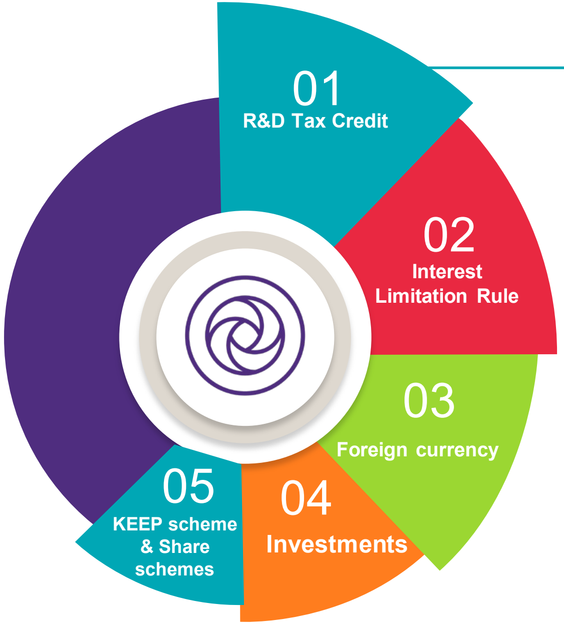
02 R&D Tax Credit



Section 27 Finance Act 2022

- Under the new regime, a company can claim a payable R&D tax credit in three fixed instalments, or it can specify that any part of each instalment be offset against other tax liabilities of the company
- The fixed payment regime will operate as follows:
  - Yr 1 –the greater of €25,000 (or the amount of the credit if lower) or 50% of R&D credit is payable in instalment one;
  - three-fifths of the balance is payable in instalment two; and
  - balance remaining is payable in instalment three.

Previous regime - company can utilise their credit firstly to reduce their CT liability

Beneficial for companies with small claims but cash flow impact for companies with larger claims and large corporation tax liabilities

- Pre-trading expenditure incurred on qualifying R&D activities can be claimed as a payable R&D credit over a three-year period from the year that the company commences to trade

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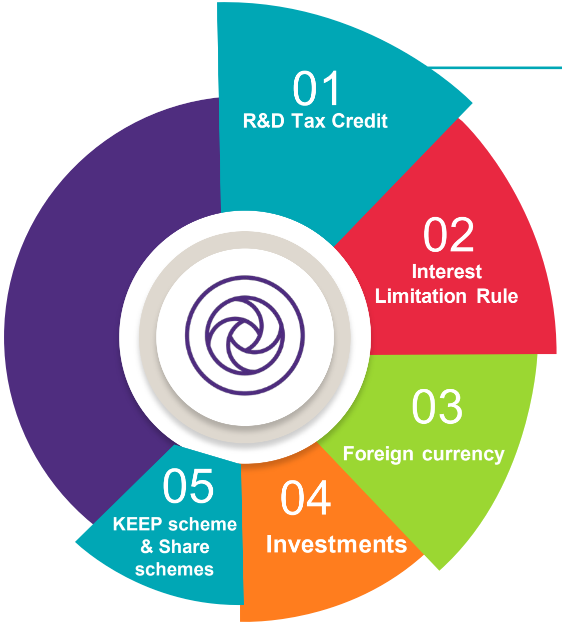
02 R&D Tax Credit



Section 27 Finance Act 2022

- Section 27(12) - No amount of the credit shall be paid or offset unless a valid claim has been made to the Revenue Commissioners
- Valid claim concept is new and requires claimant to furnish "all information which the Revenue Commissioners may reasonably require to enable them determine if, and to what extent, the credit is due to a company in respect of an accounting period"
- The new regime applies to accounting periods commencing on or after 1 January 2022, however transitional measures will be in place for one year allowing companies to claim under the old regime

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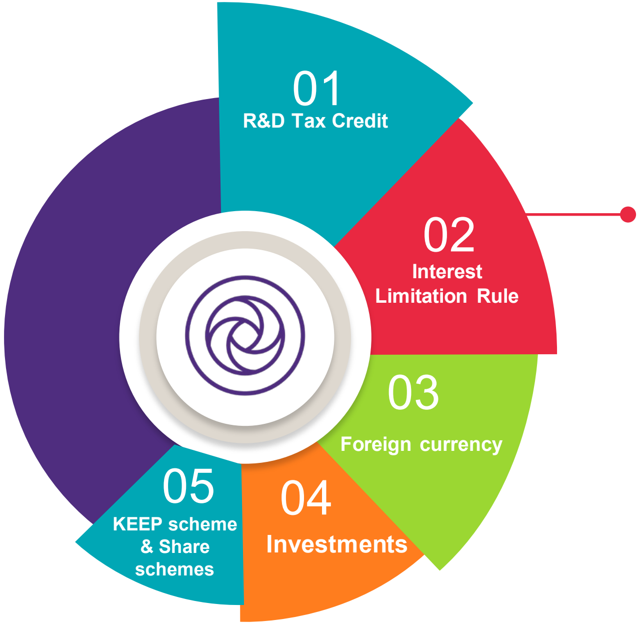
02 Interest Limitation Rule (ILR)



Interest limitation rules (ILR) now feature as part of Irish tax system

Applies to accounting periods commencing on, or after, 1 January 2022

Very broadly, the new rules seek to restrict the deductibility of interest in excess of 30% of EBITDA (as defined for tax purposes)

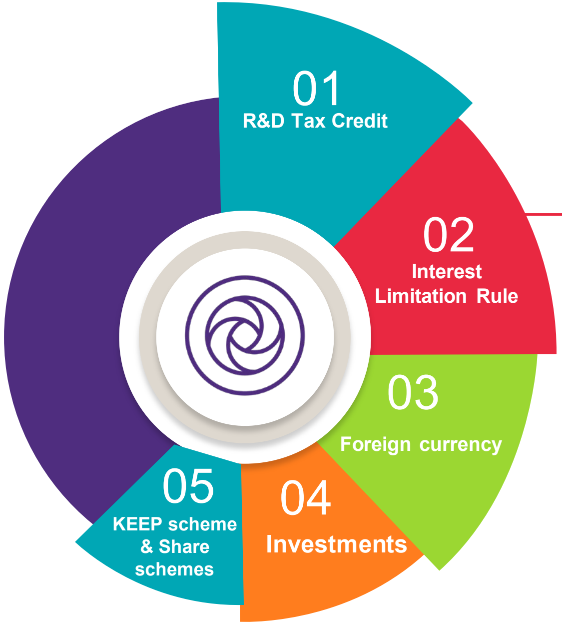
There is a de minimis amount of €3m new interest expense per entity as well as various carve outs and world-wide debt ratios rules that can provide further “outs”

Identifying no ILR restriction impact in a particular year can involve determining if the interest figure (as defined for tax purposes and it is very broad as it can include FX, arrangement fees etc.) is less than €3m

In other cases there is a lot more work involved, including examining worldwide debt ratios in the group and whether companies should opt into a group for ILR purposes or not

Even if there is no ILR restriction in the current year, there is the concept of “spare capacity” which can be carried forward to future years, and may need to be calculated and captured in the corporation tax return

02 Interest Limitation Rule (ILR)



Section 39 Finance Act 2022

Introduced technical amendments to **Part 35D TCA 1997** to ensure that the interest limitation rule ("ILR") operates as intended. Various definitions amended, including:

Consolidating entity – to include entitles which would be consolidated but are excluded on materiality grounds

Interest equivalent - include trade charges and interest as a charge surrendered on a value basis as well as certain expenses of management large scale asset – to include large-scale residential development within the meaning of the Planning and Development Act 2000, approved by a planning authority under section 34 or section 170 of that Act

Group and Equity Ratio - technical amendment to the definitions of "group EBITDA" and "group exceeding borrowing costs" to ensure the definitions operate as intended

Equity Ratio Rule - Insertion of new subsection (1A) to clarify that the ratio of equity over assets for the relevant entity are to be calculated on the basis of financial statements prepared under the same body of accounting standards and the same accounting policies as the ultimate consolidated financial statements of the worldwide group

Clarification on the operation of the exemption for interest on legacy debt (**section 835AAB TCA 1997**), to specify that a FIFO basis applies where there is a repayment in respect of facilities that have a mixture of legacy debt and non-legacy debt

02 Foreign currency

Section 38 Finance Act 2022

- New definition for “relevant monetary item” in relation to a company in **section 79(1)(a) TCA 1997 -** treated as part of profit or losses of the trade
- Expanded to include “trade receivable” and trading bank account
- Foreign exchange gains or losses will be treated as part of trade profits or losses as opposed to capital gains or capital losses
- In practice the new definition of “relevant monetary item” may be too narrow for certain circumstance

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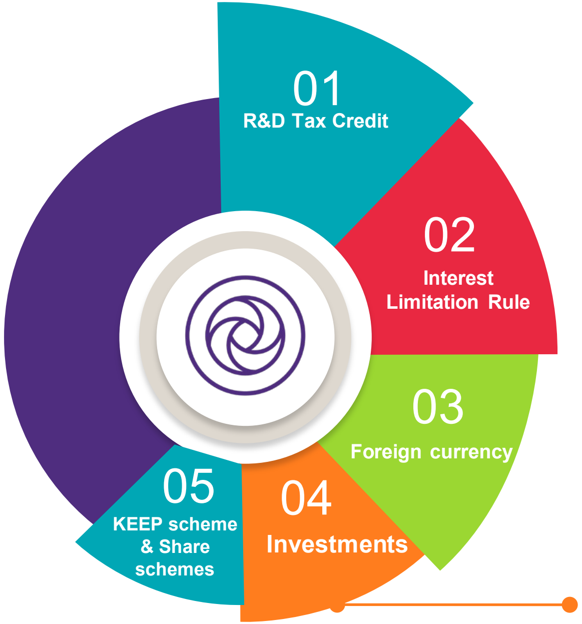
02 Investment in corporate trades



Section 34 Finance Act 2022

Employment Investment Incentive ("EII"), Start-Up Relief for Entrepreneurs ("SURE") and Start-Up Capital Incentive ("SCI")

- **Section 500 TCA 1997** provides that an individual is not a qualifying investor if that individual or an associate of that individual is connected with the company within the meaning of the section. An associate includes a partner of that individual. The section is amended to provide an exception to the connected persons provisions in respect of persons who are partners solely as a result of being partners in a partnership constituting a qualifying investment fund within the meaning of Part 16.

- **Section 508A TCA 1997** amended the information to be included in statements of qualification to reflect the amendment made by Finance Act 2019 to allow relief in respect of the full investment made under the EII and the SCI to be claimed in the year of investment.

- **Section 508U TCA 1997** is amended to provide that the full amount of the EII relief claimed by an individual investor and withdrawn as provided by legislation, may be recovered from the company in which the investment has been made. Drafted so as to avoid section having retrospective effect.

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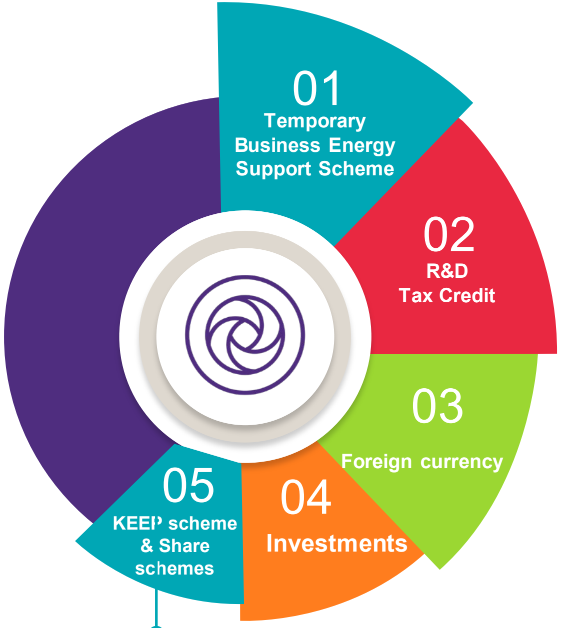
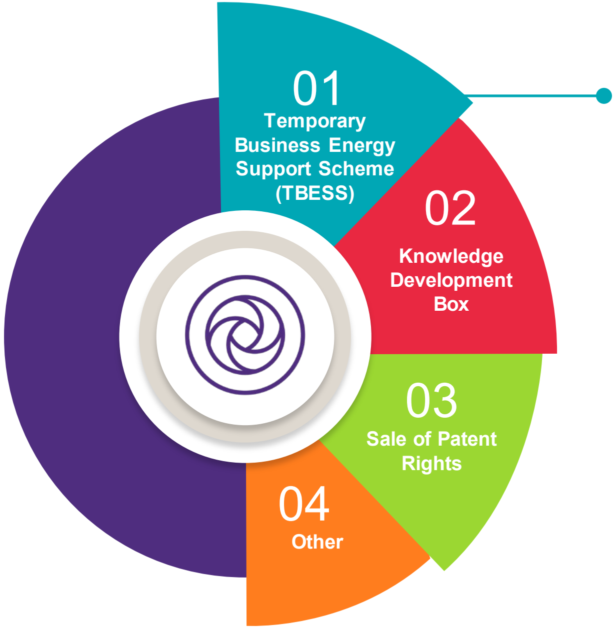
02 Share Schemes and KEEP



Sections 15 &16 Finance Act 2022

- Amended **section 128F TCA 1997 Key Employee Engagement Programme**
- Clarified definitions of 'qualifying subsidiary' and 'relevant subsidiary'
- Amendments to the scheme include:
  - Extension of the scheme to the end of 2025
  - CGT treatment to apply to the buyback of KEEP shares which, under normal rules, would be taxed as income; and
  - An increase in the lifetime company limit for KEEP shares from €3 million to €6 million.
- Additionally, two technical amendments have been introduced related to share based remuneration so as to:
  - Align the rate of interest that arises on late payments of relevant tax on share options with that which arises on unpaid income tax, and
  - Include Form RTSO1 in Schedule 29 TCA 1997. This will enable Revenue to apply a penalty in cases of non-compliance.

02 Temporary Business Energy Support Scheme (TBESS)

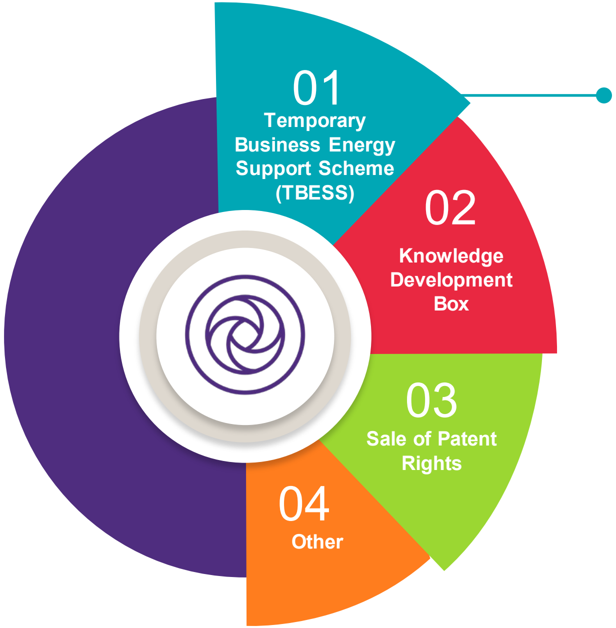


Section 100 to 104 Finance Act 2022

- New scheme – new legislation
- Amended **section 949A, 960A, 1077F(1) TCA 1997**
- Introduced under the EU Temporary Crisis Framework
- Emergency measure introduced to help support businesses that are experiencing difficulties from significant increases in gas and electricity costs
- Tax clearance is required to apply for the scheme
- Claims must be made within 4 months of the end of the claim period – 31 January is the deadline for September 2022 claims
- The scheme runs from 1 September 2022 until 28 February 2023

Revenue guidelines

02 Temporary Business Energy Support Scheme (TBESS) Statistics



As of 18 January, 12,357 businesses have registered for the scheme, a near 20% increase on registrations from the week prior as the deadline for claims approaches.

6,727 of these have commenced the claim process. 4,861 businesses have fully completed the claims process while 1,866 have partially completed the claims process. The vast majority of completed claims have been approved by Revenue.

75% of the approved claims are to businesses across the Wholesale and Retail Trade, Accommodation and Food and Manufacturing business sectors.

98% of registrations are from businesses with fewer than 250 employees.

The total value of approved claims currently amounts to €12.4 million with an average claim of €2,137.

The Department of Finance stated the scheme would cost €1.3 billion for the 6 month period.

Source: Revenue Commissioners www.revenue.ie

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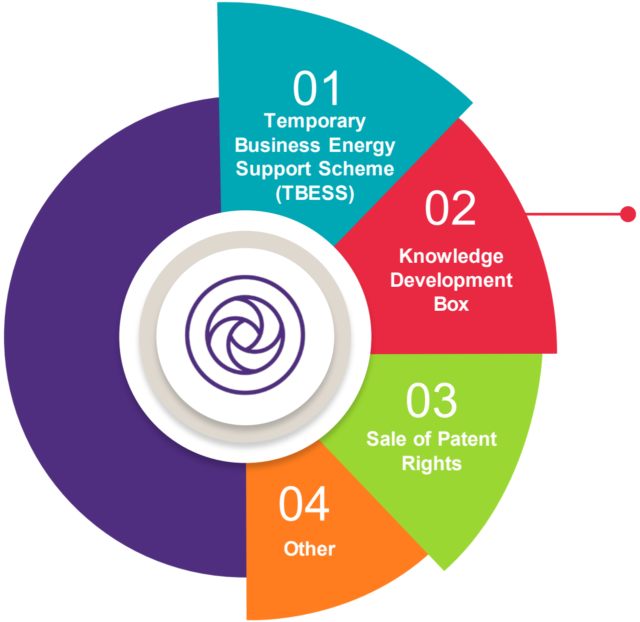
02 Knowledge Development Box



Section 40 Finance Act 2022

- Amended **section 769Q TCA 1997**.
- Relief extended to companies for a further 4 years to include accounting periods beginning before 01 January 2027
- Amends **section 769I -**the rate of allowance given as a trading expense is reduced to 20% of the qualifying profits, this gives a new effective rate of 10% for profits within the scope of KDB
- It also amends **section 769K** to reflect the new effective rate of 10% when allowing relief for losses incurred by a company on activities that qualify for relief
- These amendments seek to prevent KDB profits from being adversely impacted when the Pillar Two Subject to Tax Rule is introduced
- For companies not affected by Pillar Two, the increased rate of 10% reduces the benefit of the relief significantly
- Generally uptake is low and these changes unlikely to entice other companies

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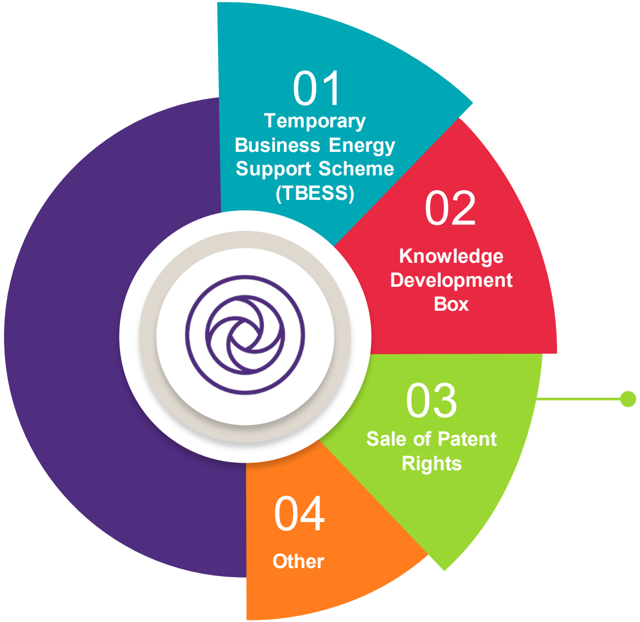
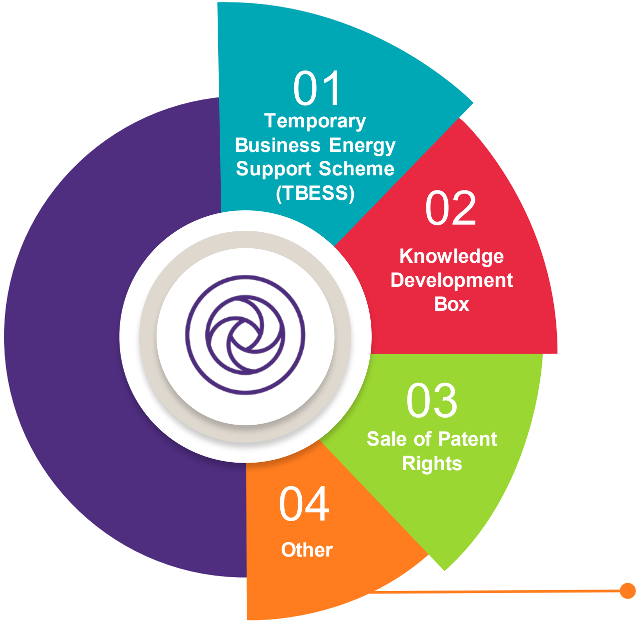
02 Sale of Patent Rights



Section 26 Finance Act 2022

- Amended the treatment of capital sums received for the sale of patent rights in **Section 757 TCA 1997**.
- These amendments extend section 617 TCA 1997 group relief to the transfer of patent rights
- The relief is provided for by deeming that the sale of patent rights intra-group occurs at neither a gain nor loss for the selling and purchasing companies
- It also confirms that the outright sale of a patent or patent pending is not a sale of patent rights and as such should be subject to CGT at 33%

02 Other corporation tax measures



Section 36 Finance Act 2022

- **Section 743 TCA 1997** defines a material interest in an offshore fund, in particular referring to "a unit trust scheme the trustees of which are not resident in the State". Amends to specify instances when a unit trust scheme will not be an offshore fund

Section 37 Finance Act 2022

- Reporting by exempt unit trusts, common contractual funds and investment limited partnerships – amends **sections 731, 739I and 739J TCA 1997**

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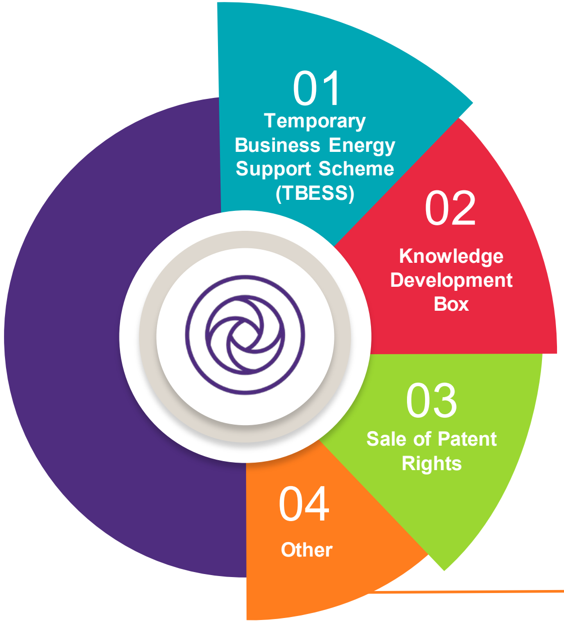
02 Other



Section 41 Finance Act 2022

- Extended the end date for film relief per **section 481 TCA 1997** from 31 December 2024 to 31 December 2028

Section 42 Finance Act 2022

- Technical amendments to the definition of digital games development company requirements

Section 43 Finance Act 2022

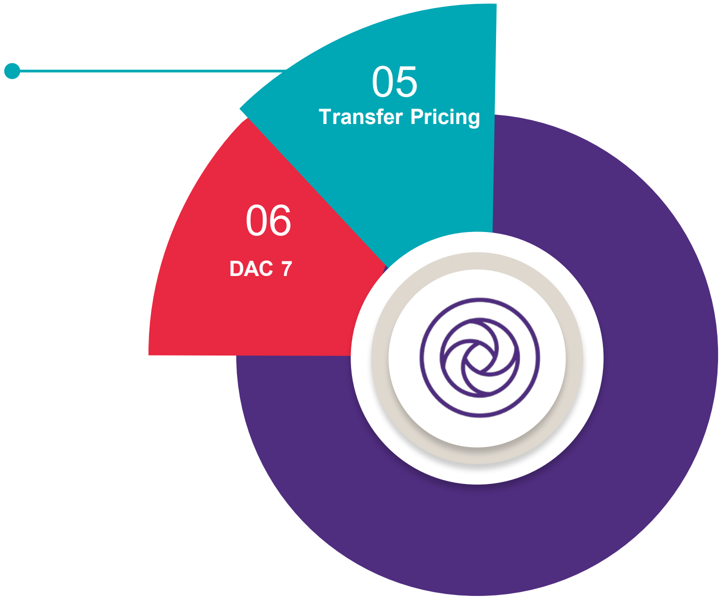
- Amended subsection (1) of **section 835YA TCA 1997** to deny specific exemptions (low profit margin, low accounting profit and effective tax rate) where a Controlled Foreign Company (CFC) is resident in a "non-cooperative" jurisdiction
- CFCs with accounting periods beginning on or after 1 January 2023 = Revised EU list of non-cooperative jurisdictions for tax purposes

02 Transfer Pricing

Section 35 Finance Act 2022

- Updated the definition of transfer pricing guidelines to replace the 2017 guidelines with the 2022 version of the OECD Transfer Pricing Guidelines
- Applies for chargeable periods on or after 1 January 2023

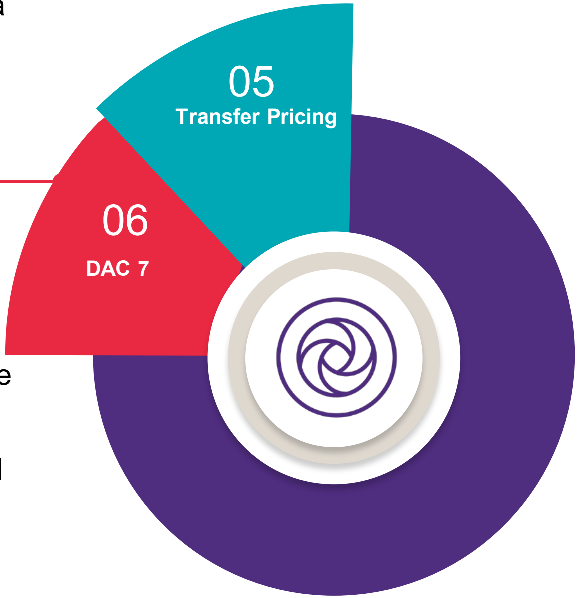
Exemption for SMEs – future policy decision and no immediate plans to commence



02 DAC7

Section 81 Finance Act 2022

- Repeals **section 891I TCA 97** introduced in Finance Act 2021 and introduces a **new section 891I TCA97**
    - Correction of typographical errors
    - S891I(1): Amendment to include definitions for specific terms – "AML Directive", "authorised DAC officer" and "beneficial owner"
    - S891I(3)(g): Provides for specific rules relating to revoking a Platform Operators ID for non compliance with DAC7 obligations
    - S891I(5): Amends information to be reported with respect to "reportable sellers" by providing further detail on the financial account identifier to be provided
- EU Council Directive (EU) 2021/514 of 22 March 2021 (DAC7) - requires digital platforms to collect and report information on the income realised by sellers offering certain services
- The Act also provides for the transposition of the OECD "Model Rules for reporting by Digital Platform Operators"
- Subject to Commencement Order



Finance Act 2022

Indirect Tax

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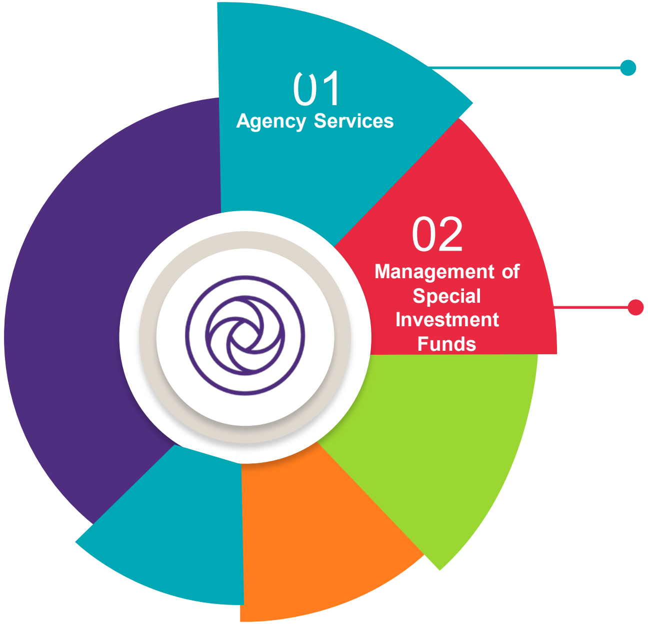
03 VAT



Section 62 Finance Act 2022

Agency Services

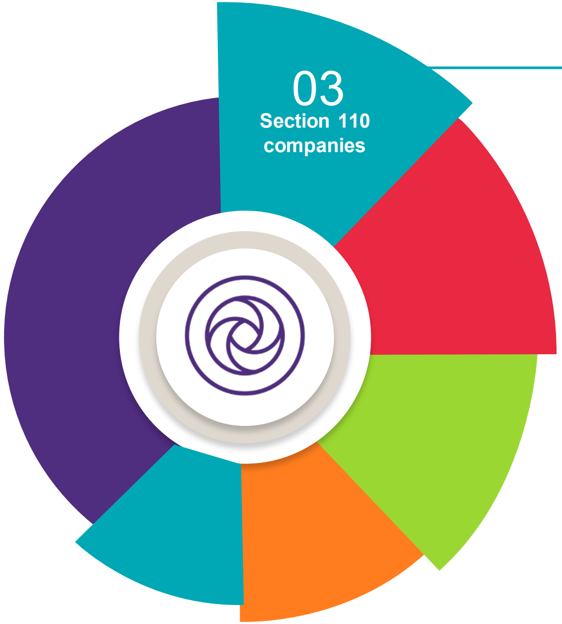
- Previously, agency services in respect of the management of UCITS (Undertakings for Collective Investment in Transferable Securities) and other qualifying funds were exempt from VAT
- The Act removes the VAT exemption from agency services relating to the management of certain investment funds which aligns Irish VAT legislation with the EU VAT Directive

Section 60 Finance Act 2022

Management of Special Investment Funds

- The Act clarifies that the management of special investment funds which are subject to the UCITS Directive and the Alternative Investment Funds Managers Directive and which are registered in other EU Member States are exempt from VAT (similar to such funds which are regulated by the Central Bank of Ireland)
- AIFM's, managers and administrators providing such services to non-Irish EU funds should review their VAT recovery position given the fact that the VAT exemption may result in restricted VAT recovery for the fund manager in question

03 VAT



Section 61 Finance Act 2022

Section 110 Companies

- Irish VAT legislation currently provides that the management of an undertaking that is a qualifying company for the purposes of **section 110 TCA 1997** is VAT exempt
- From 1 March 2023, the VAT exemption for fund management will exclude qualifying companies under section 110, which hold qualifying assets that consist of plant and machinery
- Management companies that provide VAT exempt management services to a section 110 company should consider whether the VAT exemption is still appropriate. This may create additional VAT recovery opportunities

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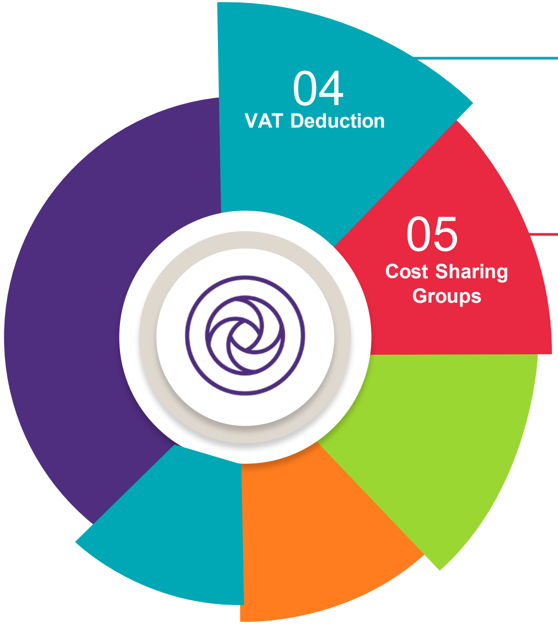
03 VAT



Section 54 Finance Act 2022

Costs relating to the issue of new stocks, new shares, new debentures or new securities for the purpose of raising capital

- A technical amendment has been made in respect of obtaining a VAT deduction for costs relating to the issue of new stocks, new shares, new debentures or new securities for the purpose of raising capital. A VAT deduction is now available under general VAT recovery provisions
- Traders in this space should review their activities to determine if additional VAT recovery is available in respect of costs

Section 50 Finance Act 2022

Cost Sharing Groups

- The VAT exemption in respect of cost sharing groups has been extended to include groups whose members also carry out activities which are subject to VAT
- Note that this exemption only applies where such activity is carried out in the public interest. In direct reference to the interaction of the exemption with financial services, the DNB Banka case clearly confirms it cannot apply in the area of financial services:

"Accordingly, Article 132(1)(f) of Directive 2006/112 should be interpreted to the effect that the exemption provided for in that provision relates only to IGPs whose members carry on activities in the public interest referred to in that article. Therefore, ***services provided by IGPs, whose members carry on an economic activity in the area of financial services, which does not constitute an activity in the public interest, are not entitled to that exemption****."*

03 VAT Rates

Sections 53, 56, 63 & 64 Finance Act 2022

- VAT at the 0% rate, applies to the below products, since 1 January 2023;
  - newspapers, including e-newspapers,
  - menstrual cups, menstrual pants and menstrual sponges,
  - non-oral hormone replacement therapy medicine and non-oral nicotine replacement therapy medicine, and
  - automated external defibrillators, including parts or accessories suitable for use solely or principally with an automated external defibrillator
- The 0% rate has been removed from products which are classified as “preparations and extracts derived from milk”. Beverages such as smoothies and milkshakes are subject to VAT at 23% while preparations and extracts derived from milk which have been zero-rated in the past will continue to attract zero-rating in line with current practice
- The temporary 9% VAT rate applying to the supply of electricity and gas has been extended to 28 February 2023
- The temporary 9% VAT rate applying to the hospitality industry was previously extended to 28 February 2023; there is no provision to further extend this date
- The flat rate farmer addition has been reduced from 5.5% to 5%

03 Other VAT Changes

Section 55 Finance Act 2022

VAT Registrations

- Where a trader registers for Irish VAT in respect of a "domestic only" registration but subsequently engages in intra-Community trade with other EU Member States, the trader will be required to notify Revenue within 30 days. This provision applies to goods only

Section 57 Finance Act 2022

Information Requests

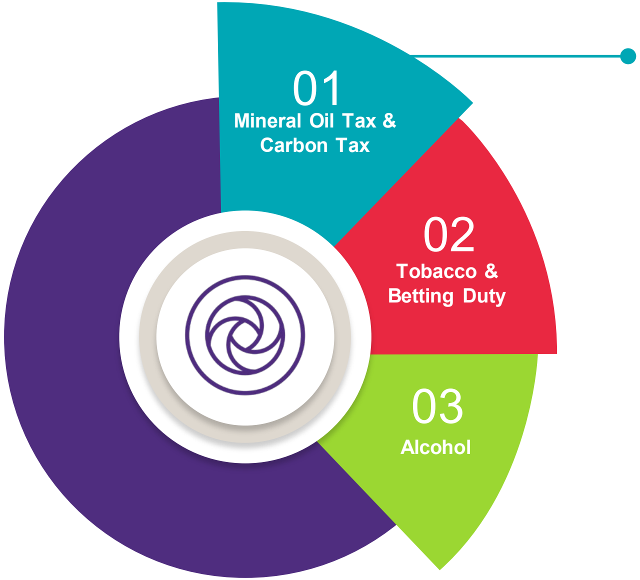
- Legislation has been amended to provide that Revenue may request information from financial institutions where another EU Member State, under EU Council Regulations, has requested that information. A penalty may be imposed where such a request is not complied with.

Section 58 Finance Act 2022

Medical and Related Services

- The persons who may supply exempt medical care services are required to be registered medical professionals and registered members of designated health and social care professions as provided for by the Department of Health.
- This amendment clarifies that the exemption from VAT is limited to the provision of medical care services by medical and healthcare professionals who are registered or enrolled in a statutory register in the State

03 Excise

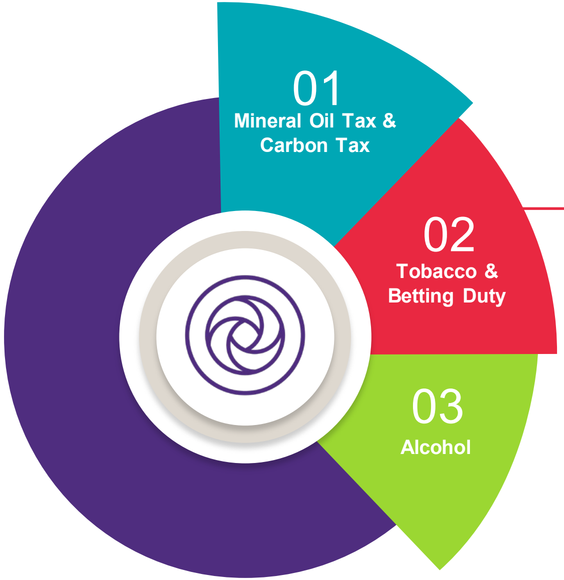


Section 44 Finance Act 2022

Mineral Oil Tax & Carbon Tax

- Provided for the extension of the existing Mineral Oil Tax reductions of 21 cent per litre on petrol, 16 cent on diesel and 5 cent on Marked Gas Oil
- These reductions were first introduced in March 2022 and were due to be reversed from 12 October 2022. The reversal of these reductions will now be implemented from 1 March 2023

03 Excise



Section 47 Finance Act 2022

Tobacco

- Provided for a 50% increase to tobacco products tax on a pack of 20 cigarettes, with a pro rata increase on other tobacco products.
- Effective since 28 September 2022

Section 50 Finance Act 2022

Betting Duty

- Amended **section 67(2) TCA 1997**
- Clarifies the tax treatment of free and bonus bets. Now when a person places a free bet, it is subject to betting duty at the value of the bet

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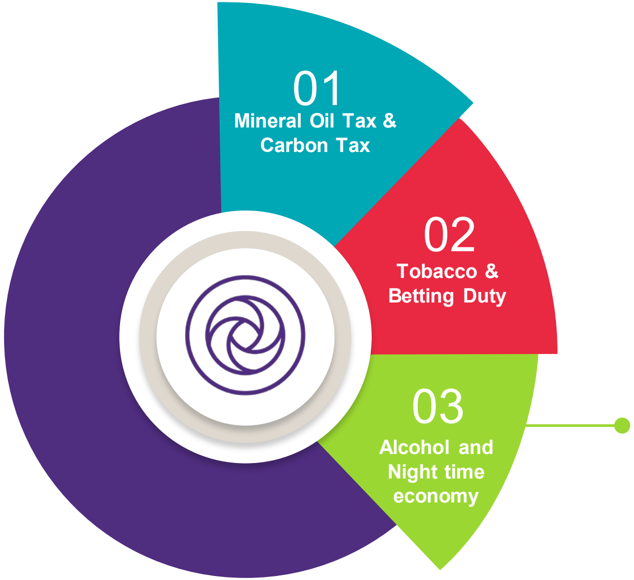
03 Excise



Section 48 Finance Act 2022

Alcohol

- Amended **sections 78A of Chapter 1 Part 2, 78B and 78C Finance Act 2003**
- Provided for a 50% alcohol excise relief for small producers of cider and perry
- This relief is available on up to 8,000 hectolitres of cider produced with an annual production threshold of up to 10,000 hectolitres.
- The qualifying production threshold for microbreweries has been increased to 75,000 hectolitres to allow the industry more scope to expand

Section 49 Finance Act 2022

Special Exemption Order

- The excise fees for an application for a special exemption order have been reduced by 50% to €55 from €110 per application in support of the night time economy
- Effective since 28 September 2022

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Finance Act 2022

Stamp Duty & Capital Tax

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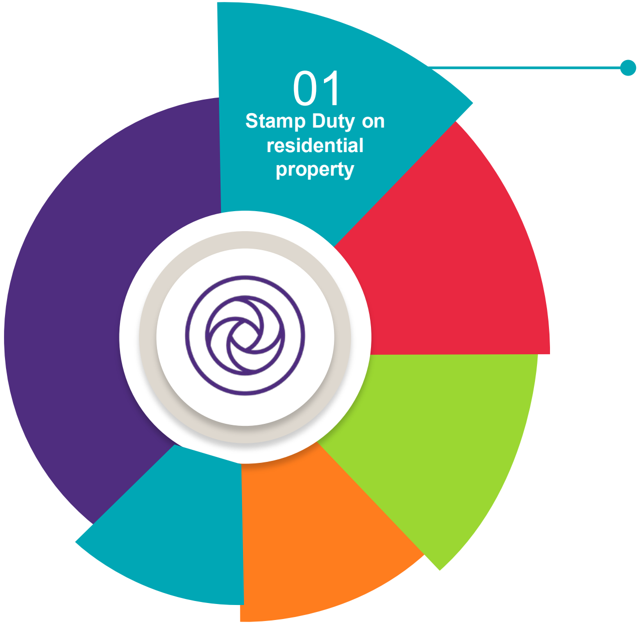
04 Stamp Duty – Part 4



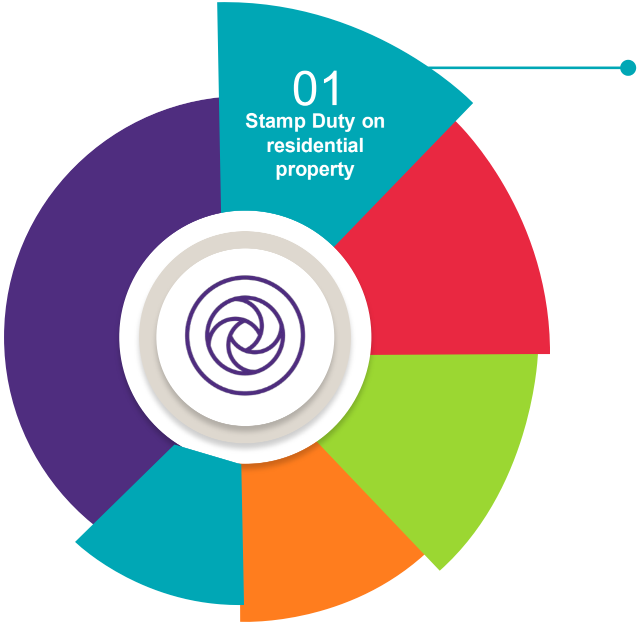
Section 66 Finance Act 2022

- Amends **Section 31E SDCA 1999**.
- Section 31E provided for a higher stamp duty rate of 10% to be charged where a person acquires 10 or more residential units (excluding apartments) in any 12-month period
- The amendment clarified that the section applies where there is an acquisition of a partial interest in a residential unit, not just a full interest. The interest will be taken, as a fraction, in determining whether the 10 unit threshold has been met
- The amendment also excludes acquisitions by home reversion firms (facilitating equity release as defined in the Central Bank Act) from the scope of the section

Section 67 Finance Act 2022

- Amends **Section 83D SDCA 1999**
- Section 83D provided for a refund of the difference between the stamp duty rate of 2% on transfers of non-residential property that applied prior to 11 October 2017 and subsequent higher rates (currently 7.5%) where land is subsequently developed for residential purposes
- The amendment provides an extension of the relief for builds commencing 31 December 2022 to 31 December 2025

04 Stamp Duty



Section 68 Finance Act 2022

- Inserts two new sections, **Section 83DA and Section 83DB SDCA 1999** *(subject to a commencement order)*
- **Section 83DA** provides for a full repayment of stamp duty charged at the residential rates of 1%, 2% or 10% where residential property is acquired and sold within 12 months of acquisition for the purpose of affordable housing arrangements under the Affordable Housing Act 2021. The property must be sold to an eligible application nominated by a local authority
- **Section 83DB** provides for a partial repayment of stamp duty on the acquisition of residential properties at the 10% rate
- It amalgamates the schemes included in **Sections 83E and 83F SDCA 1999 –** now repealed
- A partial repayment of stamp duty may be made available where the property is approved for social housing purposes, designated as a cost rental dwelling under the Affordable Housing Act 2021, is registered under the Health Act 2007 for those with special needs or registered under the Child Care Act 1991 and provided as a home for children in care

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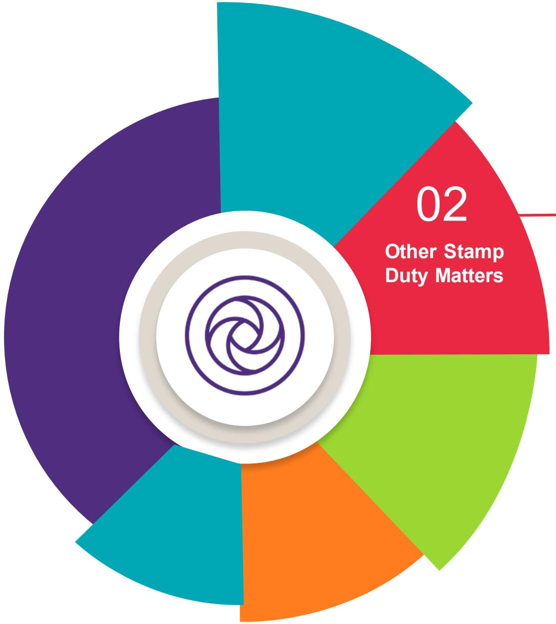
04 Stamp Duty



Section 69 Finance Act 2022

- Amends Part 6 of SDCA 1999 to provide clarification on the charging provisions of the legislation for electronic trading in securities
- Chapter 2 applies to electronic transfers of interests in securities only, and therefore does not apply to written instruments such as stock transfer forms. Clarification also provided for the record-keeping obligations

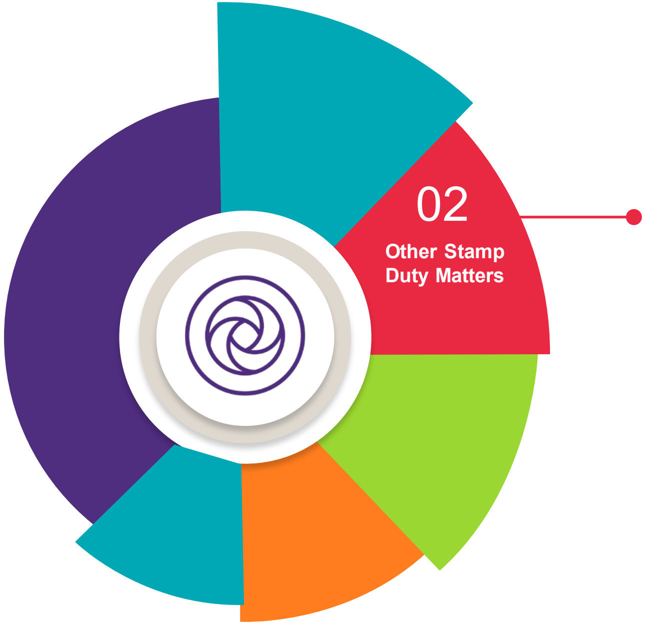
Section 70 Finance Act 2022

- Section 70 (banking levies modernization) updates section 61 of the Finance Act 2021, which provides for the introduction of a streamlined and modernised system for the collection of stamp duties on financial cards and cheques
- Specific commencement dates now provided of 1 January 2023 or 1 January 202

Section 71 Finance Act 2022

- Section 71 amends section 125A of the SDCA 1999 which section levies a stamp duty on authorised health insurers. The section provides for the introduction of a streamlined and modernised system for the collection of the duty

04 Stamp Duty



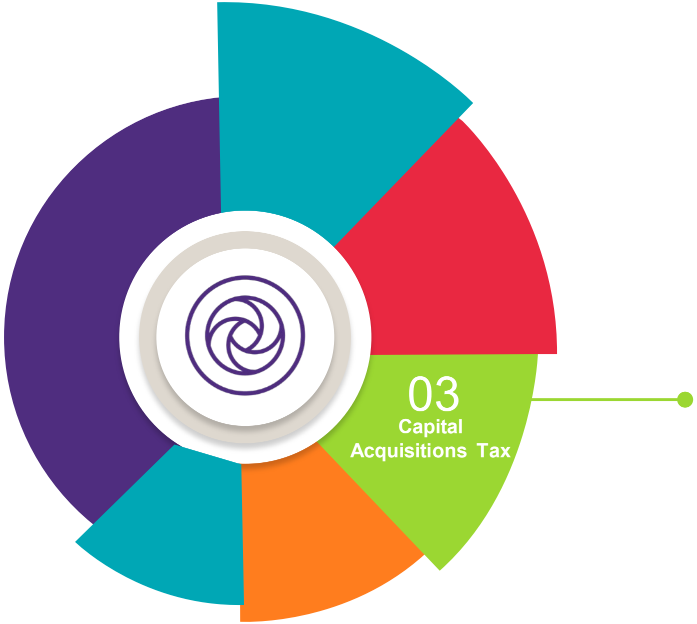
Section 72 Finance Act 2022

- Section 72 amends section 126AA of the SDCA 1999, which makes provision for financial institutions to be charged with a stamp duty (referred to as the “bank levy”) for each of the years 2014 to 2022
- The charge is based on a percentage of the amount of Deposit Interest Retention Tax (DIRT) paid by each financial institution in a specified “base year”. The amendment extends the charge for a further year to 2023

Section 73 Finance Act 2022

- Section 73 extends Section 81AA SDCA 1999 (transfers to young trained farmers) & Section 81C SDCA 1999 (further farm consolidation relief) from 31 December 2022 to 30 June 2023
- Young trained farmers – full relief from stamp duty
- Farm consolidation relief – reduced 1% rate (from 7.5%)

04 Capital Acquisitions Tax – Part 5



Section 75 Finance Act 2022

- Extends the definition of “child” for individuals who have been affected by an incorrect birth registration, such that they will have succession rights in relation to his/her “social” parents”

Section 76 Finance Act 2022

- Amends **sections 48A CATCA 2003**
- The amendments will introduce a statutory obligation on banks to provide information on a deceased persons accounts to the person applying for probate in relation to the deceased's estate or agent acting on their behalf

Section 77 Finance Act 2022

- Amends **sections 82 CATCA 2003**
- The amendment extends the exemption from Capital Acquisition Tax to any payments made under Covid-19 death in services scheme for healthcare workers

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Finance Act 2022

Other measures

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05 Other measures

Part 6 Finance Act 2022 Miscellaneous

05 Other measures

Sections 78 – 80 Finance Act 2022

- **Sections 949AP, 949 AQ TCA 1997**
- Appeals Procedure - legislative amendments to extend the timeline for appealing by way of case stated to the High Court. The timeline has been extended from 21 days to 42 days to appeal
- It also aims to improve the administration of appeals from the Tax Appeal Commission (TAC)

Section 82 Finance Act 2022

- Reporting platform operators
- New **section 891J TCA97**
- Transposes 1. OECD Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy (29 June 2020); and 2. OECD Model Rules for Digital Platforms: International Exchange Framework and Optional Module for Sale of Goods (17 June 2021)

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05 Other measures

Sections 84 - 91 Finance Act 2022

- Penalty regime – extended to excise cases
- Widening definition of qualifying disclosure to include definition within section 99C of the Finance Act 2001
- Widens the time limit that Revenue can make an amendment to an assessment where it gives effect to a Mutual Agreement Procedures. It is now extended to say not withstanding *“any limitation in the Acts on the time within which a claim for relief from tax is required to be made”*

Section 93 Finance Act 2022

- Amendment of **Part 1 of Schedule 26A TCA 1997** (donations to approved bodies, etc.) to amend the Higher Education Authority Act, 1971 to reflect the 2022 Act and include The Royal Irish Academy on the list

05 Other Measures

Section 94 Finance Act 2022

- Amendment to Part 3 (paragraph 5): The Exchange of Information Relating to Tax Matters and Double Taxation Relief (Taxes on Income) (Guernsey) Order 2010 (S.I. No. 27 of 2010) and the Double Taxation Relief (Taxes on Income) (Guernsey) Order 2022 (S.I. No. 490 of 2022)
- Amendment to Part 3 (paragraph 6): The Exchange of Information Relating to Tax Matters and Double Taxation Relief (Taxes on Income) (Isle of Man) Order 2008 (S.I. No. 459 of 2008) and the Double Taxation Relief (Taxes on Income) (Isle of Man) Order 2022 (S.I. No. 491 of 2022)

Section 96 Finance Act 2022: Vacant homes tax

- Introduction of **Part 22B (s653AN – s653BO) TCA 1997**
- Applies Vacant Homes Tax to residential properties used as a dwelling for less than 30 days in a chargeable period
- Chargeable period is 12 months from 1 November, commencing on 1 November 2022
- Chargeable person is the person liable at the relevant date being the first day after the end of the chargeable period
- Exemptions from the charge include:
  - Residential property in respect of which no LPT arises during chargeable period
  - Subject to a relevant tenancy of not less than 30 days in the chargeable period
  - Subject to a sale during the chargeable period

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05 Other Measures

Section 97 Finance Act 2022

- Extension **to Section 614B TCA 1997** capital gains tax *Relief for farm restructuring* from 31 December 2022 to 30 June 2023.
- Relief applies to the sale and purchase or an exchange of Agri land for farm restructuring purposes.

Section 98 Finance Act 2022

- Residential zoned land tax **Part 22A TCA 1997** was introduced in Finance Act 2021 and applies from 1 January 2022
- Annual 3% tax on the market value of land zoned suitable for residential development and serviced
- Where land zoned and serviced on 1 January 2022 has not commenced development by 1 February 2024, a return will be required by 23 May 2024
- Land which comes into scope after 1 January 2022 will have the first charge due in the 3rd year after coming into scope
- Several amendments, most notable:
  - **Section 653S TCA 1997** – penalty of €3k will apply if not registered for tax (even if there is no charge to tax)
  - Failure to make returns brought within the rules on careless and deliberate behaviour under **section 1077 TCA 1997**
  - **Section 653AK TCA 1997** amended to expand no deduction being available against USC and domicile levy

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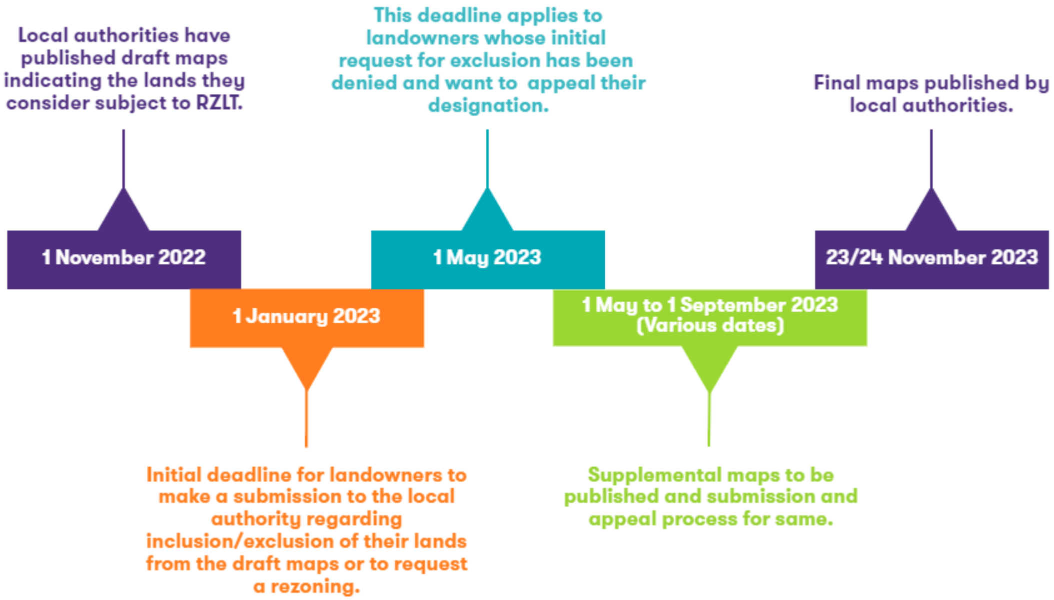
05 Other Measures

Section 98 Finance Act 2022 cont'd

- Key RZLT dates



05 Other Measures

Section 99 Finance Act 2022: Defective concrete products levy

- Introduction of **Part 18E (s531AAG – s531AAQ) TCA 1997**
- **S531AAQ TCA 1997** sets out that the section should take effect from 1 September 2023

Other Tax Highlights

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06 Debt Warehousing Scheme

- **Section 991B TCA 1997**
- Repayment of debt or enter into a phased payment arrangement (PPA) deadline extended to 1 May 2024
- Originally, the deadline to repay all warehoused debts or agree the PPA was 31 December 2022 (or 1 May 2023 for those subject to the extended deadline)
- Businesses still subject to reduced 3% interest rate from 1 January 2023

- Self-review facility available – make unprompted qualifying disclosure by 31 January 2023 to avail of favourable terms of the scheme – 3% reduced interest rate

06 Supports/grants for business

Ukraine Enterprise Crisis Scheme

- Enterprise Ireland is helping Irish businesses to manage the economic impact of the current crisis in Ukraine. The scheme is aimed at businesses experiencing significant difficulty as a result of increased energy costs
- The Ukraine Enterprise Crisis Scheme offers two streams of support to manufacturing and Internationally Traded Services companies
- **Stream 1** is a liquidity measure that will help viable manufacturing and Internationally Traded Services companies experiencing trading difficulties to access funding up to €500,000
- **Stream 2** is a state aid support for eligible energy intensive companies who are experiencing severe increases in energy costs in 2022
- To check if scheme is suitable for business, and to request an application pack, contact The Hub at Enterprise Ireland via their website
- Applications for Scheme 1 closed on **30 December 2022 at 17:30,** applications for Scheme 2 will close on **Thursday 2 March 2023**

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06 Supports/grants for business

	Temporary Business Energy Support Scheme (TBESS)	Ukraine Enterprise Crisis Scheme	€1.2 billion Ukraine Credit Guarantee Scheme	Small Firms Investment in Energy Efficiency Scheme	Growth and Sustainability Loan Scheme
Period scheme is in operation	1 September 2021 – 28 February 2023	Stream 1 closed 30 Dec 2022 Stream 2 closes 2 March 2023	Closing date for expressions of interest from on-lenders is 27 January 2023	2023	2023
Administrator	Revenue Commissioners	Enterprise Ireland, IDA, Údarás na Gaeltachta	Strategic Banking Corporation of Ireland	Local Enterprise Offices	Strategic Banking Corporation of Ireland
Who qualifies for the scheme	Businesses (Case I trade and Case II professions) whose average gas/electricity price has risen by over 50% compared to the month that is 12 months prior to the claim period Charities and approved sporting bodies that would, other than for exemption, be chargeable to tax under Case I or Case II. Pay As You Go customers included	Stream 1: Businesses facing economic challenges as a result of the Ukraine war including increase input costs and supply chain difficulties, which have suffered an operating surplus decrease of 15% in 2022 compared to 2021. Stream 2: Energy-intensive businesses (spend greater than 3% of turnover on energy) which have a 15% decrease in operating surplus in 2022 compared to 2021, and doubled per unit cost of gas/electricity.	Small and Medium Enterprises (SMEs), Primary Producers, Small Mid-Caps (companies with fewer than 500 employees)	Follow on from LEO Green for Micro Scheme All micro-enterprises with up to 10 employees Exceptions: ▪ farms ▪ gambling/gaming businesses ▪ tobacco products	SMEs, including farmers and fishers and small mid-caps

06 Supports/grants for business

	Temporary Business Energy Support Scheme (TBESS)	Ukraine Enterprise Crisis Scheme	€1.2 billion Ukraine Credit Guarantee Scheme	Small Firms Investment in Energy Efficiency Scheme	Growth and Sustainability Loan Scheme
Value of the scheme	"TBEP maximum of 40% of 'eligible costs' Eligible costs = When the payment is combined with Temporary Crisis Framework Aid support cannot exceed: - €250,000 where individual is carrying on a trade of farming - €300,000 where individual is engaged in the production, processing and marketing of fishery and aquaculture products, or €2,000,000 in any case Maximum aggregate amount that may be claimed by qualifying business in any claim period shall not exceed €10,000 per electricity account, subject to a maximum of €30,000 (where the business carries on its trade/profession from more than one location).	Stream 1: Support in the form of direct grants, repayable advances, equity and/or loan notes aid to ensure liquidity and access to finance. Stream 2: Support in the form of direct grants. Grant for costs incurred between February and December 2022	Low-cost working capital or medium-term investment in the form of loans from private sector finance providers including banks, non-banks and credit unions	Provision of grants to encourage investment in energy efficient technologies or processes that reduce carbon emissions and overall energy costs	€500 million in low-cost investment loans of up to 10 years

06 Upcoming Deadlines

Tax/Scheme/Return	Deadline
Temporary Business Energy Support Scheme “TBESS”	Claims for an electricity or natural gas bill must be made within 4 months of the end of the claim period - September 2022 claim must be made by 31 January 2023
Debt Warehouse Scheme – self-review	31 January 2023
SARP annual return	23 February 2023
Share Scheme Reporting	31 March 2023
RZLT	May – September 2023

06 OECD BEPS 2.0: Pillar Two

- The OECD has been working on its Base Erosion and Profit Shifting (BEPS) project now for nearly a decade
- Progress relating to the two-pillar approach (BEPS 2.0) to address the challenges in the modern international tax landscape has been accelerating in recent years
- OECD is focused on ensuring multinational businesses pay their tax in the 'right place' (Pillar 1) and at least at a 'minimum rate' (Pillar 2)
- Over 130 countries have signed up to implement the Pillar 2 rules and the OECD's Model Rules
- These rules will seek to ensure multinational enterprises (MNEs) are paying tax at an effective rate of 15% or higher in every jurisdiction they operate, regardless of the local headline tax rate or the impact of local tax reliefs.
- Rules will apply to multinational businesses with consolidated global revenue in excess of EUR 750 million.

On 20 December 2022, the OECD released its long-anticipated implementation package for Pillar 2, which includes three key documents covering:

1. Guidance on safe harbours and penalty relief;
2. Public consultation document on the Global Anti-Base Erosion (GloBE) information return; and
3. Public consultation document on tax certainty for the GloBE Rules.

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06 OECD BEPS 2.0: Pillar Two

It is important that businesses within the scope of Pillar 2 are ready ahead of the rules coming in. Some key questions to address include the following:

- ✓ Are the territories in which our business operates implementing the Pillar 2 rules and if so, when?
- ✓ What elements of the Pillar 2 rules are being implemented in the jurisdiction in which our business operates (Income Inclusion Rule, Undertaxed Profits Rule, Domestic Minimum Tax) and how do they interact?
- ✓ What data might we need to collect to undertake a Pillar 2 calculation and ultimately fie a GloBE information return? At present does that data exist? How can systems and processes be streamlined to collect data in a way to minimise our compliance burden?
- ✓ What might our tax exposure be under Pillar 2?
- ✓ What might our reporting obligations look like under Pillar 2?

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Thank You

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