

Owned Here, Grown Here

Five tax measures to strengthen Ireland's economic resilience by keeping capital, ownership and succession in Irish businesses

A submission from TAB Ireland (The Alternative Board)

To the Minister for Finance, the Minister for Public Expenditure, the Department of Finance and the Revenue Commissioners

For Finance Bill 2026 and Budget 2028 | 28 September 2026

Ireland's public finances rest on a narrow base. Three corporate groups paid 46% of all corporation tax in 2024; ten paid 60%. [1] The counterweight is a deep base of Irish-owned businesses whose profits, jobs and decisions stay here. That base is under pressure: owners cannot easily reinvest, cannot easily pass their businesses on, and are increasingly selling to outside consolidators.

Over 13 years TAB Ireland has worked closely with more than 250 Irish-owned SMEs. We see, month by month, where the tax system pushes capital **out** of productive Irish businesses. We ask for five targeted changes. All five mainly change **when** tax is collected, not **how much**.

#	We ask the Government to...	Vehicle	Exchequer effect
1	Exempt reinvested profits from the service-company surcharge , within a capped Productive Reinvestment Reserve with clawback	Finance Bill (s.441)	Low; capped by a €32m tax
2	Let owner-managers fund a family home from their company once , with the tax deferred and secured on the property	Finance Bill	Timing; interest-bearing
3	Let vendors pay CGT as deferred sale proceeds are received , by right rather than on proof of hardship	Finance Bill (s.981)	Timing; interest-bearing
4	Introduce an SME Annual Investment Allowance : 100% first-year relief on up to €500,000 of plant, technology and AI a year	Finance Bill	Timing
5	Allow capped trading losses to be carried back three years , not one	Finance Bill (s.396A)	Mostly timing

Measures 3 and 5 are simple amendments suited to Finance Bill 2026. Measures 1, 2 and 4 should be costed for Budget 2028. An annex lists four administrative improvements for Revenue.

Why this is urgent

A revenue base concentrated in a handful of boardrooms

Corporation tax almost doubled between 2021 and 2024. Nearly all of that growth came from a small number of multinationals. The Irish Fiscal Advisory Council reports that three groups now pay almost half of all corporation tax, and the top ten pay 60%, up from about a third in 2008. [1] Decisions taken in a few boardrooms abroad can change Ireland's fiscal position overnight.

Irish-owned SMEs are the natural counterweight. They make up 99.8% of enterprises and employ 66.9% of people in the business economy. [2] Their tax is paid across tens of thousands of companies, their profits are reinvested locally, and their owners live in the communities they serve. **Resilience means growing that base, not just taxing it.**

The pipeline of Irish owners is thinning

As ISME has highlighted, only **5.1%** of Ireland's self-employed are aged 20–29: the lowest share in the EU. [3] Fewer young people are starting businesses, while a large generation of founders approaches retirement. Many have no family successor.

Outside consolidators are filling the gap

When an Irish owner cannot finance a sale to their management team or family, the buyer with ready cash is increasingly a consolidator backed by private equity, often from abroad. Consolidation is now running through accountancy, legal, pharmacy, dental, veterinary, insurance broking and financial advice. [4] More than 900 financial-adviser deals have been completed across Britain and Ireland since 2020. A dozen regional accountancy practices have been acquired since March 2026 alone, all below the threshold for competition review. [4, 5]

Action is needed now. Without it, the next decade will bring a wave of roll-ups, and with them the profits, decisions and future tax base of thousands of Irish businesses will move offshore.

What we see in the boardroom

Across the more than 250 Irish-owned businesses we have worked with, the same four problems recur:

- **Capital paid out, not reinvested.** Professional firms distribute profits they would rather invest, because retaining them triggers the service-company surcharge.
- **Founders who cannot buy a home.** Owners who paid themselves modestly for years to fund growth look weak to a mortgage lender, and can only raise a deposit through a heavily taxed dividend.
- **Succession that the obvious buyer cannot afford.** Management teams and families can pay over time; consolidators pay upfront. The CGT bill falls due upfront either way, which tilts the sale to the consolidator.
- **Cash strain in a downturn.** Businesses that paid tax for years cannot access it when a bad year threatens jobs.

Each measure below answers one of these problems. We can provide officials with anonymised case examples from our member businesses.

The five measures

1. Productive Reinvestment Reserve

The problem. The service-company surcharge (15% on half of undistributed trading income) exists to stop companies being used to defer personal tax. [6] But it cannot tell a partner hoarding cash from a practice saving for new premises, equipment or an acquisition. Both are pushed to distribute.

OUR ASK Amend s.441 TCA 1997 so that profits a service company allocates to a Productive Reinvestment Reserve, up to €500,000 in any five-year period, are excluded from the surcharge, provided they are spent on qualifying business investment within four years.

- **Qualifying uses:** plant, equipment, technology, premises used in the trade, and the acquisition of an EU/EEA trading business.
- **Excluded:** participator loans, passive investments, property letting and any personal use.
- **Clawback:** unspent or misused amounts become liable to the surcharge, with interest. The reserve is disclosed on the CT1.

Cost. The whole service-company surcharge raised **€32.3m** from 4,179 companies in 2024. [7] That is the absolute ceiling on exposure; the real cost, net of clawback and of later distributions taxed in full, would be a fraction of it.

EU compatibility. The reserve follows the surcharge's own anti-avoidance logic and is open to every company within the regime, with no nationality test. It should still be reviewed under the Commission's State-aid notice. [8]

2. Founder Home Deferral

The problem. An employee earning €150,000 a year for five years can show a lender strong mortgage capacity. An owner who left the same value in their company to hire staff and fund working capital cannot. To raise a deposit, they must extract a dividend taxed at over 50%. The system penalises the behaviour that builds Irish businesses.

OUR ASK Allow a qualifying owner-manager, once in a lifetime, to draw up to €150,000 from their company towards their principal private residence, with the income tax, USC and PRSI on that sum calculated but deferred, and secured by a charge on the home.

- **Who qualifies:** a full-time working director holding at least 15% of a trading company, trading for at least five years, with the company tax-compliant.
- **How it is paid:** directly to the conveyancing solicitor for the purchase of the owner's principal private residence.
- **When the tax falls due:** on sale of the home (unless rolled into a replacement residence within 12 months), when it stops being the principal residence, on death (from the estate), or if the owner leaves the Irish tax net. Owners can repay early at any time.
- **Interest:** deferred tax carries interest at a rate set by the Minister, so the deferral is not a subsidy.

Cost. A timing cost, largely offset by interest. The permanent cost is limited to default risk, and every liability is secured on property.

Precedent. The State already defers liabilities secured on the family home through Local Property Tax deferral and the Fair Deal scheme's nursing-home loan. This applies the same tried mechanism to founders.

EU compatibility. The relief is for individuals, not undertakings, which limits State-aid exposure. Distributions from EU/EEA trading companies should qualify on the same terms.

As a complement, we ask the Department to encourage the Central Bank and lenders to agree a consistent approach to assessing owner-manager income.

3. Succession Instalment Election

The problem. A retiring owner selling to their management team or family usually has to accept payment over several years. A consolidator pays on completion. Today the vendor can pay CGT in instalments only by proving undue hardship to Revenue, and only over five years. [9] That uncertainty pushes owners towards the cash buyer.

OUR ASK Amend s.981 TCA 1997 to give vendors of a qualifying trading business a right to elect to pay CGT as deferred consideration is actually received, over up to seven years, with interest.

- Applies only to genuine deferred consideration, not to full payment followed by a separate loan to the buyer.
- Instalments accelerate if the buyer defaults or the business is resold. Revenue may require security above a threshold.
- Available to every buyer, whatever their nationality or structure. It simply stops the tax system from favouring whoever pays upfront.

Cost. Pure timing, compensated by interest. Entrepreneur Relief and retirement relief are unaffected.

4. SME Annual Investment Allowance

The problem. Standard allowances spread relief on plant and machinery over eight years at 12.5% a year. [10] A small business buying equipment, software or AI tools pays the cash now and gets the relief years later.

OUR ASK Introduce an Annual Investment Allowance giving 100% first-year relief on up to €500,000 a year of qualifying plant, machinery and capital software, including automation and AI, per group of companies.

- Open to every company; the cap naturally concentrates the benefit on SMEs. This makes it a general measure, not selective State aid.
- Excludes cars and assets already deductible. Normal balancing charges apply on disposal.

Cost. A timing cost only. On €100,000 of equipment, relief of €12,500 arrives in year one instead of €1,562.50; later deductions are correspondingly lower.

Precedent. The UK's Annual Investment Allowance, set permanently at £1m, has run on this model since 2008. [11]

5. Three-Year Loss Carry-Back

The problem. A company can carry a trading loss back only one year. [12] Yet Ireland already allows three-year carry-back of terminal losses when a trade ceases. **We relieve a business generously when it dies, but not when relief could keep it alive.**

OUR ASK Allow companies to carry back up to €1m of trading losses a year against profits of the previous three years, most recent year first.

- Could operate permanently, or be switched on by Ministerial order in a recognised downturn.
- Company-level cap, anti-avoidance rules for groups and changes of ownership.

Cost. Mostly timing: relief brought forward from future years. The cost rises in a downturn, which is precisely when keeping viable employers alive protects PAYE, PRSI and VAT receipts.

Precedent. The UK extended carry-back to three years, capped at £2m, for losses in 2020–22.

Built to be affordable and EU-compatible

Every measure follows four design rules, so that the Exchequer can support Irish ownership without opening a permanent hole in the tax base:

1. **Defer, don't forgive.** The liability is preserved; only its timing changes.
2. **Charge interest on deferrals** (measures 2 and 3), so a deferral is not a subsidy.
3. **Claw back on misuse.** Relief lasts only while capital stays at work in a trading business.
4. **No nationality tests.** Qualifying conditions refer to EU/EEA trading companies and Irish-resident individuals, consistent with the Treaty freedoms and State-aid rules.

We have not attached national return-on-investment estimates; published data would not support reliable figures. We would welcome the chance to work with officials, under the Department's tax expenditure evaluation guidelines [13], to cost each measure from Revenue data, and we can supply anonymised evidence from our member businesses.

Our request

1. **Consider measures 3 and 5 for Finance Bill 2026.** Both are targeted amendments to existing sections.
2. **Refer measures 1, 2 and 4 to the Tax Strategy Group** for costing ahead of Budget 2028.
3. **Meet a panel of Irish business owners**, convened by TAB Ireland, to test the design of each measure against real decisions.

About TAB Ireland

TAB Ireland (The Alternative Board) has provided peer advisory boards, business coaching and strategic planning to Irish owner-managers for more than 13 years, working closely with over 250 Irish-owned SMEs. It is part of The Alternative Board, an international network of owner advisory boards. We speak for the people who own and run businesses, not for sectors or investors.

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Declaration of interests. TAB Ireland provides advisory services to business owners. PJ Timmins is a shareholder and director of an Irish-owned multi-branch business that could benefit from measures 1, 4 and 5 on the same terms as any other qualifying company.

Annex: Administrative improvements

These need no legislation. We would welcome Revenue taking them forward, including through TALC.

Area	Improvement
Succession	A consolidated guide with worked examples of how CGT, CAT, Entrepreneur Relief, retirement relief and business relief interact in common family and management succession, plus a clear route for technical queries.
R&D tax credit	Evidence templates and examples for smaller claimants that distinguish qualifying work from routine software adoption, and a plain explanation that pre-filing notification is not approval. [14]
KEEP	Worked valuation examples and clarity on when a valuation must be refreshed, building on the 2024 TALC simplification report. [15]
VAT bad-debt relief	A short checklist of reasonable recovery steps, so owners can claim relief on genuinely bad debts with confidence. [16]

Sources

Official and published material consulted on 28 September 2026.

- [1] Irish Fiscal Advisory Council (Feb 2026). [More concentration, more risk: three firms account for almost half of Ireland's corporation tax](#)
- [2] CSO. [Business in Ireland 2023: key findings](#)
- [3] Eurostat (Apr 2026). [EU sees 2.06 million young entrepreneurs in 2025](#) (share of self-employed aged 20–64 who are aged 20–29)
- [4] The Irish Times (Feb 2026). [There's a consolidation happening in Ireland](#)
- [5] Irish Examiner (2026). [The quiet takeover of rural Ireland's accountants and advisers](#)
- [6] Revenue. [Tax and Duty Manual Part 13-02-06: surcharge on service companies](#)
- [7] Revenue (May 2026). [Corporation Tax: 2025 payments and 2024 returns](#) (Table 30)
- [8] European Commission. [Notice on the notion of State aid \(2016/C 262/01\)](#)
- [9] Revenue. [Tax and Duty Manual Part 42-03-02: instalments for deferred consideration](#)
- [10] Revenue. [Capital allowances and deductions](#)
- [11] GOV.UK. [Annual Investment Allowance](#)
- [12] Revenue. [Trading losses](#)
- [13] Department of Finance. [Tax expenditure evaluation guidelines](#)
- [14] Revenue. [R&D tax credit: pre-filing notification](#)
- [15] Revenue and TALC. [Simplification sub-committee report, June 2024](#)
- [16] Revenue. [VAT bad debts relief](#)