4 February 2026

Cost of Business Advisory Forum
Reporting and Compliance (including Revenue)

The administrative burden associated with tax measures is a cost for Irish businesses and can impact on the competitiveness of Ireland as a location for investment. For SMEs, complex administration coupled with disproportionate penalties can mean that tax measures which are designed to support businesses become inaccessible. In this submission, we focus on three areas of the tax code where we believe action is required to reduce the costs faced by businesses seeking to comply with their tax obligations.

1. Enhanced Reporting Requirements (ERR)

ERR, which took effect on 1 January 2024, places a substantial administrative burden on businesses, in particular SMEs, as they are required to report details of certain non-taxable payments and benefits to their staff in real-time. It is our firm view that the reporting in real-time of such payments and benefits is overly burdensome. Amending the rules so that the same data must be reported after the month end would reduce the burden for business while ensuring that Revenue continues to receive the information on a timely basis.

Recent amendments to the Small Benefit Exemption have helped to address some of the difficulties in reporting benefits under ERR. The strict conditions outlined in Revenue's recently updated guidance on the provision of staff meals clarifies the limited circumstances where an employer may provide a meal to an employee.[1] Despite these developments, we are increasingly aware of small, local businesses and restaurants losing business from companies that no longer want to reward staff with small tokens of appreciation such as a staff lunch at a local restaurant on the retirement of a colleague or flowers/chocolates to mark special occasions due risks associated with contravening reporting obligations. We believe this loss of business starkly contradicts other Government measures which were taken in Budget 2026 to support small restaurants and businesses.

A fixed penalty of €4,000 applies where an employer inadvertently omits to report in real-time a non-taxable benefit or expense reimbursed to an employee under the ERR system, even though there may be no risk of an underpayment of tax. This penal sanction for failing to report in real-time is wholly disproportionate and places an inordinate strain on the limited resources of smaller businesses. The penalty should be replaced with a more appropriate sanction.

2. Complexity in tax legislation and administration

In general, Finance Bill measures are excluded from the scope of the SME Test. While we accept this may be necessary in some instances, the rationale for the automatic exclusion of

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[1] Revenue Commissioners, Tax and Duty Manual Part 05-01-01o, September 2025

Finance Bill measures from the SME Test is unclear. It is helpful that new guidance and application forms relating to fiscal measures are now required to be subject to the “think small first” principle and where appropriate, the SME Test.[2] In our view, it is important to that these principles are applied both to new forms and guidance issued by Revenue and to any subsequent updates to ensure Revenue guidance and tax returns are not too complicated and unwieldy.

For example, the corporation tax return (Form CT1) is updated each year following the passing of the Finance Act. In 15 years, it has gone from just over 20 pages in length to over 60, making the return very long and extremely complicated, and therefore increasing the likelihood of a taxpayer making an error when completing the form. Where an error is made, this can impact the availability of tax reliefs; statutory interest may apply; and it can potentially result in the 4-year time limit not applying, notwithstanding that the taxpayer has made every effort to be tax compliant. We would urge that ongoing work on simplifying the Form CT1 is prioritised by Revenue, with the “think small first” principle applied at all stages of the process.

The complexity of the legislation and the reporting requirements associated with enterprise support measures, such as the R&D Tax Credit and the Employment Investment Incentive (EII), can make these measures inaccessible for small businesses.

While we welcome efforts made by Revenue last year to raise awareness of the common errors made by taxpayers in completing the R&D Panels in the Form CT1, the frequency and commonality of the errors made by taxpayers in the R&D Tax Credit claims process in recent years highlights the need to simplify the Form CT1 to make it easier for businesses to comply with their tax obligations and have certainty over their R&D Tax Credit claims. Other changes which would help alleviate the compliance burden associated with the R&D Tax Credit, in particular for SMEs, include:

- Introducing a pre-approval process for first time R&D Tax Credit claims by small/micro companies.
- Providing SME-friendly guidance, with step-by-step instructions on the claims process and practical studies.
- Simplifying Revenue’s guidance relating to overhead costs.

The effectiveness of the EII is hampered by its complex rules and this is borne out by the low number of companies benefitting from the scheme which remains under 200 according to published figures[3]. The exclusion of holding company structures from the scheme does not reflect the way in which enterprises evolve and develop in a modern start-up economy. In addition, the connected party rules curtail investment by non-executive board members and key employees who can play an important part in the development of early-stage companies.

The administration involved in availing of the EII is also extraordinarily onerous and time consuming. A streamlined process that uses non-mandatory template forms (for business

[2] Guidelines and template for application of the SME Test, Department of Enterprise, Tourism and Employment, page 4.
[3] Employment Schemes: 17 Jul 2025: Written answers (KildareStreet.com)

plans, cashflows etc) could make the process much easier for small companies who need this support to access much needed finance.

Companies claiming EII are required to file a Form RICT which is macro enabled and is prone to technological errors often leading to a need for direct contact between the business and Revenue. Revenue confirmed in June 2024 that a redesign of the RICT form is on its ICT development schedule[4]. We would urge that that this development is prioritised.

The inherent complexity of tax legislation means genuine disputes regarding the interpretation of a particular provision can arise. As there is no option for Alternative Dispute Resolution (ADR), an appeal to the Tax Appeals Commission (TAC) is the sole avenue available for a taxpayer to resolve a dispute with Revenue regarding a tax assessment. But the cost for a taxpayer of pursuing an appeal to the TAC can be significant. Often Revenue will engage a barrister to represent them in the appeal with the result that the taxpayer feels compelled to do likewise.

We believe that the proposal for a move to public tax appeal hearings, which is currently under consideration by the Oireachtas[5], will likely result in increased costs for business. The strong feedback we have received from our members is that more taxpayers will decide to pay a tax liability that they consider has been incorrectly assessed, rather than proceed with a public hearing. We believe this to be particularly concerning given that on average over the past four years of the determinations issued by the TAC, approximately 20% were in favour of the taxpayer.

More generally, the overall increase in the regulation of businesses needs to be considered with areas of duplication identified and addressed. In recent years there has been a sustained increase in the level of forms required to be completed and new processes which must be implemented by businesses, without commensurate and appropriate guidance, IT developments and supports.

3. Proportionate sanctions for administrative errors

While the Institute recognises the role of penalties in encouraging compliant behaviour, it is essential that the penalties which apply are proportionate. We outline below three areas where we believe the penalties which apply for errors by taxpayers are disproportionate and should be reconsidered.

i. EII

Administrative errors or delays in the certification and reporting process for EII can result in a full clawback of the relief on the fundraising company. This is disproportionate to the error and can act as a disincentive for companies to avail of EII. It would be more proportionate for a monetary penalty to be imposed as the sanction for an administrative error or the late filing of a return, rather than a clawback of the entire EII relief.

[4] Report of the TALC Sub-committee on Simplification of Business Reliefs for SMEs, June 2024, pg. 20.
[5] Revised General Scheme of the Finance (Tax Appeals and Fiscal Responsibility) Bill

ii. Key Employee Engagement Programme (KEEP)

The KEEP is intended to help SMEs attract and retain skilled workers through the provision of share-based awards. If share options are not granted for market value, the options do not qualify as KEEP options resulting in no exemption from income tax, USC and PRSI on exercise. A more proportionate sanction should apply where KEEP options are undervalued. Income tax could be charged on the difference between market value and the option price at the time of granting the share options, rather than denying the relief in full.

iii. iXBRL financial statements

The imposition of the 10% surcharge for the late filing of iXBRL financial statements on companies that have a strong compliance record for filing corporation tax returns and making tax payments on time is disproportionate. Often there are valid reasons why it is not possible to file final iXBRL financial statements by the due date, such as pending going concern issues which must be resolved before the financial statements are finalised. In most cases, when the financial statements are finalised, there is no impact on the figures reported in the Form CT1 filed by the taxpayer.

A more proportionate sanction would be a fixed penalty rather than a tax-geared penalty. Notably, in the UK, HMRC operates a ‘points-based system’ for late submission of VAT returns, so that one-off mistakes are not penalised, but repeated non-compliance is.

We are aware of cases recently where Revenue has charged interest on an underpayment of preliminary corporation tax notwithstanding that the taxpayer has an overpayment of corporation tax from a prior year held on account by Revenue which is sufficient to fully discharge the current year preliminary tax liability.

The basis for this approach seems to be that the company cannot make a valid claim to offset the overpaid corporation tax against its preliminary tax liability until it has filed its tax return and its iXBRL financial statements for the prior period, even though the due date for filing is after the due date for payment of the preliminary tax. The imposition of interest in such circumstances places a further cost on business and in our view, is unjustifiable.