

TAX AND THE PRIVATE CLIENT – RECENT DEVELOPMENTS

PATRICK KINNANE AND LISA CANTILLON

30 April 2026

TAX RELIEFS AND TRANSACTIONS

TAX ISSUES

- Entrepreneur relief
- Sales proceeds



ENTREPRENEUR RELIEF - HISTORY

- Introduced 2016 – 20% rate and EUR1m gain threshold
- 2017 onwards – 10% rate on EUR1m
- No change in threshold until Finance Act 2025
- 1 January 2026 onwards – 10% on EUR1.5m



ENTREPRENEUR RELIEF - HISTORY

ESTIMATE OF TAX RELIEF CLAIMED

Year	Tax relief (EUR)	Number of claims
2017	81.8m	875
2023	156.7m	1,364

CLAIMS RELATING TO GAINS OF EUR1M OR ABOVE

Year	EUR	Number of claims
2017	166.2m	153
2023	414.4m	367

ENTREPRENEUR RELIEF - CONDITIONS

WHAT ASSETS QUALIFY

- 5% of trading company
- 5% of holding company
- Assets used in a trade / business
- “Trading Group” – all subsidiaries must be 51% and trading



ENTREPRENEUR RELIEF

WHO QUALIFIES?

1. Must own 5% of shares for 3 continuous years any time prior to sale.
2. (i) Director / employee of the company or group company.
(ii) Spend not less than 50% of working time in the service of company (management/technical).
(iii) For 3 continuous years in the 5 years prior to sale.

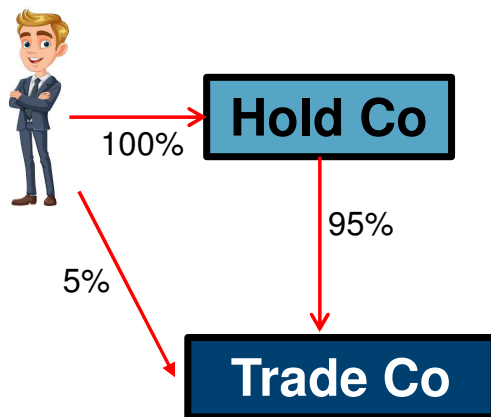
HOW TO MAXIMISE TAX RELIEF

- Get shareholding structure right from the start
- Combine with holding company exemption
- Split shareholding between personal and corporate ownership

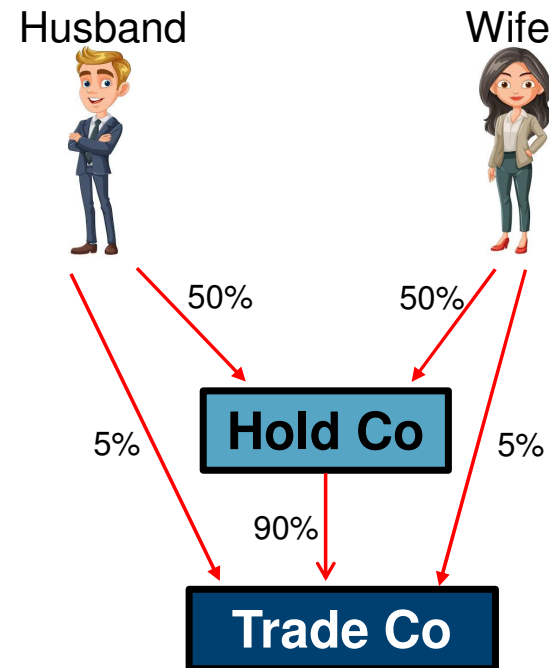


ENTREPRENEUR RELIEF – IDEAL STRUCTURE

One spouse working

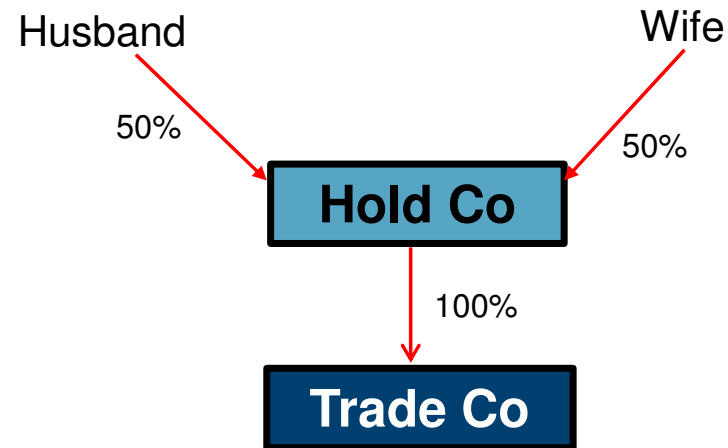


Both spouses working



- Transfer shares to spouse – 3 year holding period for transferee begins on date of transfer.

ENTREPRENEUR RELIEF – HOLDING COMPANIES



- Can Entrepreneur Relief apply?
- If Hold Co sold – Yes
- If Trade Co sold and Hold Co liquidated - No

RESTRUCTURE TO GET “IDEAL STRUCTURE”

- Transfer some shares to a Hold Co
- If company has low value then low tax cost/risk?
- Share for share relief?
- Revenue - current focus on share for share relief claims

WHAT ARE REVENUE LOOKING AT

- 5% holding
- Working time conditions
- Group structures
- Liquidations



ENTREPRENEUR RELIEF – 5% SHAREHOLDING

- Wide definition of ordinary shares
- Examine share capital table
- Based on issued ordinary shares (does not include shares which have no rights other than a dividend at a fixed rate)
- Watch dilution due to investors / venture capital
- Use convertible loans for further investment

ENTREPRENEUR RELIEF – WORKING TIME

- 50% of that individual's working time
- Director's fees to spouse
- What other employments disclosed on tax return

GROUP STRUCTURES

WATCH OUT FOR

- Dormant subsidiary
- Investment subsidiary
- Non 51% trading subsidiary
- Remove such companies or make submission to Revenue pre-sale

ENTREPRENEUR RELIEF - LIQUIDATIONS

- Can apply by Revenue concession
- Must trade up to the date the liquidator is appointed
- Investment of “surplus cash” – could negatively impact relief



COMPANY SALES

COMPANY SALES

What are we seeing

- Private equity
- Foreign (US) purchasers
- Structure of deal



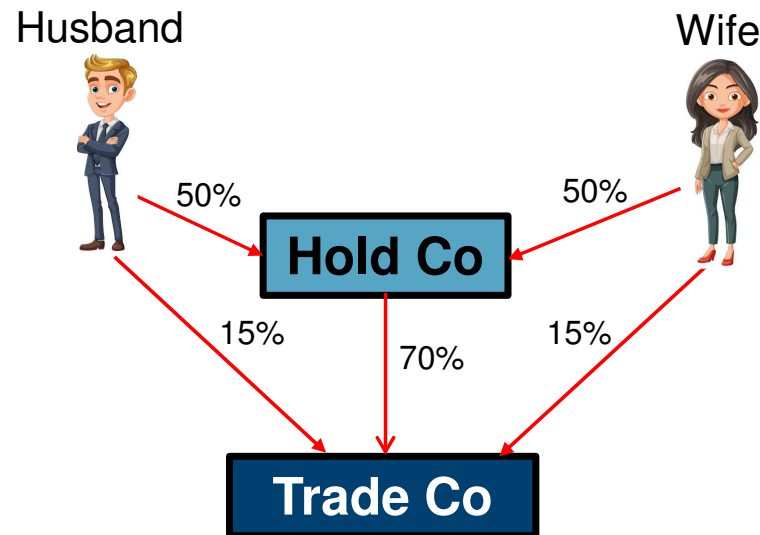
COMPANY SALES - PROCEEDS

- Upfront cash payment
- Deferred payments / earn out
- “Reinvestment” shares

COMPANY SALES – DEFERRED PROCEEDS

- Cash flow disadvantage
- Solutions?
- Earn out shares or put and call options
- Impact on tax reliefs

COMPANY SALES – IDEAL STRUCTURE



- Trade Co sold for EUR10m
- Husband and wife each receive EUR1.5m – tax 10%
- Hold Co receives EUR7m – no tax
- Total tax – EUR300,000

COMPANY SALES - PROCEEDS

-	Initial sale payment	60%
-	Earn out / deferred	20%
-	Reinvestment shares	20%
-	Lock in period	2 to 3 years

COMPANY SALES – “IDEAL STRUCTURE”

Upfront payments – 60% of proceeds

		Tax
	Husband receives EUR900,000	10% - EUR90,000
	Wife receives EUR900,000	10% - EUR90,000
	Hold Co receives EUR4.2m	0%

COMPANY SALES – “IDEAL STRUCTURE”

Earn out/re-investment shares – 40% of proceeds

	Husband max value EUR600,000
	Wife max value EUR600,000
	Hold Co max value EUR2.8m

EARN OUT / SHARES – 40% OF PROCEEDS (EUR4M)

MAX TAX RELIEFS

NO TAX RELIEFS

Husband	EUR60,000	EUR198,000
Wife	EUR60,000	EUR198,000
Hold Co	Nil	EUR924,000
Total tax	EUR120,000	EUR1,320,000

EARN OUT / DEFERRED PAYMENT

- Trigger max gain on sale to maximise tax reliefs
- Potential cash flow issue

CAUTION:

- “Earn out” can be an asset
- Entrepreneur relief / holding company exemption?
- Earn out shares – entrepreneur and holding company exemption?



REINVESTMENT SHARES

- Reinvestment or share exchange
- Will conditions for entrepreneur relief on future sale
- Holding company exemption – 5% shareholding within 2 years of sale
- US entities

KEY POINTS

- Get correct share structure in place early
- SPA – structure sale proceeds correctly



TOPICAL TAX MATTERS

WHAT IS KTA TAX SEEING?

- Influx to Ireland – relocations and returning Irish; emerging trends?
- Structuring tax efficiently pre and post residence
- Irish residents with foreign assets and foreign structures

FAMILY MOVING TO IRELAND

- Josh and Catherine
- Two kids and one on the way
- Josh (36) US domiciled, US citizen
- Catherine (36) Irish domiciled
- Catherine has a US business
- Josh – investment manager
- Foreign assets and foreign structures



POSSIBLE TRAP BEFORE MOVING

- Figure out when Irish tax residence will be triggered (183/280 days)
- Josh and Catherine plan to move to Ireland in April 2026
- Restructuring needs to be done before 31 Dec 2025
- Cannot be tax resident for part of a tax year!
- Change of plan, arrival date delayed to August 2026



IMPACT OF DOMICILE FROM 1 JANUARY 2027

GIFT AND INHERITANCE TAX

- Catherine – 1 January 2027
- 5-year rule (Josh and children)
- Window for gifts
- Assets located outside Ireland

INCOME TAX AND CGT

- Catherine – worldwide income and gains
- Josh – Irish income and gains, plus foreign remittances*

JOSH AND CATHERINE - PLANNING

1. The family home
2. Estate planning – future proofing
3. Foreign structures



HOW TO BUY A HOME TAX EFFICIENTLY

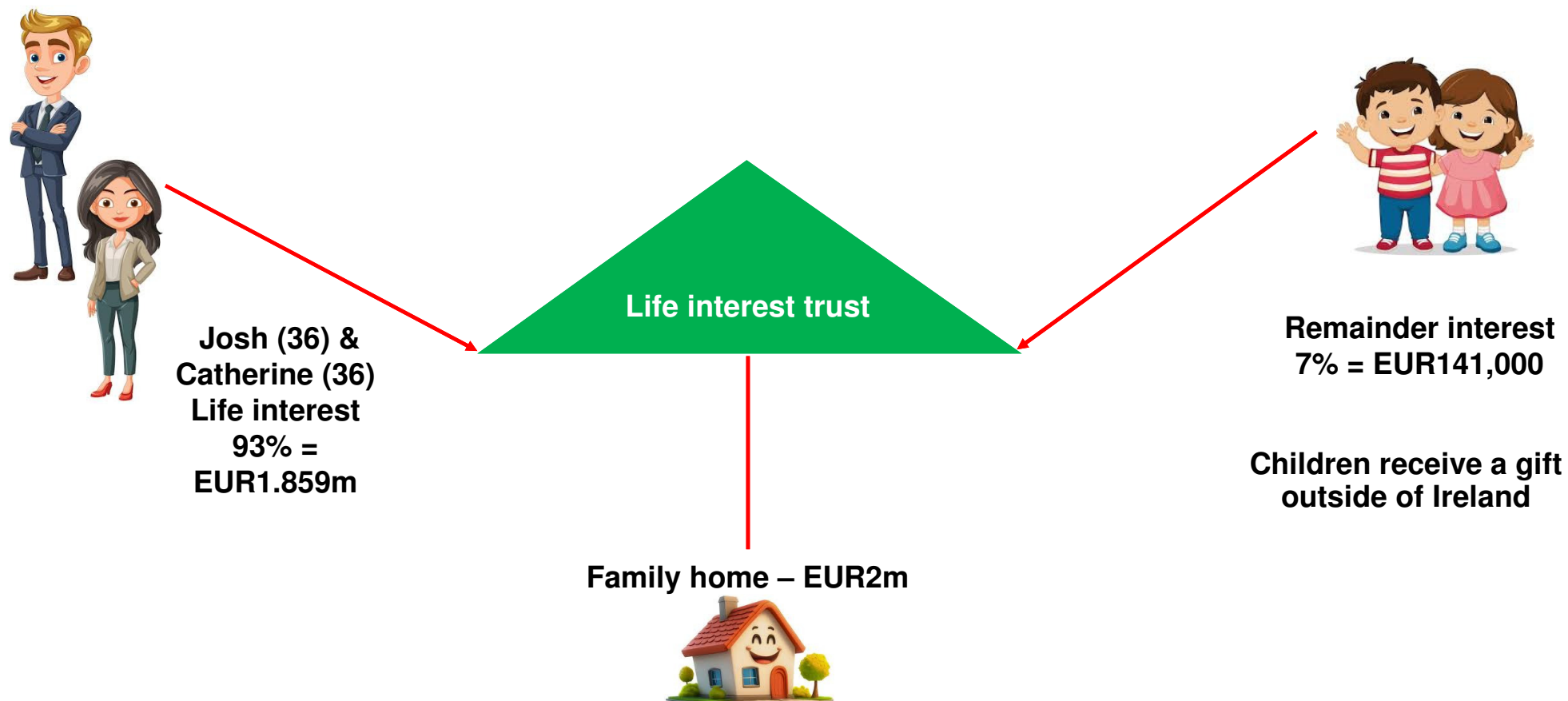
PURCHASING A HOME TAX EFFICIENTLY



The family home - EUR2m



TRUST BUYS THE HOME



LIFE INTEREST TRUST

- No CAT on death
- Right to live in the home is retained during parent's lifetime
- Documentation and cashflow critical
- Bare trust for minors
- Catherine is pregnant – consider purchasing house directly?

MORE ESTATE MATTERS

JOSH'S INHERITANCE FROM HIS FATHER

- Josh is US domiciled but now lives in Ireland
- Josh resident in Ireland > 5 years = CAT?
- His father, Bill, is based in the US, Josh will ultimately inherit from him
- Bill's estate is worth USD10m
- Application of Ireland - US Estate Tax Treaty



ESTATE TAX TREATY EXEMPTION: ARTICLE IV (2)

Inherit under US Will from US domiciled person – exempt under Treaty if:

- Bill has a Will governed by the laws of the US
- The property is situated outside Ireland
- Bill must be a US citizen having died domiciled in some part of the US

INHERITANCE FROM GRANDAD

- Exemption may not be available for Josh to his children, why?
 - Josh may not retain US domicile



- Skip a generation?
- Consider leaving direct from Josh's father, Bill, to the grandchildren

FOREIGN INVESTMENTS & ENTITIES

FOREIGN ENTITIES

U.K.	• Individuals Savings Account (ISA) • Personal Equity Plan (PEP)
U.S.	• LLCs, LLPs • US PFIC issues • IRA, Roth IRA, 401(k)... plans
FRANCE/BELGIUM/UK	• Life Assurance Policies • No Remittance Basis
EU/EEA/OECD FUNDS	• Income tax on death (includes spouse) • No remittance basis
BANK ACCOUNTS	• Structuring of accounts for remittance basis • Exchange gains

FOREIGN ENTITY CLASSIFICATION REVENUE MANUAL

Stage 1: Analysis:

- Determine entity characteristics, rights and obligations under foreign law

Stage 2: Application:

- Apply Irish law concepts to assess if the entity aligns with a company or partnership

☐ *Catherine's business is structured as a US LLC*

☐ *Ireland will tax and US will tax – double taxation. Issue?*

CATHERINE RETURNS TO IRELAND – IMPACT?

- Credit entitlement?
- How will Ireland treat the LLC, corporate entity or partnership?
- Need to tax same profits to get credit - Ireland/US DTA: Article 24(4)(a)
- Requires entity to be resident for the purpose of the Treaty
- If Catherine “*checked the box*” in the US, the Treaty looks to the individual
- Possible credit mismatch between corporate and individual

CATHERINE'S LLC – IRISH TAX TREATMENT

- LLC agreement is key; what does it say?
- Profits allocation: does it belong to the members, or does it belong to the LLC?
- LLC agreements states profits belong to members from outset
- FA 2025: New section 1009A – Foreign Corporate Body

POSSIBLE SOLUTION TO AVOID MISMATCH

- Insertion of a US company above the LLC
- Now a corporate entity for the purpose of the Treaty
- Credit now in play

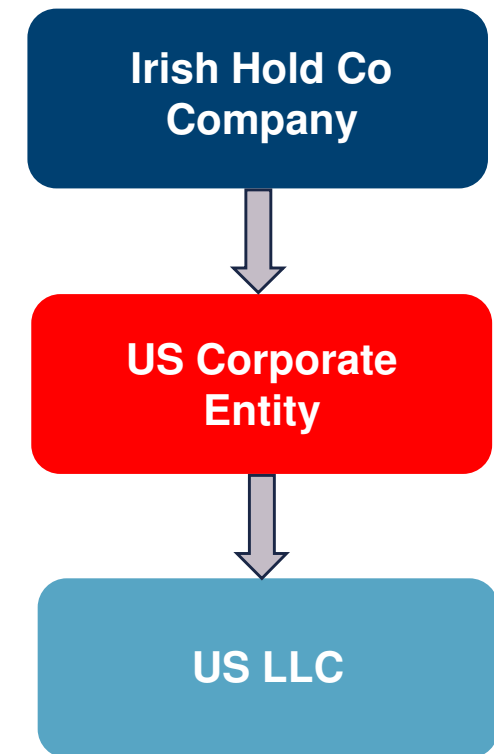
**US Corporate
Entity**



US LLC

EVEN BETTER!

- Insert Irish Hold Co
- May provide an exemption for any payments between the US company and Ireland
 - *CGT exemption – 626B*
 - *Dividend exemption 831B*



QUESTIONS?



THANK YOU