Minutes of TALC Direct and Capital Taxes Sub-Committee Meeting

Tuesday 21 April 2026 via MS Teams

2.30pm to 4.00pm

Minutes

Item 1: Minutes from meetings of 27 November 2025 and 26 February 2026

The minutes of the meeting of 27 November 2025 and 26 February 2026 were agreed as final.

Item 2: Matters arising from meeting of 26 February 2026:

a. **Definition of enhancement expenditure:** At the meeting on 26 February 2026, practitioners expressed uncertainty around what qualifies as enhancement expenditure for capital gains tax purposes and made a request for guidance to be updated to include clear examples in this area. Ahead of the meeting, practitioners provided suggested examples for consideration. Revenue noted that aspects of the examples provided related to the issue of whether expenditure is capital or revenue in nature and therefore fall outside the scope of guidance on section 552 of the Taxes Consolidation Act 1997.

   At this meeting, practitioners updated the group on a subsequent discussion on the topic where Revenue outlined that, in the first instance it is necessary to determine if the expenditure in question is revenue or capital in nature. If capital, the need for the expenditure to not only enhance the value of the asset, but also to be reflected in the state of the asset at the time of the disposal was discussed. The deductibility of certain costs of acquisition was also discussed. Any remaining uncertainties should be addressed through MyEnquiries.

   Practitioners were encouraged to submit general examples to Revenue for potential inclusion in the guidance, which is currently being updated to include more contemporary examples in respect of enhancement expenditure. It was agreed that this item can be taken off the agenda.

b. **Dividends paid to a foreign partnership:** At the meeting in February 2026, practitioners requested an update on the status of the guidance outlining that dividends to foreign partnerships could be paid gross in certain circumstances. Revenue confirmed that the updated relevant guidance is being finalised with the relevant confirmation and it will be published shortly. It was agreed that the item would remain on the agenda.

Item 3: Items remaining on the agenda from earlier meetings

a. **Dividend withholding tax deductions and S110 companies**: At previous meetings, the status of the deductibility of foreign dividend withholding tax and qualifying companies for section 110 TCA purposes had been discussed. At the November 2025 meeting, Revenue agreed to share examples on the application of Schedule 24 TCA with committee members, and these were distributed on 21 April 2026. Revenue sought feedback from practitioners on the examples by 22 May 2026. It was agreed that this item would remain on the agenda.

b. **CT1 form - Transfer Pricing documentation requirements for an Irish Branch:** At previous meetings**,** various discussions and feedback has been provided in relation to the proposed updates to the TDM in respect of the transfer pricing documentation requirements for an Irish Branch. At the meeting in February 2026 Revenue stated that all documentation relating to third party transactions needs to be retained to the extent it relates to the profits attributable to the branch. Following the meeting in February, Practitioners and Revenue discussed this further and agreed on the relevant information to be incorporated into the updated guidance which will be published shortly. It was agreed that the item could now come off the agenda.

c. **Leasing Guidance:** In advance of the meeting in November 2025, practitioners had provided written feedback to Revenue in respect of the draft TDM 09-02-01 'Leasing of Machinery and Plant – Scenarios where Section 299(1) Applies.' Revenue confirmed they are still reviewing the feedback and hope to provide an update at the next meeting. The item will remain on the agenda for the next meeting.

d. **Filing requirements for investment limited Partnerships:** Revenue issued a draft of the new TDM on investment limited partnerships in February 2026 with a request for practitioner feedback. Based on feedback provided by Practitioners, Revenue agreed to update the TDM accordingly and confirmed that it was not possible to backdate the administrative change introduced by Finance Act 2025 whereby, for the 2026 year of assessment and subsequent years, a Form 1 (Firms) does not need to be filed where a Form ILP1 has been filed. It was agreed that the item could now come off the agenda.

e. **Partnerships and association for the purposes of certain ATAD measures:** At the meeting in November 2025, Revenue noted plans to update several TDMs for commentary on partnerships. At this meeting, Revenue provided an update on the review of the TDM's and confirmed that the TDM on corporation tax loss relief and transfer of assets within a group are still being reviewed and updated. Revenue issued draft updated guidance on the application of section 247 TCA to partnerships in advance of the meeting in February 2026 which will be discussed under Item 6 below. It was agreed that this item would remain on the agenda.

f. **UK Limited Liability Partnership and meaning of partnership for purposes of the TCA:** Revenue confirmed that the guidance '*Foreign Entity Classification for Irish Tax Purposes'* has been issued incorporating information on the new section 1009A TCA. It was agreed that this item could now come off the agenda.

g. **Application of RCT to a contract where a part of the contract is for a construction operation**:

At previous meetings Revenue had confirmed that RCT is only applicable to the installation element of a ‘mixed contract’, and apportionment is required if there is a single payment for the installation and supply of materials or goods under a 'mixed contract'. Practitioners made a submission to Revenue seeking clarification on a number of aspects of Tax and Duty Manual Part 18-02-01 regarding the application of RCT to mixed contracts and Revenue issued a written response to these queries in advance of the meeting.

At this meeting, Practitioners acknowledged that the published TDM sets out Revenue’s technical position but also highlighted potential practical challenges from this position, noting that difficulties may occur where principals and subcontractors adopt inconsistent treatment.

It was agreed that any challenges or issues arising would be addressed at TALC Audit, TALC Indirect Taxes or other relevant TALC subcommittee meetings as required. Practitioners will consider Revenue’s written response, and it was agreed that this item would remain on the agenda for the next meeting.

h. Interest Limitation Rules and S110 companies: At the meeting on 27 November 2025, practitioners raised a technical issue concerning the application of the ILR to qualifying companies for the purposes of section 110 TCA, whereby the exceeding borrowing costs of the qualifying company is greater than its income. Practitioners outlined that:

a. Sections 835AAD(7) & (8) Taxes Consolidation Act 1997 (“TCA”) generally operate so that where an amount of deemed borrowing costs arise from a disallowable amount and, if not for the interest limitation rule, the deemed borrowing costs would have resulted in the relevant entity incurring a loss or a greater loss, then that deemed borrowing cost is to be treated as a loss.

b. Relief for losses arising in a qualifying company is provided for in Section 110(3)(b) TCA. However, section 835AAD(8) only contemplates loss relief under certain provisions and does not mention that relief is available under section 110(3) TCA.

As a result, section 835AAD(8) does not appear to allow a qualifying company to treat a deemed borrowing cost as a loss in accordance with section 110(3) TCA, even if the conditions in section 835AAD(7) are satisfied.

After the meeting in November 2025, Revenue referred this issue to the Department of Finance, without objection, for comment and to consider if a legislative change was required. At this meeting, Practitioners provided an update on the matter following feedback from the Department of Finance. The Department of Finance confirmed that the issue arose inadvertently in the legislation, and it will be addressed as part of a broader review of Section 110 legislation. This item can now come off the agenda.

Item 4. Capital Tax Issues:

a. **Update to guidance to include commentary regarding the interaction of section 598 and sections 587/586 TCA 1997:** Practitioners requested clarity on whether the Revenue practice outlined in its TDM Part 19-06-03 (Disposals of business or farm on "retirement" (S.598)), can apply to a situation where a newly inserted holding company receives shares, not from the individual directly, but from an existing holding company. This arises where shares in an existing subsidiary are acquired by the new holding company in return for shares issued to the individual shareholder of the existing holding company. Revenue is reviewing this request. It was agreed that this item would remain on the agenda.

b. **Stamp duty administration matters: In advance of the meeting:** Practitioners raised several stamp duty administrative issues including delays in issuing stamp duty certificates, the issuance of hard copy certificates and suggested enhancements to the eStamping System for Mixed-Rate Share Transfers. In response to the issues raised, at this meeting Revenue read out three relevant statements which are included in appendix one of the minutes for reference. It was agreed that this item can be taken off the agenda.

c. **Capital Gains Tax guidance, (TDM 42-03-01 Deduction from consideration on disposal of certain assets (S.980)):** It was noted that this guidance has been unavailable for some time. Revenue confirmed that, following the conclusion of engagement on related matters at the TALC Collections Sub Committee, the updated guidance will be issued shortly. This item to remain on the agenda for the next meeting.

Item 5: Direct Taxes Issues

Tax and Duty Manual Part 27-01b-02 – 'Irish Real Estate Fund (IREF) Guidance Note': In advance of this meeting, Revenue circulated draft updated guidance which outlines the required documentation to be provided where indirect investors are seeking advance clearance or repayment of IREF withholding tax. Revenue requested feedback from practitioners on the updated guidance. Revenue sought feedback from practitioners on the examples by 22 May 2026. This item to remain on the agenda for the next meeting.

Item 6: Revenue Guidance

a. **Draft Tax and Duty Manual 26-00-02 – 'Taxation of Life Assurance Companies - Old Basis Business and New Basis Business:** At the meeting in February 2026, Revenue confirmed it is appropriate that guidance on this area to be split. At this meeting, Revenue noted that the draft guidance on new basis business was still in progress and confirmed that input from the life insurance industry has been sought. Work is also continuing on the TDM covering old-basis business. It was agreed that the item would remain on the agenda.

b. **Tax and Duty Manual Part 04-06-13 Tax Treatment of Stocklending / Sale and Repurchase (repo) Transactions**: In order to progress the review of the Tax and Duty Manual Part 04-06-13 - Tax Treatment of Stock Lending and Sale and Repurchase (Repo) Transactions, Revenue invited practitioners to make further submissions on the interaction and the broader impact of:
   - the draft Tax and Duty Manuals (TDMs) relating to securities anti-avoidance rules and miscellaneous securities matters that were circulated last year (which also included a proposed update to Tax and Duty Manual Part 02-02-03a - Tax Treatment of Certain Dividends) – these were recirculated after the meeting to facilitate submissions,
   - the stock-lending and repo rules (Chapter 3 of Part 28 of TCA 1997), and
   - the administrative practice included in section 3.1 of Tax and Duty Manual Part 04-06-13 - Tax Treatment of Stock Lending and Sale and Repurchase (Repo) Transactions.

   Revenue noted submissions made should consider (in addition to any other relevant points identified):

   - the impact of these draft TDMs, and,
   - their interaction with the stock-lending and repo rules in the TCA,

   including how the administrative practice affects the application of these rules (and the application of other rules in the TCA where relevant).

c. **Mandatory Disclosure Guidance Notes:** Revenue noted the continued intention to issue an updated draft of this TDM, and an update will be provided at the next meeting. It was agreed that the item would remain on the agenda.

d. **Guidance on Public Private Partnerships':** At the February meeting, practitioners asked whether this guidance would be re-issued, noting that it has been offline for an extended period. Revenue indicated that a new TDM would now be required in this area and requested additional background information to support the request. It was agreed that the item would remain on the agenda.

e. **Stamp Duty Guidance on Consanguinity relief:** At the meeting in February, Practitioners noted that a new TDM on Consanguinity Relief had been published in which an example was replaced noting that the reason for this change was unclear. Revenue confirmed that the TDM reflected its interpretation of the case law. At this meeting, practitioners agreed to consider whether there were specific concerns regarding the new TDM and, if so, to set these out in writing for Revenue's consideration. It was agreed that the item would remain on the agenda.

f. **TDM Part 20-01-02 -Company reconstruction and amalgamation: transfer of assets:** Revenue confirmed that the updated TDM would be issued in the coming days. It was agreed that the item would remain on the agenda.

g. **Tax and Duty Manual Part 08-02-01 - Charges on income for corporation tax purposes:** Details of a proposed partnership section to be included in this TDM had been circulated in advance of the meeting in February 2026. Practitioners noted that the partnership rules are complex and had expected the guidance to provide a more detailed analysis of the specific conditions, particularly in the context of connected parties. Practitioners requested additional time to review the draft section and to provide feedback. It was agreed that the matter would remain on the agenda.

Item 7: Workplan 2026:

The workplan for the committee for 2026 was discussed at the meeting in February 2026. Following those discussions, a revised workplan was circulated to committee members after the meeting. At this meeting, the revised workplan was agreed as final.

Item 8: Update from Residential Zoned Land Tax (RZLT) Subgroup:

The TALC RZLT subgroup met on 30 March 2026, and it was noted that several technical issues were progressed at the meeting. The issues still under consideration include the entitlement to the repayment of penalties where a subsequent judicial review finds in favour of the liable person, and the crystallisation of RZLT where a certificate of compliance is submitted after expiration of planning permission due to bona fide commercial reasons.

The group is preparing a submission setting out the recommended information that should appear on the various printable ROS documents.

At this meeting, Revenue confirmed that it has set up a dedicated property tax branch, managed by Michelle Mangan, amalgamating the policy, legislation and interpretation functions for various property taxes.

Item 9: Update from the Research and Development Subgroup

The Research and Development Subgroup have not met since 18 February 2026. At that meeting, the subgroup discussed proposed changes to TDM 29-02-03 to reflect Finance Act 2025 amendments and the inclusion of additional examples in the guidance. The updated TDM was issued at the end of April 2026.

The next meeting of the subgroup has not yet been scheduled but it is expected to take place in June.

Item 10: AOB:

Practitioners noted that earlier guidance had outlined the underlying tax rates and credits for certain countries, which taxpayers relied on when receiving foreign dividends. Practitioners requested if this guidance has been kept up to date and agreed to submit the request to Revenue in writing.

Attendees at this meeting:

Revenue	ITI	Chartered Accountants Ireland	Law Society
Tom James Anita Cassidy Karen Carey Keith Noonan Aine Gorman Mary Treacy Lynda O'Keeffe Michelle Mangan Roisin Canavan Michael Loftus Rory Noone John Quigley John McGorry Aimee O'Regan David Macauley Karen Drake Sinead McNamara Ken Fleming Nuala Flynn Dave Brennan	Clare McGuinness Fiona Carney Lorraine Sheegar David Fennell Laura Lynch Tom Maguire Cillein Barry	Enda Faughnan (Chair) Ken Garvey Joe Walsh Peter Vale Mairead Hennessy Laura McKeown Noreen Lehane Gearóid O’Sullivan	Maura Dineen Aidan Fahy David Lawless Caroline Devlin

Apologies: [Stephen Ruane]

Appendix One: Stamp Duty matters

1. Delays in Issuing Stamp Certificates

Practitioners are experiencing significant delays in the issuance of stamp certificates due to technical issues arising on Revenue's side. There have been a number of instances of this arising in practice. In one current case, stamp duty returns for a large volume of transfers were filed approximately two months ago. Duty was paid by EFT, and Revenue was notified immediately by email with all relevant Doc IDs. However, the corresponding stamp certificates have still not issued. Practitioners would welcome an update on the nature of these technical issues and expected resolution timelines.

Response

I can confirm that there is no 'general' delay in the issuing of Stamp Duty Certificates.

I can confirm that we are working with colleagues in our ICT&L Division on <u>one</u> EFT case (this may or may not be the case being referred to) where we have a technical systems issue.

We have raised this technical ICT issue via the appropriate mechanisms with our ICT&L colleagues. It is important to note that any ICT fix is categorised/prioritised by our ICT&L colleagues, noting the significant demand on their services for all development work, for example, VAT Mod, banking Mod, Pillar 2 etc.

While we are awaiting a permanent 'fix', we are currently looking to process the case via a workaround which we hope will resolve the issue and allow us to issue the Stamp Duty Certificates. As is the norm, if the 'fix' is successful, Revenue will advise the relevant agent as soon as possible when completed.

In noting the reference to 'a number of instances' regrading Stamp Duty returns not issuing – we are currently dealing with a single case, if there are specific additional cases, please send on details of the case(s) concerned and we can investigate further.

If the issue is the same as that currently being investigated by ICT&L, this is actively being looked at. If it is a different issue, we can examine further.

2. Issuance of Hard-Copy Stamp Certificates and Statements of Liability

Revenue continues to issue hard-copy stamp certificates and statements of liability by post. However, these documents are fully accessible electronically. Given the administrative cost and limited added value of physical copies, Revenue may wish to consider discontinuing the routine issuance of hard-copy documents.

Response:

As a rule, if a filer files electronically, the Stamp Duty certificate/statements of liability issue electronically.

There is a known problem in stamp duty which arises sometimes when filers get a new ROS logon cert and the flag in ITP that specifies whether or not the certs should be issued electronically, gets set to the paper/post option.

However, this resets automatically after a few days and the issue resolves itself. As always, we welcome any suggestions on reducing the administrative burden – if this or any other issues/suggestions are raised, we can investigate and consider suggested changes.
As referenced at 4.1 – there is a high demand on ICT&L resources, all issues referenced have been raised and are listed for development work.

3. Enhancement to eStamping System for Mixed-Rate Share Transfers

Where a share transfer is partly subject to the 15% rate under section 31E SDCA 1999 and partly subject to the 1% rate, the current eStamping system does not provide a mechanism to input the proportion of consideration/value attributable to relevant residential units. Could Revenue consider amending the eStamping system to include a dedicated field for this purpose. This would allow the system to automatically calculate both the 15% and 1% elements and issue a single stamp certificate for the transaction, reducing administrative complexity for both taxpayers and Revenue.

Response

Thank you for your suggestion, Revenue can consider this.

For any ICT development work, we must submit a detailed business case including benefits to be realised. To this end, it would be very useful if we could be provided with examples of instances where this has occurred and an approximate number of cases.

As with any ICT development Revenue must evaluate all aspects of a development including costs, resources and viability of an enhancement.