Irish Tax Institute

June 2025

Pre-Budget 2026 Submission

Tax policy as a lever to boost Ireland's competitiveness

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About the Irish Tax Institute

The Irish Tax Institute is the representative and educational body for Ireland's Chartered Tax Advisers (CTA) and is the country's only professional body exclusively dedicated to tax.

The Chartered Tax Adviser (CTA) qualification is the gold standard in tax and the international mark of excellence in tax advice. We benchmark our education programme against the very best in the world. The continued development of our syllabus, delivery model and assessment methods ensure that our CTAs have the skills and knowledge they need to meet the ever-changing needs of their workplaces.

Our membership of over 6,000 is part of the international CTA network which has more than 33,000 members. It includes the Chartered Institute of Taxation UK, the Tax Institute of Australia, the Taxation Institute of Hong Kong, and the South African Institute of Taxation. The Institute is also a member of the CFE Tax Advisers Europe (CFE), the European umbrella body for tax professionals.

Our members provide tax services and business expertise to thousands of Irish owned and multinational businesses as well as to individuals in Ireland and internationally. Many also hold senior roles in professional service firms, global companies, Government, Revenue, state bodies and in the European Commission.

The Institute is, first and foremost, an educational body but since its foundation in 1967, it has played an active role in the development of tax administration and tax policy in Ireland. We are deeply committed to playing our part in building an efficient and innovative tax system that serves a successful economy and a fair society. We are also committed to the future of the tax profession, our members, and our role in serving the best interests of Ireland's taxpayers in a new international world order.

Irish Tax Institute - Leading through tax education

Introduction

Ireland's economy has emerged unscathed from a succession of crises over the last eight years. It has full employment, consistent budget surpluses and increasing domestic demand.

But the retreat by Ireland's main investment partner from the globalised trading order, under which the country prospered, has brought an unprecedented threat to the heart of the Irish economic model. With an outsized share of large American multinational companies headquartered here, Ireland is uniquely vulnerable among EU Members States to any escalation in US tariffs on imports.

It will also be on the front line of any tax war that may be sparked by retaliatory tax measures contained in the so-called 'One Big Beautiful Bill' which is at present making its way through the US Congress.

Proposed retaliatory counter measures against certain foreign tax regimes which the US government considers unfair (including the Undertaxed Profits Rule (UTPR) of the OECD Pillar Two global minimum tax) could result in significant increased US withholding tax on payments of interest, royalties and dividends.

As Ireland (along with other EU Member States) has legislated for UTPR, these countermeasures, if enacted, would apply to all Irish resident individuals and to all Irish resident companies (unless they are 50% US owned). It is far from clear if these provisions will be enacted. But much like the tariffs, they cast a shadow that breeds uncertainty and stalls investment.

In this volatile and hostile trading environment, businesses and investors are adopting a wait and see approach while weighing up their options about future investment

decisions. And competitor countries are changing their incentive regimes to protect themselves and seek advantage amid the disruption.[1]

The German government's announcement that it is allocating €46 billion for tax incentives to attract investment over the next four years opens a new, challenging front in the battle for foreign investment.

In this context, the Government cannot afford to get caught in the headlights of matters beyond its control. Nothing should distract it from a laser-like focus on competitiveness.

It must move quickly and decisively to take bold steps to ensure Ireland remains a compelling proposition for multinational businesses already based here and a location of choice for the next wave of investment from diverse sources across the globe.

Ireland has an excellent track record in attracting foreign direct investment (FDI) and tax has been a key component of that success. It remains an influential factor for prospective investors, and it is one of the few levers that the Government has in its control in the prevailing disruptive geopolitics.

Inward investment will always be essential to the success of a small open economy but broadening the productive base by investing in the domestic sector must be afforded the same priority.

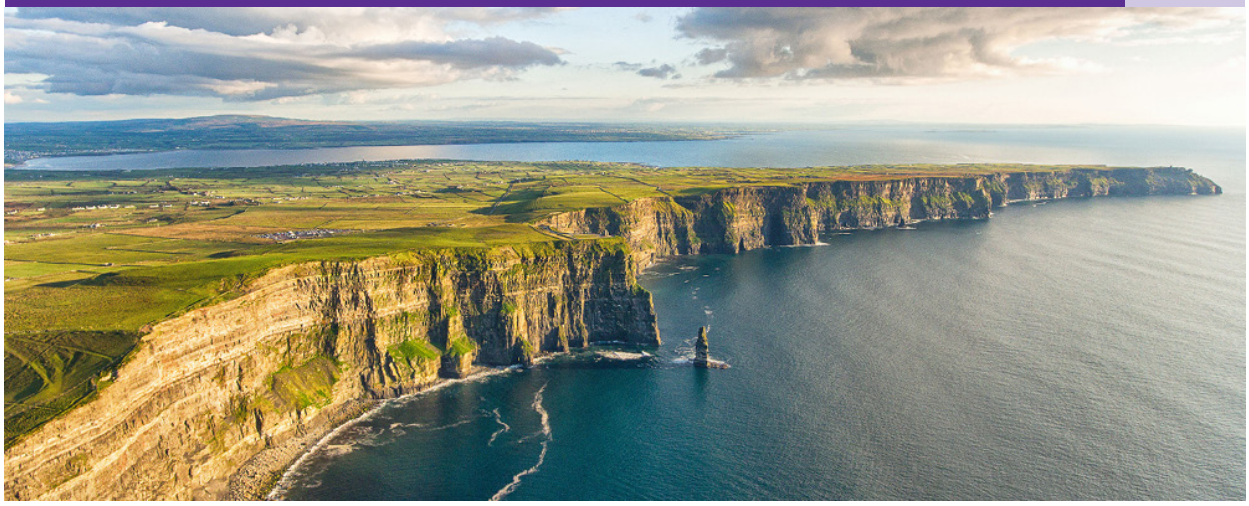
There needs to be a shift to a more supportive mindset among policymakers to ensure that all arms of Government work in tandem to foster an ecosystem in which SMEs and start-ups can develop and grow. Ireland has produced some world class large multinational businesses. It just needs more of them, and the Government needs to step up to its role in making that happen.

In Budget 2026, the Irish Tax Institute is urging the Government to:

- Enhance Ireland's attractiveness as a location in the increasingly competitive battle for FDI
- Create the environment for an ambitious, innovative and export-orientated SME sector
- Bolster safeguards for taxpayers and increase investment in the tax collection system

[1] For example, under Singapore's Enterprise Innovation Scheme, for the years 2024 to 2028, a 400% tax deduction applies for the first SGD400,000 of qualifying expenditure per year and a 250% tax deduction on the remaining expenditure for R&D carried out in Singapore.

Enhance Ireland's attractiveness as a location in the increasingly competitive battle for FDI



We outline below tax measures which the Institute considers would enhance Ireland's competitiveness and help to protect Ireland's position as an attractive place to do business. These include reforms to the R&D Tax Credit and simplification of the corporation tax code in respect of the participation exemption for certain foreign distributions, a foreign branch exemption and interest deductibility rules.

R&D Tax Credit

R&D regimes will be central to the battle for inward investment as economies around the world respond to the current upheaval in global trade.

Ireland's R&D Tax Credit, now twenty years old, needs reform. We welcome the commitment in the Programme for Government to examine options for its enhancement. But momentum is important: R&D investment is highly mobile and businesses are assessing their options.

If Ireland wants to retain existing high-value investment, it must demonstrate its intent to reform the R&D Tax Credit in the forthcoming Budget. Indeed, continuous benchmarking of Ireland's offering against key competitor jurisdictions will be critical in attracting high-value investment in the years ahead.

In our response to the Department of Finance's recent consultation on the R&D Tax Credit and options to support innovation, we set out in detail our recommendations for reform of the existing R&D Tax Credit. Our response was informed by a survey of our members who advise businesses on making R&D Tax Credit claims and businesses that carry on R&D activities in Ireland. The following recommendations outline the reforms we believe should be implemented as a matter of urgency.

Increase the rate

The 5% increase in the R&D Tax Credit that came into effect in January 2024 was a significant boost for SMEs. Yet there was no net tax benefit for the large multinational sector which will now pay an effective corporation tax rate of 15% under the new Pillar Two rules. For these businesses, the increase merely maintained the overall net value of the Credit.

The reality is that Ireland's R&D regime is now less competitive than what is on offer to multinational investors in other EU Member States, such as Portugal and Spain which offer incremental rates of up to 50% and 42% respectively, that reward businesses where the R&D activities and R&D spend increase year on year.

While raising Ireland's rate would increase the cost to the Exchequer in terms of tax foregone, that cost must be weighed against the value to the Irish economy from an increase in R&D activities and the high-skilled jobs that would be created. Retaining and enhancing Ireland's competitive edge requires bold steps; increasing the rate of the R&D Tax Credit would send a powerful message of intent to investors.

Amend the rules on outsourcing

Ireland's outsourcing rules are more restrictive than many competitor countries including the UK where a new scheme came into effect last year. Our survey found that these restrictions discourage companies engaged in R&D from considering outsourcing as an option even though it can be more efficient and cost-effective.

Universities/institutes of higher education

An R&D environment that supports collaboration with the third-level education sector is regarded as the best practice model internationally. We believe that in the interests of promoting STEM skills and increasing private R&D activities, restrictions on outsourcing to universities and institutes of higher education should be removed entirely.

Third parties

Outsourcing to third parties is particularly common in the food, pharmaceutical and biotech sectors. It is also common in the SME sector because small enterprises often do not have the capacity in-house to carry out the required R&D activity. We recommend that qualifying R&D expenditure outsourced to third parties should be capped by reference to the company's qualifying internal R&D spend rather than the existing limits.

Related parties

Ireland does not allow outsourcing to a related party, such as another company in the group. This contrasts with the UK and French regimes, both of which set down specific rules governing subcontracted R&D between connected parties.

Ireland must remain an attractive R&D location for larger companies and be positioned to generate and exploit intellectual property (IP) in a post-Pillar Two world.

To allay the concerns of policymakers, we recommend that the permitted amount of the claim on projects outsourced to a related party be capped by reference to the Irish company's own internal spend on R&D in circumstances where the Irish business is the owner and has played an active role in managing and developing internally generated IP arising from the R&D activities.

Agency/temporary staff

We also believe that the existing Revenue concession which allows expenditure on agency/temporary staff for R&D activities to qualify should be put on a legislative basis and that the current conditions should be amended to reflect the commercial realities of such projects.

The conditions requiring agency staff to work on the company's premises and for a period no longer than six months are not tenable in the context of R&D activity where specialist workers such as software developers, prefer to undertake freelance contract work from their own desks.

Expand the definition of qualifying R&D expenditure

Revenue's definition of what constitutes relevant expenditure incurred wholly and exclusively "in the carrying on" of qualifying R&D activities is narrowly drawn leading to some anomalous outcomes. This is particularly evident in its guidance on the treatment of rent for the purposes of the R&D Tax Credit.

It draws a distinction between the treatment of an office space and a laboratory or clean room. Rent paid on the latter could qualify whereas the cost of renting an office does not because *"the setting …. does not itself perform a key function in relation to the R&D process."* This is out of step in a modern knowledge-based economy where R&D does not necessarily require a clean room setting and can, in fact, be conducted from a desk.

In our view, Revenue's narrow definition of "qualifying R&D expenditure" runs contrary to the policy intention of the R&D Tax Credit. It has made it less attractive to SMEs who

typically rent workspace while larger companies that can afford to buy a building and refurbish it for R&D purposes can, subject to satisfying specific conditions, qualify for relief under the capital expenditure rules of the R&D Tax Credit.

We believe it is past time for this inequity to be addressed. The forthcoming Finance Bill should include a provision to clarify that rent can qualify as R&D expenditure.

A further anomaly arising from Revenue's interpretation of qualifying R&D expenditure is that staff training or maintenance of essential equipment are not allowable whereas an overhead such as energy is approved if it is consumed in the R&D process.

The basis on which Revenue draws a distinction between these costs, all of which are critical to the qualifying R&D process, is not clear. In our view, the definition of "relevant expenditure" needs to be modernised urgently to reflect the realities of R&D in Ireland's high-tech economy.

Details of further changes which we believe are required in the rules relating to qualifying R&D capital expenditure can be found in our response to the Department of Finance's recent consultation.

Improve the administration of claims

The Institute has been calling for changes to make the R&D Tax Credit more accessible to small businesses. Simplification of the reporting requirements would make it easier for businesses to comply with their tax obligations and have certainty over their claims. We have consistently asked Revenue to provide more support to assist compliance.

In this regard, we welcome the circulation of a recent notice in which Revenue draws attention to common errors in returns filed. We believe more can be done to support businesses making claims for R&D and we are encouraged by Revenue's commitment to develop walk through videos on how to complete the complex R&D panels in the corporation tax return (Form CT1).

We have consistently argued for the introduction of a pre-approval process for first time claims by small/micro companies who cannot afford the risk of a clawback in the event of their claim being disallowed at a future date. A pre-approval process would give more certainty to start-up companies which should be key beneficiaries of an effective R&D regime.

We also recommend that existing in-house technical expertise in the IDA and Enterprise Ireland should be used by Revenue to verify the science test in R&D Tax Credit claims rather than generally relying on external R&D academic experts. This would provide a coherent approach informed by commercial and sectoral R&D expertise by individuals who are best placed to provide an accurate assessment of the science element of R&D Tax Credit claims.

Participation exemption for certain foreign distributions

The aim of the participation exemption for foreign distributions, introduced in Finance Act 2024, was to give "*confidence and foresight to key stakeholders, maintaining Ireland's reputation as a business-friendly destination and encouraging companies to establish and expand their operations in Ireland*."

The reality is that the onerous conditions set out in the legislation, particularly the 5-year lookback rule, make the measure unworkable for most companies and will undoubtedly result in Ireland losing out when companies are deciding where to locate future investment.

We strongly urge that the definition of 'relevant subsidiary' is amended to ensure mergers and acquisitions do not prevent a subsidiary from qualifying where it involves an Irish business and business asset transfers.

As it stands, the definition stipulates that the subsidiary paying a distribution to its Irish parent holding company must not have acquired a business or business assets from another company that was resident in Ireland or a non-EU/EEA/treaty country in the previous five years.

Failure to meet the 5-year lookback requirement disqualifies the Irish parent holding company from claiming the participation exemption on distributions received from its subsidiary. As there are already sufficient protections in the anti-avoidance provisions contained in the existing legislation, we do not see any clear reason why policymakers should be concerned about the geographical location from which a business is acquired by a relevant subsidiary.

Confining the geographic scope to distributions received from companies resident in the EU/EEA and jurisdictions with which Ireland has a tax treaty is damagingly restrictive and puts Ireland at disadvantage with many of its competitors for FDI. The geographic scope needs to be extended as a matter of priority, but in a manner that does not result in the imposition of additional conditions on distributions from countries covered under the existing provisions.

Foreign branch exemption

As Ireland does not have a branch exemption at present, there can be significant differences in the timing and measure of taxable income for Irish companies between the head office and branches resulting in tax uncertainty and complexity.

The introduction of a foreign branch exemption alongside the participation exemption for foreign dividends is important if Ireland is to remain an attractive location for FDI and we urge that consideration of the merits of a foreign branch exemption by policymakers is progressed.

Interest deductibility rules

In the current volatile trading and geopolitical context, it is worrying that there is no timeline for the completion of the Department's review of Ireland's interest deductibility rules and no proposals for reform of a regime that is one of the most complicated in the EU.

The ATAD Interest Limitation Rule (i.e. 30% of EBITDA ratio rule), introduced in Finance Act 2021, was simply layered on top of existing, already comprehensive interest deductibility provisions. Compliance with these rules is difficult and costly for businesses that operate here.

The Institute set out our detailed recommendations for the reform of the rules in our response to the Department's public consultation in January. The legislation needs to be overhauled as a matter of urgency to recognise that debt, and the payment of interest thereon, is a normal commercial reality and legitimate cost of doing business.

Create the environment for an ambitious, innovative and export-orientated SME sector

Over the last decade, successive governments have recognised the important role of tax in promoting economic growth and has introduced a suite of tax incentives aimed at building innovation, encouraging investment and supporting business founders who take the risk of starting a small business. These include the Employment Investment Incentive (EII), the Key Employee Engagement Programme (KEEP) and CGT Entrepreneur Relief.

The Institute, among other organisations, have consistently called out shortcomings in these measures that prevent them from fulfilling their policy objectives and we have made many recommendations for their amendment.

We welcome recent engagement with the Department of Finance on the Institute's recommendations and why they have not been implemented. Notwithstanding that engagement we remain of the view that a fundamental shift to a more supportive mindset among policymakers is required to support SMEs and start-ups. We strongly believe that all arms of Government must work together in a united determination to provide an ecosystem in which SMEs can develop and become more productive.

Simplify the operation of share-based remuneration

Share-based remuneration is increasingly regarded by businesses as an effective way of rewarding key employees at all stages of development. It can also significantly reduce fixed labour costs and free up business cashflow.

KEEP

The KEEP enables qualifying companies to offer a financial incentive to employees linked to the future growth and success of the business. The scheme was introduced in 2018 and since then uptake has been low with just 40 companies availing of it in 2022. We believe this low level of participation in the scheme is due to certain limitations as outlined in our recent submission to the Department of Finance on 13 May.

The Institute again urges Government to:

- Extend the KEEP beyond its 31 December 2025 expiry date.
- Impose a more proportionate sanction where KEEP options are undervalued. We have suggested that 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.
- Amend the definition of a qualifying holding company as it fails to recognise the commercial reality of how businesses typically evolve. The definition should be amended to permit the group as a whole to be considered rather than simply considering the holding company in isolation.

Other share-based remuneration

We set out detailed recommendations for amendments to the legislation governing other approved and unapproved share schemes in our response to the Department of Finance's public consultation on 'Ireland's Taxation of Share-based Remuneration' in January 2024. We believe these changes would make the schemes more accessible to SMEs and start-ups ensuring they can compete with larger multinationals.

Key amongst these recommendations is the need to address the upfront tax cost associated with share-based remuneration for employees to make it more effective in attracting and retaining talent. This can be achieved by either:

- deferring the tax arising until such time as the employee is permitted to dispose of the shares so that the employee can fund his/her tax liability; or

- reducing the 13.5% interest rate on employer loans to employees to fund the purchase of shares in share-based remuneration plans to a more commercial interest rate.

Implementing such a change would make share-based remuneration a more viable option for many companies and would be in line with Indecon's recommendation.

Bolster safeguards for taxpayers and increase investment in the tax collection system

Private hearings at the Tax Appeal Commission (TAC)

The Heads of Bill for the Finance (Tax Appeals and Fiscal Responsibility) Bill were approved in June 2024. While these Heads of Bill have not yet been published, we understand policymakers intend to amend the legislation underpinning the hearing of tax appeals before the TAC to address the Supreme Court judgement in *Zalewski v. Adjudication Officer & Ors*. The Court in Zalewski found that the blanket prohibition on public hearings at the Workplace Relations Commission (WRC) was incompatible with the Constitution.

We believe a clear distinction must be drawn between the situation which existed in the WRC and the position which prevails at the TAC. In the *Zalewski* case, it was the applicant who challenged the legislation as unconstitutional on the basis that he was not entitled to a hearing in public at the WRC. The same cannot be said for the TAC because the current default position is that tax appeals are held in public. Taxpayers must apply to the TAC if they wish to have their hearing in private and the Appeal Commissioner must agree to the request.

The ability for taxpayers to opt to have their tax appeals heard in private provides a fundamental safeguard to taxpayers wishing to appeal an assessment and must be preserved. We fully agree with the conclusion of the Oireachtas Joint Committee on Finance, Public Expenditure and Reform in 2015 that while the default position may be for public hearings, it is preferable, on balance, to allow private hearings if requested by the taxpayer.

The Oireachtas Committee also concluded that the necessary transparency and clarity could be provided to other taxpayers and the general public through published written determinations of the appeals.[2] Since its establishment in 2016, the TAC has published over 1,000 written determinations on its website.

The Institute urges policymakers to retain the option for TAC hearings to be carried out in private at the request of the taxpayer concerned. Any change to this longstanding and effective practice would, we believe, have the effect of discouraging taxpayers particularly individuals and small/medium sized businesses from using the tax appeals system.

Certainty over the 4-year time limit for Revenue assessments

In general, there is a 4-year time limit within which Revenue can review a tax return filed by a taxpayer and raise assessments for tax underpaid. Similarly, a taxpayer has four years within which they can make a claim for a relief or refund of tax for a particular tax year. The 4-year time limit does not apply in cases of fraud or negligence.

The 4-year time limit is an important safeguard for both taxpayers and Revenue as it provides finality and closure in respect of tax affairs. The limit is in place to ensure efficient and timely administration of the tax system, to promote financial awareness and to avoid long-standing errors and omissions. Without this safeguard, taxpayers could face the possibility of assessments from Revenue many years later with interest accumulating at a rate of 8% or 10% per annum.

Following two recent High Court decisions[3], it would appear an inadvertent typo or omission by a taxpayer in completing their tax return could potentially result in the 4-year time limit not applying, notwithstanding that they have made every effort to be tax compliant. In light of these decisions, we believe that the 4-year time limit must be reviewed and amended to ensure a clear distinction is made between taxpayers who have acted fraudulently or negligently and those who have made genuine efforts to comply with their tax obligations.

[2] House of Oireachtas Joint Committee on Finance Public Expenditure and Reform - Report on hearings in relation to The Draft General Scheme of the Finance (Tax Appeals Commission) Bill - April 2015

[3] The Revenue Commissioners v Tobin [2024] IEHC 196 and O'Sullivan v The Revenue Commissioners [2024] IEHC 611.

Proportionate sanctions for administrative errors

There are instances in the Irish tax code where the penalties that apply for non-compliance have a disproportionate impact on certain cohorts of taxpayers. While the Institute recognises the role of penalties in encouraging compliant behaviour, it is essential that the penalties which apply are proportionate.

In our view, the penalties which apply for errors by taxpayers in complying with the requirements of the Enhanced Reporting Requirements (ERR) and the surcharge which applies for the late filing of iXBRL financial statements by large companies are disproportionate and should be reconsidered.

ERR

ERR, which took effect on 1 January 2024, has placed a substantial administrative burden on businesses, in particular SMEs, as they are now required to report details of certain non-taxable payments and benefits to their staff in real-time. The Institute has warned on many occasions that reporting in real-time of such payments and benefits is overly burdensome.

We are also increasingly aware of small, local businesses and restaurants losing business from companies who are no longer rewarding staff with small tokens of appreciation such as staff lunches, flowers or chocolates to mark special occasions.

The Institute welcomed the Finance Act 2024 amendments to the Small Benefit Exemption which have helped to address some of the challenges in reporting the benefits under ERR. However, uncertainty remains over Revenue's treatment of some food and beverages provided to employees, such as working lunches.

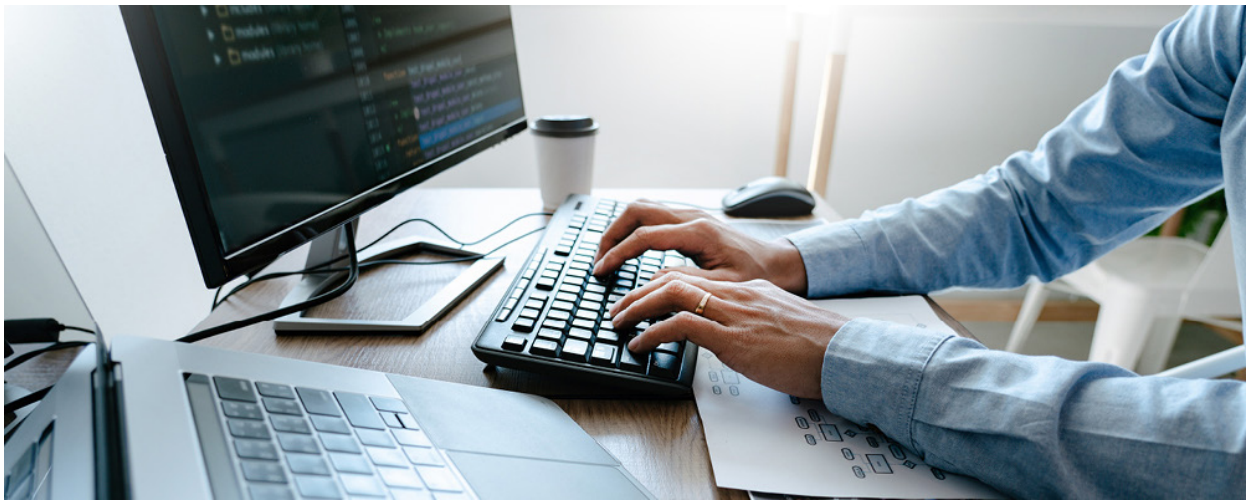
Revenue's view is that a working lunch may be considered a benefit within the scope of the Small Benefit Exemption in certain circumstances. In which case, how is an employer to ascribe an accurate value to the benefit each employee has enjoyed from such a lunch – did the employee have a biscuit/cake as well as a sandwich? The practical difficulties are significant and the implications are not trivial: if an employer fails to report a non-taxable small benefit in real-time under ERR, a fixed penalty of €4,000 can apply.

Furthermore, as the rules stipulate that only the first five benefits in any year can qualify for the exemption, any additional benefit granted later in the year by an employer will be subject to income tax, even if the cumulative value of all the benefits paid is less than €1,500. This means that a working lunch, which Revenue believes to be a benefit under the Small Benefit Exemption, could result in a voucher given to an employee at Christmas as a reward for their work throughout the year, being taxable because the number of permissible benefits qualifying for the exemption has been exceeded. We do not believe that this is the policy intention.

Revenue paused the imposition of penalties for 2024 to give employers time to adjust to the new ERR rules. However, the reality is that an employer who inadvertently omits to report any small benefit or payment made to an employee of the remote working daily

allowance and business travel and subsistence expenses, all of which are non-taxable, now face a €4,000 penalty even though there may be no risk of an underpayment of tax. What's more, as the payments/benefits must be reported in real-time, a penalty could apply even where an omission is discovered by an employer and subsequently reported to Revenue at the earliest opportunity.

We believe this penal sanction for failing to comply with a reporting requirement in real-time is wholly disproportionate and places an inordinate burden on smaller businesses that have limited resources. We urge that the level of penalty be reviewed and replaced with a more appropriate sanction.



iXBRL Financial Statements

The Institute believes that the substantial penalties imposed for late filings of final iXBRL financial statements should be reduced.

In general, the filing of financial statements in iXBRL format is mandatory for large companies. Revenue's current administrative practice allows for the filing of iXBRL financial statements within three months after the due date for filing the Form CT1. If a company files its iXBRL financial statements outside of this timeframe, their corporation tax return is deemed to be incomplete and a surcharge of 10% of the corporation tax liability for the period can apply (which is capped at €63,485). The surcharge is also treated as additional tax due by the company meaning statutory interest at a daily rate of 0.0219% applies to the surcharge. The late filing of iXBRL financial statements may also result in the restriction of loss relief or group relief.

The Institute acknowledges the importance of iXBRL financial statements in ensuring that Revenue has the necessary data available to perform their risk analysis of the Form CT1 filed by the taxpayer. However, there may be 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 accounts can be finalised. Besides, 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.

We consider 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. It is particularly harsh when the taxpayer has filed the relevant tax return and paid the tax liability on time, i.e. there has been no underpayment of tax.

A more proportionate sanction would be a fixed penalty rather than a tax-geared penalty. Tax geared penalties would continue to apply where there has been an underpayment of tax, ensuring that the Exchequer is protected. If policymakers consider it is not appropriate to replace the surcharge with a fixed penalty, an alternative approach would be to amend section 1065 TCA 1997 to afford Revenue the discretion to mitigate the surcharge in suitable circumstances.

IT investment to support compliance by taxpayers

Modern, secure and user-friendly systems enhance compliance and efficiency. Investing in these systems not only improves the taxpayer experience but also strengthens public trust in the reliability of the tax system.

The Revenue Online Service (ROS) system is 25 years old this year. The system, which is designed primarily for businesses, self-employed individuals and tax agents as well as PAYE employees, has undergone significant expansion and transformation over the past two decades and saw some 25 million logins in 2024 alone.

The Institute has identified several IT developments which are needed to simplify and support compliance by self-employed taxpayers and small businesses with their tax obligations. These include:

- **Greater sharing of data by Revenue with taxpayers**.
  The sharing of data which Revenue receives from various sources such as from third party and property-related returns, through the pre-population of tax returns as well as access through ROS, would aid the accurate completion of tax returns and reduce the time and cost involved.
- **A new facility for tax agents to view outstanding tax liabilities on ROS**.
  This would allow tax agents to view and address missed tax payments promptly on behalf of their clients.
- **Ongoing improvements to MyEnquiries (Revenue's platform for communicating with tax agents and taxpayers)**.
  This would help to reduce the number of queries that are not addressed within Revenue's Customer Service Standard (i.e. 20 working days).

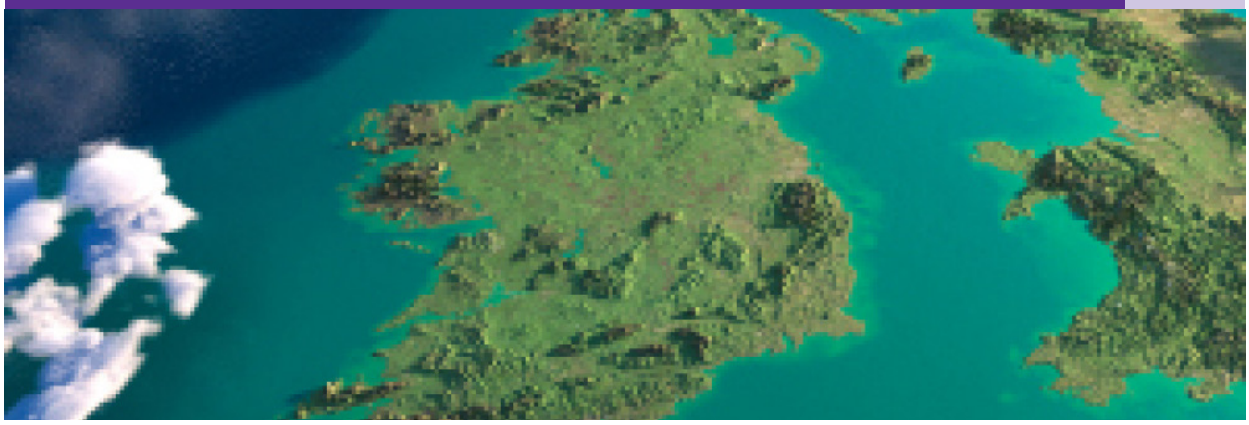
Recruitment of frontline customer service support staff

The Institute also believes investment is needed in skilled personnel to ensure that Revenue services remain accessible, responsive and genuinely supportive. Revenue's published findings from its latest survey of medium size tax agents shows a considerable decline in the level of tax agent satisfaction with their dealings with Revenue since the last survey in 2016. Their general level of satisfaction has declined from 79% to 56% when compared to 2016. The main reason for the dissatisfaction is the timeframe it takes to receive a response from Revenue when tax agents submit queries. It can take at least 4 to 6 weeks to obtain a full response from Revenue.

Compounding this, the Revenue phoneline opening hours are limited to only half days which contribute to this dissatisfaction in resolving queries. Delays in response times affect both tax agents and taxpayers in obtaining certainty on tax matters, preparing accurate tax returns and increase compliance costs. Revenue is proactively using technology such as AI to try to expedite query resolution time, but challenges persist which we believe can only be addressed through additional investment in resourcing frontline support staff and IT developments.

We urge the Government to provide additional funding to Revenue which is ringfenced for the recruitment of additional frontline staff to support longer phoneline hours during peak times and to help expedite taxpayers' queries.

Conclusion



The latest IMD World Competitiveness Centre's annual report shows Ireland dropping from fourth place to seventh place. As recently as 2023, the country was ranked in second place. In a highly uncertain global trading environment, it is clear that Ireland's competitiveness is under pressure.

Urgent action is now required to ensure Ireland regains its high ranking as an investment location of choice. Government and business must work together to foster innovation and productivity and to ensure Ireland can continue to attract high value investment from a wider cohort of countries. Reforming the Irish tax code and investing in the Irish tax administration system would complement this joint endeavour while supporting and protecting compliant taxpayers.

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