

The logo for verFides is displayed in a white, sans-serif font against a dark blue background. The background image shows a modern bridge structure with a complex steel framework, set against a cityscape at dusk or night. The bridge's design features a series of interconnected beams and supports, creating a sense of depth and architectural complexity. The city buildings in the background are illuminated, with some lights visible through the bridge's structure. The overall scene is a blend of modern infrastructure and urban environment.

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## Republic of Ireland – Budget 2025

The Minister for Finance delivered his Budget speech for the coming year on 1<sup>st</sup> October 2024, announcing a total budgetary package of €10.5bn, inclusive of a cost-of-living package of €2.2bn and a €1.4bn tax package.

Windfall tax receipts will be invested in specially designated funds to protect living standards and public services into the future, and additionally to allow for sustained levels of investment in infrastructure in the event of economic downturns and to support climate and nature related projects.

Measures are included to reduce the complexity and administrative burden of the tax system.

Much of this year's Budget again aims to help businesses, and individuals, families and the more vulnerable in society through a combination of social protection increases, once-off living supports, increasing personal tax credits and widening the lower 20 per cent income tax band.

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

### Corporation Tax

There will be no change to the 12.5% trading rate for small and medium sized companies, which comprises most of the business sector.

The 15% minimum effective tax rate for large companies (those with turnover over €750m per annum) as provided for under the OECD Pillar Two agreement came into effect on 1<sup>st</sup> January 2024. This is a once-in-a-generation reform to the corporation tax system and marks the culmination of a ten -year global project to reform the taxation of multinational enterprises. The Government's agreement with the OECD on these tax rates provides companies with certainty into the future.

As announced in 2021, 0% Corporation Tax relief was extended until 31<sup>st</sup> December 2026 for profit making start-up companies which create and maintain jobs.

### Territoriality /Participation Exemption

A participation exemption for foreign sourced dividends will come into effect from 1<sup>st</sup> January 2025. This will be a significant step in providing an alternative, much simplified mechanism for double tax relief for multinational businesses, and further boost Ireland's attractiveness as a business location of choice. The Finance Bill will contain further details. Importantly, work will continue in the coming

The logo for verFides is displayed in a white, sans-serif font against a dark, blue-tinted background. The background image shows a modern, multi-level pedestrian bridge with a complex steel truss structure, set against a cityscape at dusk or night. The bridge's design is industrial and architectural, with various beams and supports. In the distance, city buildings and a prominent dome, likely a cathedral or government building, are visible under a dark sky.

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year on participation exemptions, including further consideration of geographic scope and of a foreign branch exemption.

## Tax Treatment of Interest

Work will actively continue on maintaining Ireland's attractiveness to businesses. To this end, a review of the tax treatment of interest – in respect of which a public consultation was launched on 26th September 2024 – will seek to further reduce complexity in the tax system.

## Tax Credits

The credit is a crucial feature of Ireland's corporation tax offering, enabling it to remain competitive in attracting quality employment and investment in R&D. The first-year payment threshold will be increased from €50,000 to €75,000 to provide valuable cash -flow support to companies involved in smaller R&D projects or engaging with the credit for the first time. Over the coming year the R&D tax credit will be reviewed with the emphasis on supporting innovative businesses as they evolve to meet the challenges and seize the opportunities of an increasingly digitalised world

## Value Added Tax (VAT)

The existing VAT registration thresholds for businesses will be increased from €40,000 to €42,500 for services and from €80,000 to €85,000 for goods.

## Further Business Supports

Start-up and scaling businesses are Ireland's business backbone, providing significant employment. To this end the Employment Investment Incentive, the Start -Up Relief for Entrepreneurs and Start -Up Capital Incentive have been extended to the end of 2026.

## How can Verfides help?

Our team of experts is ready to help you, should you have any tax questions or queries. Please contact your usual Verfides adviser or email the team [tax\\_team@verfides.com](mailto:tax_team@verfides.com) to see what we can do for you.

Dublin, 2<sup>nd</sup> October 2024

*This document has been prepared as a general guide and is based on the latest legislation and guidelines. Whilst every care has been taken in its preparation, Verfides cannot accept any responsibility for any person relying on this publication. Professional advice should be obtained before undertaking transactions and Verfides will be pleased to provide such advice where appropriate.*