

Taxation of Income from Social Media and Promotional Activities

(Income Tax and Corporation Tax)

Part 04-01-22

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1 Introduction

The purpose of this manual is to provide an overview of the tax treatment of income derived from social media and certain promotional activities and to provide guidance on the tax compliance obligations of persons engaged in such activities.

The profits derived from social media or promotional activity are chargeable to tax under Schedule D. As to which Case of Schedule D may govern that charge is dependent on the facts and circumstances of a case.

The taxation of income derived from social media or promotional activity is based on an application of ordinary tax rules.

In general, these activities may be carried on by a person through a sole trade, a company or a partnership.

2 Brief overview of social media and promotional activities

Social media activity, a general term used throughout this manual, refers to a broad range of activities carried on through social media, which includes subscription based social media platforms.

Promotional activities include promotion of products and services and promotion of the individual.

Social media and promotional activities include, but are not limited to, the following:

- content creation and associated activities on social media platforms such as posting videos and other content, delivering tutorials, presentations, masterclasses and podcasts
- creating content for subscription based social media platforms
- blogging and vlogging
- promoting or reviewing products, goods and services
- sponsorship and endorsement fees
- endorsing products or businesses in return for fees, goods or services
- brand ambassadorships in return for fees, goods or services
- featuring in business marketing material
- making live or recorded public appearances
- appearance or performance fees

Due to an individual's profile or celebrity status, they may receive payments to promote goods or services, or may receive items in return for the promotion of goods or services. Profits derived from such activities are chargeable to tax under Case I or IV of Schedule D depending on the facts and circumstances.

There may be occasions where an individual receives unsolicited goods and services in circumstances where the individual is not obliged to provide any service in return. Whether or not the receipt of such goods and services is within the charge to income tax will depend on the particular facts and circumstances, including whether the goods and services are in fact promoted by the individual. Where, based on the facts, a charge to income tax does not arise, the receipt of the goods or services may constitute a taxable gift for Capital Acquisition Tax purposes (see 4.1 for further guidance in relation to voluntary receipts).

3 The charge to tax

Income tax is generally assessed on the income of an individual for a year of assessment whereas corporation tax is a tax on the profits of a company for a particular accounting period.

Income derived from social media or promotional activities is chargeable to tax even in circumstances where the activity is conducted on a casual basis only and is not the individual's or company's main business or main source of income.

Section 18 of the Taxes Consolidation Act 1997 ("TCA 1997") provides that tax is charged under Schedule D in respect of a number of sources of income which are classified into five separate Cases. Income derived from social media or promotional activities may be subject to tax under Case I or Case IV of Schedule D. As to which Case of Schedule D is applicable depends on the facts and circumstances of a case.

Profits arising from the carrying on of a trade are chargeable to tax under Case I whereas profits derived from activities which do not have the characteristics of a trade are chargeable to tax under Case IV.

3.1 Charge to tax under Schedule D Case I

The profits or gains arising from the carrying on of a trade are chargeable to tax under Schedule D Case I. Whether the profits or gains derived from a social media or promotional activity arise in the course of a trade is a question of fact having regard to the particular facts and circumstances of each case and also having regard to the 'badges of trade' and caselaw. For an overview of the badges of trade, see [Appendix A - Badges of Trade](#). For further guidance on what constitutes a trade, see [TDM Part 02-02-06](#).

Where a taxpayer is carrying on a trade, the fact that the trader has no legal right to receive a particular sum does not mean that the sum is outside the scope of income tax. The key issue is whether or not the trader receives the sum by virtue of being, or in their capacity as, a trader or whether they receive it for purely personal or other non-trading reasons.

A payment which is made in order to induce or to facilitate the future provision of services may be taxable as income from the trade or profession¹.

Where an individual or company operates on a habitual basis with a view to making a profit they will generally be viewed as carrying on a trade for tax purposes and will be subject to tax on the profits arising from that trade. In the vast majority of cases there will be no doubt about whether an individual or company is carrying on a trade.

Example 1

Kevin is an adventure travel enthusiast. He has been a full-time travel blogger for the past two years. He posts regular content on various social media channels and has built up a large number of followers. Kevin receives income from sponsored blog posts and affiliate marketing, and he has recently launched his own adventure travel e-book.

Kevin's social media activity is carried out on an ongoing, frequent basis with the intention of making a profit. His activity has the characteristics of a trade. He is obliged to return the income from his various income streams as Case I income.

Example 2

Danielle is a well-known celebrity. Danielle incorporated her business as an influencer.

The company and Danielle have a number of contracts with sponsors, whereby the company or Danielle provide promotional services. Where the contract is between the company and the sponsor, the company will be chargeable to corporation tax in respect of the income. Where Danielle has entered into the contract in her own right as an individual, Danielle will be chargeable to Income tax in respect of the income.

3.1.1 Computation of taxable profit

Caselaw provides that, for the purposes of Income Tax, accounts should be computed in accordance with commercial accounting principles to enable the determination of profits or gains². The object is to determine, as accurately as possible, the full profits or losses of the business for the accounting period in question. In the Supreme Court case of *Cronin v Cork and County Property Co Ltd*. III

¹ *IRC v Falkirk Ice Rink Ltd* [1975] STC 434

² *Cronin v Cork and County Property Co Ltd* III ITR 198; *Carroll Industries Plc* (formerly *P J Carroll and Co Ltd*) and *P J Carroll & Co Ltd v S O'Culachain* (Inspector of Taxes) IV ITR 135; *Odeon Associated Theatres Ltd v Jones* (HM Inspector of Taxes) [1971] 48 TC 257.

ITR 198, Griffin J accepted as a correct general statement of principle the views expressed in the opinion of the Lord President Clyde in *Whimster and Co v The Commissioners of Inland Revenue* 1925 12 TC 813 that:

“... the profits of any particular year or accounting period must be taken to consist of the difference between the receipts from the trade or business during such year or accounting period and the expenditure laid out to earn those receipts. In the second place, the account of profit and loss to be made up for the purpose of ascertaining that difference must be framed consistently with the ordinary principles of commercial accounting, so far as applicable and in conformity with the rules of the Income Tax ...”.

Section 76A TCA 1997 put this rule on a statutory footing for companies. Section 76A provides that the profits or gains of a trade or profession carried on by a company must be computed in accordance with generally accepted accounting practice subject to any adjustment required or authorised by law in computing such profits for those purposes. Generally accepted accounting practice is defined as Irish generally accepted accounting principles (Irish GAAP) or International Financial Reporting Standards (IFRS).

3.1.2 What expenses are deductible against Case I (trading) Income?

When computing business profits assessable to tax under Schedule D, Case I, a taxpayer must first look to section 81 of the TCA 1997 to determine what expenses are deductible. The central test of deductibility when computing assessable Case I profits is whether the expense has been “wholly and exclusively laid out or expended for the purposes of the trade ...”³.

Section 81 TCA 1997 applies to both income tax and corporation tax charged under Case I of Schedule D.

For an expense to be deductible in computing the profits of a trade, the expense must have been incurred for the purpose of the trade concerned. In establishing the purpose of expenditure, it is necessary to have regard to the aims or objectives underlying the expenditure⁴.

For an item of expenditure to be deductible it must be:

- revenue and not capital in nature,
- incurred wholly and exclusively for the purposes of the trade, and
- not specifically disallowed in law.

3.1.3 Revenue versus capital

³ Section 81(2)(a) of the TCA 1997.

⁴ *Bentleys, Stokes & Lowless v Beeson* (1952) 33 TC 491, confirmed in *Mallalieu v Drummond* [1983] STC 665.

Whether an expense is revenue or capital in nature is a question of fact to be determined in the specific circumstances of each individual trade. The general rule of thumb is that if the expense provides an enduring benefit for the trade, then it is capital in nature.

Under section 81 TCA 1997, capital expenditure is not an allowable Case I expense. However, capital allowances may be claimed on qualifying capital expenditure incurred on the acquisition of certain assets that are in use for the purposes of a trade. Capital allowances effectively allow a taxpayer to write off the cost of an asset over a period of time (see 3.1.11 below).

3.1.4 Wholly and exclusively test

The word “wholly” refers to the fact that the full expense amount should be spent for business purposes. It refers to the quantum of the expense. If only part of the expense was incurred for business purposes, in principle, it is not deductible. However, in practice, if it is possible to identify the business and non-business elements separately, Revenue may allow the business element to be deductible. Where an identifiable proportion of an expense has been laid out wholly and exclusively for the purpose of a trade, then that part will not be disallowed on the basis that the expense, as a whole, was not so laid out or expended. The expenditure must be capable of division into distinct elements, one or more of which is incurred wholly and exclusively for the purposes of the trade.

The word “exclusively” refers to the motivation behind incurring the expense. If it is incurred solely for the purpose of the trade, this condition is fulfilled. It should not have a dual purpose.

Duality of purpose exists when an expense has both a business and non-business purpose. Where there is a duality of purpose, the “wholly and exclusively” test is not met and consequently, none of the expense is deductible.

Example 3

Shauna is a show jumper and attends a number of equestrian events. She is not a professional show jumper but has built up a significant following on social media due to her unique insights on the sport. Shauna conducts her influencing and promotional activities with a view to profit and is carrying on a trade.

Shauna’s trading income includes:

- sponsorship/endorsement fees,
- income from posting content on social media platforms,
- subscriptions,
- ad revenue,
- income from associated activities undertaken by her (e.g. public appearances), and

- the value of goods or equipment supplied to her (such as Jodhpurs, saddles, jackets, boots, make-up).

From Shauna's trading income she can deduct revenue expenses incurred wholly and exclusively for the purpose of her trade (e.g. marketing and advertising costs, home office costs such as paper, ink and other expenditure incurred solely for business purposes).

Shauna may also claim capital allowances on capital expenditure on any qualifying equipment (such as cameras, laptops, lighting) she has incurred for the purpose of her trade.

3.1.5 Clothing expenses

Clothing is generally not a deductible expense owing to the duality of purpose of the expense. In the case of *Mallalieu v Drummond (Inspector of Taxes)*⁵, the taxpayer, a barrister, purchased dark clothing to comply with Bar Council rules for court appearances. This expense was found to have a dual purpose of preserving warmth and decency as well as satisfying the Bar Council rules and so a deduction for the cost was not allowed.

Example 4

Emily, a fashion commentator, is attending a fashion show. She buys a new designer jacket to wear to the show because being well dressed is essential to the success of her online content. The cost of the jacket is not deductible in computing the profits from her trade.

An exception to this rule is where expenses are incurred on protective clothing worn in the course of carrying on a trade. *Caillebotte (Inspector of Taxes) v Quinn [1975] STC 265*, while principally concerning the issue of deductibility of expenditure on lunch while working away from home, is instructive in relation to the principles governing deductibility of expenses relating to clothing. Templeman J gave examples of occasions when the personal element of an expense would be incidental rather than a purpose of the expenditure:

“The cost of tea consumed by an actor at the Mad Hatter's Tea Party is different, for in that case the quenching of a thirst is incidental to the playing of the part. The cost of protective clothing worn in the course of carrying on a trade will be deductible, because warmth and decency are incidental to the protection necessary to the carrying on of the trade.”

⁵ *Mallalieu v Drummond (Inspector of Taxes [1983] STC 665*

3.1.6 Travel expenses

Travel expenses are an example of an expense that often has an element of personal usage. Where a vehicle is used for both business and private purposes, Revenue may allow the portion of the expense that represents business usage to be claimed as a deduction. The business use of the vehicle should generally be calculated based on the proportion that the business mileage bears to the total mileage incurred.

For further guidance on the deductibility of travel expenses, see Tax and Duty Manual [Part 04-10-01](#).

3.1.7 Grooming expenses

As a general rule, grooming expenses on items such as make-up, skin care and beauty treatments, shaving products, hairdressing and hair products are not allowable as a deduction as these expenses have a duality of purpose.

3.1.8 Food and accommodation expenses

Expenditure on food incurred in the course of carrying on a trade will nearly always have a duality of purpose in that the taxpayer has the ordinary physical human need to eat. As a general rule, food expenses are therefore not allowable. However, in practice such expenditure is allowable in limited circumstances.

Expenditure on food and accommodation will generally be allowable where:

- It is expenditure incurred on hotel accommodation during a business trip, being a trip for which there is no personal (non-business) motive.
- It is a reasonable amount of expenditure on food included in a bill for allowable hotel accommodation.
- It is in respect of meals where the business by its nature involves travelling.

For further information on the deductibility of food and accommodation expenses, see Tax and Duty Manual [Part 04-06-17](#).

3.1.9 Specifically disallowed expenses

Notwithstanding that an expense is of a revenue nature and has been incurred wholly and exclusively for the purposes of the trade, legislation may specifically provide that it is not deductible.

Examples of expenses which are specifically disallowed by section 81 include but are not limited to:

- any sum not wholly and exclusively laid out for the purposes of a trade,
- any sum expended for a private or domestic purpose,
- the rent of any dwelling house or other domestic premises except such part as is used for the purposes of a trade,

- capital used in improving premises occupied for the trade or profession,
- any debts, except proven bad debts and doubtful debts to the extent that they are estimated to be bad,
- any taxes on income,
- capital expenditure.

Expenses specifically disallowed by other provisions of the Tax Acts include, but are not limited to, client entertainment expenses⁶ and interest on late payment of taxes⁷

3.1.10 Pre-trading expenses

Section 82 TCA 1997 provides that pre-trading expenditure incurred up to 3 years prior to the date of commencement of a trade is deductible where the expenditure would be deductible if it had been incurred after the trade commenced.

For further information on pre-trading expenses, see Tax and Duty Manual [Part 04-06-08](#).

3.1.11 Capital Allowances

Section 284(1) TCA 1997 provides for an annual wear and tear allowance for capital expenditure incurred on plant and machinery used for the purposes of a trade. Examples of items which may qualify for capital allowances include, but are not limited to, office furniture, motor vehicles, phones, cameras, lighting equipment and computer equipment. Capital expenditure incurred on plant and machinery (fixtures and fittings) in use for the purposes of the trade can be written off at the rate of 12.5% per annum over 8 years.

The plant and machinery must belong to the taxpayer and must be in use for the purposes of the trade at the end of the basis period for the year in which the expenditure was incurred in order for the allowances to be available.

3.2 Charge to tax under Schedule D Case IV

The profits or gains chargeable to tax under Case IV are those profits or gains that are not chargeable to tax under any other Case of Schedule D or under any other Schedule. Where an individual or company that generates income from social media or promotional activity is not chargeable to tax under Case I on the basis that they are not considered to be carrying on a trade, they are chargeable to tax under Case IV.

The profits or gains derived from a social media and promotional activity are likely to fall under Case IV where the activity is carried out on a once-off, casual or occasional basis such that it does not amount to the exercise of a trade.

⁶ Section 840 TCA 1997

⁷ Section 1080(3) TCA 1997

3.2.1 Occasional income

In considering whether an activity is being carried on, on an “occasional” basis, the term should be given its ordinary meaning i.e. “taking place from time to time” or “not frequent or regular”. There is no specified threshold or limit below which the income will be considered to arise from an occasional activity. It will be a question of fact, based on the particular facts and circumstances of the case, as to whether the income or gains are taxable under Case IV.

Example 5

George works full-time as an electrician. He is also an avid gardener, with a particular interest in potted roses. Every year he enters competitions in local agricultural shows and summer fetes to display his roses and he has recently won a number of prizes.

A garden centre situated in George’s locality has recently undergone substantial refurbishments and is keen to publicise its re-opening. The garden centre becomes aware of George’s profile and sends him some roses plants with the request that he mention the garden centre on social media. George posts photos of the roses in his social media accounts, tagging the garden centre. The garden centre sends George a gift voucher for €2,000.

George’s gardening is a recreational pursuit which he does for personal enjoyment. He would not be considered to be carrying on a trade. He is obliged to declare the €2,000 he receives from the garden centre as Case IV income.

3.2.2 What expenses are deductible against Case IV social media and promotional income?

In assessing income under Case IV, where the social media or promotional activity does not have the characteristics of a trade, there is no specific provision in the tax code setting out allowable or disallowable costs. However, in determining the profit element of income derived from social media or promotional activity, it is Revenue practice to allow a deduction for incidental costs directly associated with the provision of the goods or services.

Expenditure incurred directly in the production of social media content or on providing promotional services which generates income, will be allowable against that income. This will include expenditure incurred directly in the provision of the social media content or on providing promotional services such as commission paid to social media sites to post content, renting a conference centre to undertake a promotional activity and business travel expenses.

There is no provision in the Tax Acts, in computing income chargeable to tax under Case IV, allowing deductions in respect of expenditure incurred in advance of the start of the activity that generates the income.

3.2.3 Capital allowances

Capital allowances are not available against the profits or gains from activities that are chargeable to tax under Case IV.

Example 6

Juliet is a full-time accountant who enjoys baking cakes in her spare time. She pays an annual subscription to a cookery school to receive a unique baking kit each month. She purchases the latest baking equipment available on the market. She posts online baking demonstrations on social media channels one or two times a year.

Juliet is obliged to declare the profit from the online demonstrations as Case IV income. When calculating her taxable profit from the activity, she is allowed to deduct the costs of the ingredients and gas/electricity used in producing the cakes. The cost of her annual subscription to the cookery school is not deductible, as the cost is a personal cost and not incurred directly in the provision of the social media content. As Juliet is not carrying on a trading activity capital allowances are not available and cannot be claimed on the costs of her baking equipment.

4 Consideration of particular sources of income

4.1 Voluntary receipts

The label given to a payment does not determine its character nor whether it is chargeable to tax. Where a payment is voluntary, it is the nature of the payment in the hands of the recipient which determines the tax treatment, and all relevant circumstances must be considered⁸. Voluntary payments designed in some way to augment the consideration payable for a service whether past, present or future, are taxable.

Where unsolicited goods or services are provided in circumstances where the recipient is under no obligation to provide any service in return, and the recipient decides to retain the goods or services and provide a promotional service via their social media account or otherwise, the goods or services received will be subject to income tax.

Where unsolicited goods or services are provided in circumstances where the recipient is under no obligation to provide any service in return and the recipient does not in fact provide any service in return, the receipt of the goods or services should not be subject to income tax but may be a taxable gift for the purposes of Capital Acquisition Tax (CAT).

For further information in respect of CAT, see [Tax and Duty Manual CAT Part 1](#).

Where unsolicited goods are returned to the person who provided them in a timely manner, there are no tax implications.

The tax treatment of any receipt depends on the facts and circumstances of the case and records in respect of all receipts should be kept for tax purposes (see section 7 below).

4.2 Monetary versus non-monetary receipts

Receipts can be monetary or non-monetary in nature. Receipts, whether monetary or non-monetary, received in connection with the provision of a service are treated as payments for the provision of that service. This is the case even if there is no formal contract in place between the parties. The agreement (whether verbal or written) that exists between the parties and the practical arrangements that govern that agreement will be considered when determining how the income should be taxed.

Non-monetary receipts for the provision of a service are less readily quantifiable than monetary receipts. Where an item other than money is received as consideration in the course of a trading activity, the amount that is taken into

⁸ Murray v Goodhews [1978] STC 207

account as trading income is the value of the non-monetary consideration received⁹. In determining the value regard should be had to general accounting principles (see 3.1.1). Where, for example, an individual carrying on a trade receives a handbag as consideration for promoting a particular brand, the value of the handbag under general accounting principles would generally be its fair value, being the price at which a transaction to sell the handbag would take place in the marketplace.

Receipts from social media or promotional activity can include, but are not limited to subscription fees, advertising/marketing fees, brand ambassador fees, royalties, commissions, tokens, free or discounted accommodation, digital assets such as cryptocurrency, the free use of products, goods and services and any other non-cash benefits.

Example 7

Grace is a social media influencer who enters into an arrangement with a luxury health spa whereby she will provide promotional services in the form of posting pictures (tagging and promoting the spa) on social media in return for a week's stay in the spa.

Grace is obliged to return the value of the stay as taxable income.

Example 8

David is a badminton enthusiast who creates online badminton tutorials. Cool Rackets Limited provides David with an affiliate link to attach to his videos. Subscribers that click on the affiliate link receive a discount when purchasing Cool Rackets Limited products. David receives a commission from Cool Rackets Limited for each purchase that is made via the affiliate link.

David is obliged to report all commissions received as taxable income.

Example 9

Lily is a make-up artist and organic beauty blogger. She reviews organic make-up products in her social media posts, tagging the product suppliers. She receives €1,500 worth of products from a supplier for promoting that supplier's products.

Lily is obliged to report the value of the products as taxable income.

⁹ Gold Coast Selection Trust Ltd v Humphrey [1948] 30 TC 209

4.3 Brand ambassadorships

A brand ambassador receives payment in return for promoting or endorsing a particular brand. The brand promotion may take place on social media platforms or by live or recorded attendance at events, or it may take the form of appearing in a promotional advertisement of the brand.

The payments received by brand ambassadors may be monetary or non-monetary in nature. Since brand ambassadorships entail the provision of a service (advertising), any payments received in return for this service are treated as income.

The taxation of the income received from brand ambassadorships will depend on the facts and circumstances of the case.

Example 10

Ella has a passion for Pilates. She posts a weekly full body workout video on social media channels demonstrating her strong technique. She has built a large audience. A supplier of a particular brand of fitness clothing provides Ella with various items of the brand's clothing for free and agrees to pay her a fee for every post in which she wears these items.

Ella will be obliged to report the value of the clothing items and the fees received from the supplier as taxable income.

Example 11

Daniel is an environmental enthusiast who blogs about eco-friendly travel on social media channels. He has gathered a large following. He is approached by a local car dealership to promote a new electric car brand. The car dealership and Daniel agree that Daniel will have the use of one of the electric cars for a year in return for promoting the car brand twice a month in his online posts. A photograph of Daniel receiving the car will also appear on the garage's website and social media accounts. The terms of the agreement are not put in writing.

Daniel will be subject to income tax in respect of the use of the car as this is the means by which he is compensated for his promotional services. This will be the case even though there is no written agreement between Daniel and the car dealership. The taxable value that is recorded in Daniel's accounts is based on a fair value, which in this case is considered to be the equivalent value of leasing the car each month.

Example 12

Kate is a sports car enthusiast with a large following on various social media channels. She enters into a Brand Ambassador Agreement with a sports car dealership. The Agreement states that Kate will carry out various promotional services on behalf of the dealer and the dealer will provide her with the use of a particular sports car in consideration for these services.

The value of the promotional activities provided by Kate is €10,000.

Kate will be subject to income tax in respect of the promotional activities. The taxable value will be €10,000.

Example 13

Fred is a popular content creator with a significant following on various social media channels. He enters into a Friends of the Brand Promotional Activities Agreement with a car dealership. The Agreement provides that Fred will carry out specified promotional activities in exchange for the car dealer providing Fred with the use of the car brand's latest models. The value of the promotional activities is €1,000 per month. Fred agrees to issue an invoice to the car dealership in respect of the supplies he is making under the Agreement.

Fred will be subject to income tax in respect of the invoice issued for the promotional activities provided. The taxable value will be €1,000 per month.

Example 14

Patrick has a passion for running and attends races nationally. He is not a professional runner but has built up a significant following on social media due to his unique insights on the sport, which he shares on his weekly blog. Patrick conducts his influencing and promotional activities with a view to profit and is carrying on a trade.

Patrick's trading income includes:

- sponsorship/endorsement fees,
- income from posting content on social media platforms,
- subscriptions,
- ad revenue, and
- the value of goods or equipment supplied to him (such as a camera, sportswear, etc.)

From Patrick's trading income he can deduct revenue expenses incurred wholly and exclusively for the purpose of his trade (e.g. marketing and advertising costs, home office costs such as paper and other expenditure incurred for business purposes).

Patrick may also claim capital allowances on capital expenditure on any qualifying equipment (such as cameras, laptops, lighting) he has incurred for the purpose of his trade.

In computing his taxable trading income, Patrick may not claim a deduction for expenditure that has not been wholly and exclusively incurred by him. This means that items that have been provided to him by sponsors in the course of his promotional activity (which are taken into account in computing his taxable trading income) cannot be deducted as expenses of the trade.

Patrick also cannot claim capital allowances in respect of equipment (for example, the camera) where he did not incur capital expenditure on that equipment.

4.4 Crowdfunding platforms

Crowdfunding platforms are a means of raising money online for a variety of purposes. Recipients of crowdfunding platforms may be subject to tax. The tax treatment of receipts will depend on the facts and circumstances of the case.

Some crowdfunding platform pages are set up to raise money to be gifted to recipients for non-business purposes, and the recipients are generally not registered charities. A charge to income tax will not arise in such circumstances. However, the capital acquisitions tax implications of the gift should be considered. For further information in respect of CAT, see Tax and Duty Manual [CAT Part 01](#) and [CAT Part 23](#).

There are also cases where the purpose of a crowdfunding platform page is to raise money to enable the recipient to carry on business, to supplement trading or other business receipts, or otherwise to preserve and maintain trading stability and solvency. In these circumstances, the funds will generally be treated as a taxable trading receipt.¹⁰

Example 15

Grace is a musician and plays a number of live gigs. Grace wants to raise funds to kick-start the production of her new CD and provides a "free" copy of the CD for a contribution to her crowdfunding platform page. The funds in these circumstances will be chargeable to income tax under Case I as trading income.

¹⁰ *Smart v Lincolnshire Sugar Co Ltd* [1937] 20TC643 at 670; *British Commonwealth International Newsfilm Agency Ltd v Mahany* [1962] 40TC550 at 578 and 582

5 Tax compliance obligations

5.1 Income Tax

5.1.1 Tax registration for individuals

Individuals are obliged to notify Revenue when a source of income (other than PAYE income) commences. Tax registrations can be completed online using Revenue's eRegistration service which is available on Revenue's website at [Manage your tax registrations](#).

For further information on the income tax registration process, see Tax and Duty Manual [Part 41-00-28](#).

5.1.2 Self-assessment system for individuals

Income generated through social media or promotional activity is generally taxed under the self-assessment system.

A chargeable person for self-assessment purposes is a person who is chargeable to tax for a chargeable period either on that person's own account or on another person's account.

A chargeable person is self-assessed for income tax purposes. They are required to file a Form 11 (Income Tax Return and Self-Assessment) for a tax year by the 31st of October of the following tax year and to pay the balance of tax outstanding for that year (if any) together with preliminary tax for the current tax year. The pay and file deadline is extended to a date in mid-November for individuals who pay and file online via Revenue's Online Service (ROS).

An individual is not a chargeable person where they are in receipt of—

- PAYE income only, or
- PAYE income and non-PAYE income (for example trading income, rents, dividends, deposit interest) where the net non-PAYE income assessable to tax
 - does not exceed €5,000, and
 - is taken into account in determining the individual's tax credits and standard rate cut-off point (known as "coding"), or is taxed at source (for example, deposit interest subject to DIRT)

and

- the individual's gross non-PAYE income does not exceed €30,000.

Individuals who have non-PAYE income can make a request online through PAYE Services in MyAccount for the income to be coded into their tax credits and standard rate cut-off point. Revenue may have regard to the amount of such income for the year in question or previous years when deciding whether the income can be coded.

Where income is not coded into an individual's tax credits and standard rate cut-off point for PAYE purposes, the income is taxable under the self-assessment system.

For further information on the self-assessment system, see Tax and Duty Manual [41A-01-01](#).

Example 16

Ronan is employed full-time as a shop assistant. He is also a keen golfer and posts golf swing tips and golf course reviews on social media platforms every week.

Ronan has amassed a following and his total income to date this year from his online posts is €3,500.

As the net non-PAYE income assessable to tax does not exceed €5,000, Ronan may request online through PAYE Services in MyAccount for the income of €3,500 to be coded into his tax credits and standard rate cut-off point. Where the income is coded, Ronan is not obliged to register as a self-assessed taxpayer with Revenue.

Example 17

Brian is employed full-time as a school PE teacher. He is also a keen golfer and posts golf swing tips and golf course reviews on social media platforms every week.

Brian has amassed a significant following and his total income to date this year from his online posts is €6,000.

Brian is obliged to register as a self-assessed taxpayer with Revenue. He will be obliged to file a Form 11 tax return for the 2025 year in respect of his taxable profit. As his net non-PAYE income exceeds €5,000, he cannot request his non-PAYE income to be coded into his tax credit and standard rate cut-off point.

5.2 Corporation Tax

5.2.1 Tax registration for companies

A company is obliged to register for corporation tax within 30 days of commencing to trade. To do so, it must either register online via ROS (mandatory for most Irish companies) or complete a paper form TR2 (which is available from the Revenue website and is generally for non-resident companies).

5.2.2 Self-assessment system for companies

Where social media or promotional activity is carried on by a company, the company is required to account for corporation tax on its taxable profits. A self-assessment

system applies but the compliance deadlines differ from those that apply for income tax purposes.

In general, a company is obliged to file a Form CT1 tax return within 9 months of the end of its accounting period, but no later than the 23rd day of the 9th month. Online filing of the CT1 return is mandatory for companies unless they have received an exemption and are allowed to paper file.

For further information on the corporation tax obligations for companies, see <https://www.revenue.ie/en/companies-and-charities/corporation-tax-for-companies/>.

5.3 Employed versus self-employed

For many individuals with income from social media and promotional activity, the income may not be their main source of income. Where the individual has PAYE income, they can be both an employee and self-employed at the same time for tax purposes.

It should be noted that different tax treatment applies to payments (monetary or non-monetary) received by an employee from their employer in the course of their employment than to those received in the course of carrying on a self-employed activity.

Payments received by employees in the course of their employment are taxed under Schedule E and are subject to the PAYE system of deduction of tax at source by the employer.

Payments received by individuals in the course of carrying on a self-employed activity are taxed under the self-assessment system. The profits are taxed under Case I or Case IV of Schedule D, depending on the facts and circumstances of the case.

The determination of employment/self-employment status for taxation purposes is not a choice, it is a question of fact and law, and each scenario should be examined based on the relevant facts. For further information on determining employment status, see Tax and Duty Manual [05-01-30](#).

Example 18

Lisa is employed by Nice Music FM Limited as a full-time DJ. She has a large social media following and is approached by a fashion brand to promote the brand's new handbag on her social media channels. Lisa is provided with a handbag in exchange for the promotion. Lisa engages in other promotional activities on social media platforms and is regarded as carrying on a trade.

Lisa is obliged to declare the receipt of the handbag as taxable income, under Schedule D Case I, as it is part of her trading activity.

6 Value Added Tax (VAT)

VAT is a tax on consumer spending and is collected by VAT registered businesses on their supplies of goods and services. VAT is only levied on goods and services provided in the course of an economic activity by a taxable person. Whether a person is carrying out an economic activity or a business depends on the facts and circumstances of a case; it is an objective test. It is usually clear whether or not a person is carrying out an economic activity, that person would normally be making supplies on a continuous basis.

Where a taxable person is carrying out an economic activity or business, they are obliged to register and account for VAT on their supplies if they exceed the relevant threshold (i.e. they are considered an accountable person). They may also deduct VAT incurred on their business costs in the normal way. This will apply to the cases that come within the charge to tax under Schedule D Case I.

6.1 VAT registration

VAT registration is obligatory where the turnover from the business activity exceeds or is likely to exceed the VAT thresholds. The thresholds depend on turnover in any continuous 12-month period.

For further information on VAT registration requirement, see Tax and Duty Manual [Part 38-01-03b](#).

7 Books and records

Persons registered for tax under any tax head are required to maintain proper books and records to enable them to complete on time the appropriate returns for the relevant tax(es). This obligation applies to taxpayers engaged in social media or promotional activity in the same way that it applies to taxpayers in other business sectors.

It is generally necessary for taxpayers to retain records for six years from the date of the transaction, act or operation to which they relate. Records can be maintained in either a manual or electronic form.

The records to be maintained must include books of account in which:

- all purchases and sales of goods and services, and
- all amounts received and all amounts paid out (both monetary and non-monetary)

are recorded in a manner that clearly shows the amounts involved and the matters to which each amount relates.

All documentation that gives support to the entries in the records should also be retained. These are known as linking documents.

For taxpayers generating income from social media or promotional activity, the records maintained by the taxpayer should include any legal agreements which evidence the business arrangement in place and any documents verifying the value of any non-monetary receipts.

For further information on the obligation to keep accurate books and records, see Tax and Duty Manual [Part 38-03-17](#).

8 Appendix A-Badges of Trade

Note on the “Badges of Trade”

Section 3(1) TCA 1997 describes “trade” as including “every trade, manufacture, adventure or concern in the nature of trade”. As the word “trade” is not specifically defined, the term takes on the generally accepted meaning.

Tax and Duty Manual [Part 02-02-06](#) gives the following additional guidance¹¹ as to what constitutes a trade;

“Whether or not, in any situation, a trade is being carried on is determined by an examination of the facts of the particular case and by interpreting those facts in the context of the badges of trade and of case law in so far as it applies. There is an infinite variety of possible factual circumstances so that no fixed formula can be applied to determine whether or not an activity can be classed as “trading” ...Trading presupposes ...business activities from which its income derives. The activities will vary depending on the nature of the trade and will require people with the skill and authority necessary to carry them out.”

Guidance as to what constitutes “trading” is available from case law and from a set of rules known as the Badges of Trade. The Badges of Trade, which are set out below, were originally set out in the 1954 report of the UK Royal Commission on Taxation. The badges are signposts or indicators of whether a person is engaged in a trade. The correct approach, as has been made clear by the Court of Appeal in *Eclipse*¹² is to “stand back and look at the whole picture and having particular regard to what the taxpayer actually did, ask whether it constituted a trade”.

The subject matter of the sale

Whilst almost any form of property can be acquired to be dealt in, those forms of property, such as commodities or manufactured articles, which are normally the subject of trading, are only very exceptionally the subject of investment. Again, property, which does not yield to its owner an income, or personal enjoyment merely by virtue of its ownership is more likely to have been acquired with the object of a deal than property that does.

The length of period of ownership

Generally speaking, property meant to be dealt in, is realised within a short time after acquisition. However, there are many exceptions to this rule.

¹¹ Tax and Duty Manual Part 02-02-06 - What constitutes a trade?

¹² *Eclipse Film Partners No 35 LLP* [2015] STC 1429

The frequency of similar transactions

If realisations of the same sort of property occur in succession over a period of years or there are several such realisations at about the same date, a presumption arises that there has been dealing in respect of each.

Supplementary work

If the property is worked up in any way during the ownership so as to bring it into a more marketable condition, or if any special exertions are made to find or attract purchasers, such as the opening of an office or large-scale advertising, there is some evidence of dealing. When there is an organised effort to obtain profit, there is a source of taxable income. If nothing at all is done, the suggestion tends the other way.

The circumstances that were responsible for the realisation

There may be some explanation, such as a sudden emergency or opportunity calling for ready money that negates the idea that any plan of dealing prompted the original purchase.

Motive

There are cases in which the purpose of the transaction and sale is clearly discernible. Motive is never irrelevant in any of these cases and can be inferred from surrounding circumstances in the absence of direct evidence of the seller's intentions. It is, however, important to appreciate that the "whole picture" must be taken into account, so that the weight to be given to the various factors may vary according to the circumstances. Furthermore, it is important to recognise that any given factor may be present to a greater or lesser degree, and that the absence (or presence) of any single factor is unlikely to be conclusive in its own right.