Bank Levy

Part 9

This document should be read in conjunction with
sections 126AA and 126B Stamp Duties Consolidation Act 1999

Document last updated March 2021

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

1 Introduction

Section 126AA SDCA 1999 provides for a levy on certain financial institutions (known as the bank levy).[1] Since its introduction in 2003, the levy has been extended on several occasions and currently applies to the end of 2021. It is based on the amount of deposit interest retention tax (DIRT) paid by a financial institution in a specified rolling base year. The levy is designed to produce a fixed annual yield of €150m, which means that whenever the base year (and the amount of DIRT paid) changes, the rate of charge must also be changed to maintain this constant yield (see table in section 3 below).

Revenue's Large Corporates Division (Financial Services Banking) is responsible for administration and compliance in relation to the bank levy.

2 Financial Institutions liable to the levy

The levy is payable by a financial institution that:

- was the holder of a banking licence or was a building society in the base year,
- was obliged to pay DIRT in the base year, and
- is carrying on a trade or business in the State, whether a business of taking and holding deposits or not, on the date the return and payment are due for the year.

The levy is not payable where the amount of DIRT paid by a financial institution in the base year does not exceed €100,000.

3 Amount of levy payable

The assessable amount is the amount of DIRT that **should** have been paid by the financial institution in respect of the base year. The amount of the levy payable is a percentage of the assessable amount depending on the base year. The levy is designed to produce a fixed annual yield of €150m which means that whenever the base year (and the amount of DIRT paid) changes, the rate of charge must also be changed to maintain this constant yield. Finance Act 2019 (section 60) increased the rate from 59% to 170% in respect of the base year 2017 for levy payments for the years 2019 and 2020. Finance Act 2020 (section 52) further increased the rate for the current base year 2019 to 308% for levy payments for the year 2021.

The table below shows the levy payable as a percentage of the DIRT payable for each year.

[1] The levy was previously contained in section 126A.

Rate of charge by year

Year payable	**Base Year (year DIRT payable)**	**Rate of charge (% DIRT paid)**	**Return/payment due date**
2014	2011	35%	20 October 2014
2015	2011	35%	20 October 2015
2016	2011	35%	20 October 2016
2017	2015	59%	20 October 2017
2018	2015	59%	20 October 2018
2019	2017	170%	20 October 2019
2020	2017	170%	20 October 2020
2021	2019	308%	20 October 2021

4 Delivery of Statement

A financial institution liable to the levy is required to file a return on or before 20 October in a year showing the assessable amount for the financial institution. The levy is payable on delivery of the return and is paid through the RevPay system.

5 Assessments

Section 126B allows Revenue to make assessments on a financial institution that has failed to file a return, or failed to file a full and true return.

Assessments can be appealed to the Tax Appeals Commission if a return has first been filed and the amount in the assessment has been paid.

6 Levy not allowed as deductible expense

The levy (or any interest or penalties related to the levy) cannot be claimed as a deduction or a credit in computing any other tax or duty.