Bank Levy

Part 9

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

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Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

1 Introduction

Section 126AA of the Stamp Duties Consolidation Act (SDCA) 1999 provides for a levy on certain financial institutions (known as the bank levy). Since its introduction in Finance (No. 2) Act 2013, the levy has been extended on several occasions and it currently applies to the end of 2023.[1]

The levy is calculated by reference to the amount of deposit interest retention tax (DIRT) paid by a financial institution in a specified base year. It 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.

For the years 2022 and 2023, KBC Bank Ireland plc and Ulster Bank Ireland DAC are not liable for the levy. In addition, any deposits that transfer from KBC or Ulster Bank to other financial institutions during 2022 or 2023 are not to be taken into account when calculating the levy payable by those financial institutions for 2022 or 2023. For these reasons, the levy will not produce a fixed yield of €150m for the years 2022 and 2023.

3 Amount of levy payable

The amount of the levy payable is a percentage of the "assessable amount" depending on the base year. The "assessable amount" is the amount of DIRT paid by the financial institution in respect of the base year together with any amount of DIRT that the financial institution should have paid in respect of the base year.

[1] Section 126A SDCA 1999 provided for a bank levy which applied from 2003 to 2005.

The table below shows the levy payable as a percentage of the DIRT payable for each 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
2022	2019	308%	20 October 2022
2023	2019	308%	20 October 2023

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.