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Mind the Gap 2026: Country fiche – Ireland

Accompanying the document

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Mind the Gap 2026: Boosting public finances through joint efforts to reduce tax gaps and improve compliance

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Country fiche: Ireland

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Ireland excels in tax compliance and arrears management through digitalisation and transparency.** In 2024, Ireland maintained a very low stock of tax arrears, though collectable arrears saw a notable increase. Ireland uses AI and automation to streamline risk assessment and compliance, supported by comprehensive digital tools, including a virtual assistant for taxpayer queries, while the compliance risk management system prioritizes public transparency.

  Ireland's estimated CIT compliance gap is among the lowest in the EU, but national analysis could help identify residual risks. Commission estimates put Ireland's CIT compliance gap at around 0.7% of collected CIT revenues, well below the EU average of 9.2%. While this points to strong overall CIT compliance, Ireland does not currently produce national CIT gap estimates. More granular analysis could help identify specific pockets of compliance risk, including in high-risk sectors, taxpayer segments or cross-border arrangements. Irish tax revenues depend heavily on few foreign-owned MNE subsidiaries, with 57% of CIT revenues coming from only ten large foreign multinational enterprises.

Areas for Improvement

- **While Ireland has a transparent evaluation framework for tax expenditures, the approach to distinguish tax expenditures from structural provisions is subject to future review.** Tax expenditure identification is based on a template of five questions where the relevance of each question for the decision if a provision is a tax expenditure or part of the benchmark system. Ireland could improve fiscal transparency by including more provisions in the tax expenditure reporting or alternatively extending their monitoring and evaluation to structural provisions.

1. Introduction and policy context

1.1. Snapshot of the tax system

Ireland's tax base is concentrated and relies heavily on corporate income taxes (CIT). Ireland has the lowest tax-to-GDP ratio in the EU (21.7% in 2024, significantly lower than the EU-average of 39.4%) ([1]), although in the case of Ireland this ratio is distorted given the disproportionate impact of multinational activity and foreign direct investment (FDI) flows on GDP ([2]). Considering the structure of tax revenue by economic base, while revenues from labour (41.3% of total) and consumption (25.7%) are relatively low, Ireland obtains an unusually high 33.0% of its total tax revenue from taxes on capital ([3]), making it the highest in the EU. In particular, CIT made up 23.2% of total tax revenue in 2024, 15.2 percentage points (pps) above the EU average and a noteworthy 14.9 pps increase since 2014. 88% of corporate tax liabilities stem from foreign multinationals, while their share in employment is 37%. By contrast, for non-multinationals in Ireland the proportions are 8% and 51%, respectively. In 2025, 59% of CIT revenues come from only ten large multinational enterprises (MNEs) ([4]). The growing reliance on a low number of taxpayers, as well as sectoral concentration in pharmaceuticals, poses significant vulnerability on Ireland's economy, as it exposes its economy to volatile political and economic global trends, corporate restructuring, or sector-specific downturns, undermining fiscal stability ([5]).

This imbalance has prompted numerous recommendations for Ireland to diversify its economy. The imbalances in the tax mix led the IMF to urge Ireland to broaden its tax base in order to reduce exposure to global economic shocks and policy shifts which constitute 'significant downside risk to [Ireland's] growth outlook' ([6]), as did the OECD ([7]). In the same vein, a long-standing country-specific recommendations (CSR) by the Council to reduce the risks related to the high concentration in Ireland's tax revenue has been reiterated in 2026 ([8]).

Dependency on US MNEs has increased since 2020 and is partly beyond the control of the Irish authorities. Much of this has to do with tax measures taken in the US. For example, outbound royalty payments amount to about half of GNI* each in 2024, and 85% of these payments go to the US ([9]). This situation was triggered by Irelands increasing effort to combat tax base erosion through national reforms such as the abolition of the residency rules that facilitated

[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2026 (reference year 2024), which are produced by DG Taxation and Customs from ESA table 9 and National Tax List data, as collected and validated by Eurostat. The 2027 edition (reference year 2025) will be published in the first quarter of 2027. Recent Eurostat release shows a tax-to-GDP ratio of 22.1% in 2025, compared to an EU average of 39.7% (data of 30/10/2026 on [GOV_10A_TAXAG]).

[2] For a better proxy of the actual size of Ireland's economy, the authorities have created the indicator modified GNI (GNI*), that excludes certain FDI elements and was in 2024 43% lower than the standard GDP. Using this denominator, Ireland's tax revenue reached 39.5% of GNI* in 2024, much closer to the EU average.

[3] Taxes on capital include taxes on income of corporations (CIT), income of households, income of self-employed and taxes on the stock of capital.

[4] Corporation Tax - 2025 payments and 2024 returns.

[5] European Commission: Directorate-General for Taxation and Customs Union, Guerzoni, B., Neher, F. and Pérez-Aranda, L. (eds), Annual report on taxation 2026 – Review of taxation policies in the EU Member States, Publications Office of the European Union, 2026, https://data.europa.eu/doi/10.2778/9336135

[6] 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Ireland. https://www.elibrary.imf.org/view/journals/002/2025/128/002.2025.issue-128-en.xml?cid=567588-com-dsp-crossref.

[7] OECD (2025), OECD Economic Surveys: Ireland 2025, OECD Publishing, Paris, https://doi.org/10.1787/9a368560-en.

[8] https://data.consilium.europa.eu/doc/document/ST-11119-2026-INIT/en/pdf.

[9] Eurostat Balance of Payment Statistics.

the 'Double Irish' structure. ([10]) However, it was also triggered by tax reforms in the US, namely the Tax Cuts and Jobs Act of 2017 (TCJA) which marked the start of the largest overhaul of the US corporate tax system in decades. TCJA started having an impact from 2020 on. TCJA has lowered corporate tax rates in the US especially for US-MNEs and introduced the Intangible Low-Taxed Income, a low tax on certain income of US-MNEs' foreign subsidiaries (GILTI). ([11]) Importantly, it has also abolished the possibility of deferral for taxation in the US for income from foreign subsidiaries' intangibles. As a result of these changes, US MNEs would have less of an incentive to keep those intangibles in no-tax jurisdictions but repatriate them back to the US ([12]). In line with it, royalty outflows to the US have significantly increased – from EUR 10 billion in 2019 to EUR 140 billion in 2020.

The redistributive effect of the tax-benefit system in Ireland is the highest in the EU. Despite Ireland's very low tax-to-GDP ratio, the tax and benefit system reduces inequality effectively: the Gini coefficient ([13]) is being reduced by 14.0 pps (2024), the highest in the EU (average of 7.8 pps). Moreover, labour taxation is among the most progressive in the EU, as the difference in the tax wedge ([14]) between 50% and 167% of average wage is one of the largest (23.0 pps, 10.5 pps above the EU average). The tax wedge is below the EU average at all earnings levels, particularly at the lowest ones. As a result, Ireland has a relatively low-income concentration, as the income quintile share ratio (S80/S20) was 3.89 in 2025 (income reference year 2024), well below the EU average of 4.62 ([15]). The at-risk-of-poverty and social exclusion (AROPE) rate ([16]) also remains below the EU average (18.8% vs 21.0).

1.2. Tax complexity and simplification measures

1.2.1. Measures of tax complexity

Ireland's tax system appears comparatively less complex by EU standards, with relatively favourable perceptions among taxpayers. Survey-based evidence from the Tax

[10] The 'Double Irish' was a tax avoidance structure which exploited mismatches in the tax residency rules of different countries. These mismatches meant it was possible to create companies that were not tax resident in any jurisdiction. This resulted in a number of MNEs notably incorporating subsidiaries in Ireland that were managed and controlled from low-tax jurisdictions which did not have a concept of tax residence, meaning these entities were effectively stateless for tax purposes. Ireland changed its residency rules from 1 January 2015 to prevent Irish incorporated entities from being stateless (with transitional rules applying for companies incorporated before 1 January 2015 until 2020).

[11] GILIT was replaced in 2026 by the Net CFC Tested Income (NTCI) which streamlined the new tax on foreign earnings. Among other changes, the "net deemed tangible income return" (NDTIR) – a 10% threshold above which a return on foreign assets is to be included in the US tax base – has been removed: How to Calculate GILTI Tax (Now NCTI) on Foreign Earnings (Bloombergtax.com)

[12] The-changing-nature-of-outbound-royalties-from-ireland-and-their-impact-on-the-taxatio.pdf.

[13] European Commission, DG ECFIN calculations based on EU-SILC survey data. A Gini coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income. The difference between the "gross" (excluding pensions from social transfers) and the "net" Gini coefficient, i.e. before and after application of the tax-benefit system, reflects the difference between market income and disposable income.

[14] The tax wedge is an indicator of the tax burden on labour that can be assessed at different earnings levels. It is calculated as the sum of personal income tax, employee social-security contributions, employer social-security contributions and other mandatory contributions, net of cash family benefits where relevant, expressed as a percentage of total labour costs (composed of the gross wage plus employer social-security contributions). Data are based on the EUROMOD model, calculated by the Joint Research Centre of the European Commission. Unless indicated differently, values indicated in this country fiche refer to single earners.

[15] The income quintile ratio (S80/S20) is a headline indicator in the EU Social Scoreboard used to monitor income inequality. It measures the ratio between the total equivalised disposable income received by the top 20% of the population and the bottom 20%.

[16] Share of people living in households experiencing at least one of the three poverty and social exclusion risks: risk of poverty, severe material and social deprivation, and/or living in a household with very low work intensity.

Complexity Index (TCI) places Ireland among the least complex systems of the EU distribution, ranking 5th among Member States. The underlying components of the TCI suggest that complexity is driven more by the tax code than by administrative procedures ([17]). Citizen perceptions are comparatively positive: 47% of respondents report that completing their tax return is easy, close to the EU average, while reliance on professional assistance remains relatively limited at 5% ([18]).

Legislative activity was comparatively high in recent years. Ireland recorded 21 tax changes entering into force or announced in 2025, compared with an EU average of around 14 ([19]). This follows 33 tax changes in 2024, 39 in 2023 and 15 in 2022, with legislative activity typically exceeding the corresponding EU average in each year. A large share of the reforms from 2025 relates to measures supporting investment and business activity. Examples include amendments to the R&D tax credit, enhanced corporation tax deductions for apartment construction, extensions of accelerated capital allowance schemes for energy-efficient equipment and gas vehicles, as well as changes to VAT, housing taxation and environmental taxes. While many of these reforms pursue coherent policy objectives – supporting investment, innovation, housing supply and the green transition – they nevertheless require businesses to adapt in the short-term to a broad range of new tax provisions ([20]). The relatively high level of legislative activity may therefore increase short-term compliance costs, particularly for firms making use of the various incentive schemes.

Demand-side indicators provide additional context. The accounting, bookkeeping and tax consultancy sector accounts for around 0.3% of gross operating surplus, well below the EU average of 0.9% ([21]). While this indicator is influenced by several factors, demand for specialised tax and accounting expertise seems comparably low in Ireland ([22]). Taken together, the evidence suggests that Ireland combines relatively accessible tax administration with a relatively sophisticated corporate tax environment.

1.2.2. National simplification efforts

The Revenue Commissioners has established a modern system of digital tools designed to facilitate compliance. Taxpayer portals for all tax categories are in place. The Revenue Online

[17] The Tax Complexity Index (TCI), developed under the Global MNC Tax Complexity Project, measures the complexity of countries' corporate income tax systems as faced by multinational firms. Based on survey data from tax professionals, it captures both the complexity of tax rules (tax code) and administrative procedures (tax framework), with values ranging from zero (not complex) to one (extremely complex).

[18] European Commission (2025), Flash Eurobarometer 562: Citizens' attitudes towards taxation, fieldwork conducted between 9 and 17 April 2025. Available at: https://europa.eu/eurobarometer/.

[19] The information is based on the tax measures reported by national administrations in the Joint OECD-European Commission Annual Tax Policy Reform Questionnaire, by aggregating and processing the responses received to the 2026 questionnaire. Responses to the 2026 questionnaire are relative to tax policy measures self-reported by the Member States that were implemented, legislated, or announced in each country between 1 January and 31 December 2025. While comprehensive, the list of tax measures is non-exhaustive.

[20] The Irish Revenue Commissioners provide extensive guidance to taxpayers through their Tax and Duty Manuals and other information available on their website. Changes to tax legislation are generally accompanied by updated guidance explaining the application of the new provisions, which can help taxpayers and businesses adapt to legislative changes and mitigate associated compliance burdens.

[21] A higher share of gross operating surplus indicates that the accounting, bookkeeping and tax consultancy sector generates a relatively larger share of operating profits and value added in the economy. While not a direct measure of tax complexity, it may point to a comparatively important professional services sector and, indirectly, to greater demand for specialised tax and accounting expertise.

[22] While some cross-border provision of accounting, tax consultancy and related services may be captured through imports and exports of services, available evidence suggests that such flows are relatively limited. In particular, data from the Eurostat's EU inter-country supply table at basic prices (reference year 2023) indicate that cross-national transactions in these services represent only a small share of overall activity, if any, suggesting that their impact on the interpretation of domestic sector size is likely to be limited.

Service (ROS), including the *myAccount* portal ([23]), is a single access point for all Revenue's secure online service available for different tax types. *MyEnquiries* is an electronic communication portal for interactions with The Revenue Commissioners ([24])**.**

1.3. Measures of the non-observed economy and the shadow economy

Estimates of economic activities outside the formal economy are relevant for assessing tax gaps. The non-observed economy (NOE) is an official figure provided by national statistical authorities estimating all economic activities that may not be captured in the basic data sources used for compiling national accounts. It includes underground, informal, illegal, and household self-use production, as well as activities missed due to imperfect data collection ([25]). The shadow economy is an analogous but narrower concept— used in the economic literature and measured via macroeconomic models — that usually encompasses only legal, market-based productive activities deliberately concealed from public authorities to evade taxes or regulations. Due to limitations and methodological differences between the two approaches, model-based estimates of the shadow economy paradoxically often turn out to be considerably higher than NOE-based estimates.

The non-observed economy seems relatively small in Ireland. Recent data from official sources ([26]) allow to estimate the size of the non-observed economy (NOE) in Ireland at 0.7% of GDP for 2021. Ireland thus records a NOE much lower than the EU average (7.4% of GDP) ([27]).

Different models produce substantially different estimates for the shadow economy, reflecting the complexity of making such estimations. As in most EU Member States, model-based estimates of the shadow economy for Ireland are higher than the non-observed economy estimate discussed above. In 2022, the shadow economy in Ireland represented 10.1% of GDP, according to estimates by Schneider and Asllani for the European Parliament ([28]). This ratio is 7.5 pps below the EU-27 average and it has decreased compared to 2003 (15.4% of GDP). The report also indicates that indirect taxes and self-employment are the main drivers of the shadow economy in Ireland. Several other studies provide estimates of similar magnitude for the size of the shadow economy ([29]). However, using a currency demand approach (CDA), a recent study by EY ([30]) reports lower estimates for the Irish shadow economy at 5.1% of GDP in 2023 (EU average 7.9%), down from 7.2% in 2000 (EU average 13.2%).

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[23] https://www.revenue.ie/en/online-services/services/myaccount/help-guides/index.aspx

[24] https://www.revenue.ie/en/online-services/services/myaccount/myenquiries.aspx

[25] Statistical deficiencies (N7) are related to incomplete, not collected or not directly collectable data. See Fernandes, A. (2025), The non-observed economy in the national accounts: New evidence for EU and EFTA Member States - available at https://www.sciencedirect.com/science/article/pii/S0313592625000712 - for the definitions of the other components of NOE: Producers deliberately not registering (N1); Illegal economy (N2); Producers not required to register (N3); Registered legal persons not surveyed (N4); Registered entrepreneurs not surveyed (N5); Producers deliberately misreporting (N6). Informal economy = N3+N4+N5. Underground economy= N1+N6. In other words, the informal economy specifically covers unregistered or small-scale unincorporated enterprises run by households.

[26] For data and documents used for calculations by TAXUD, see Section 1.3 "Measures of the non-observed economy and the shadow economy" in European Commission (2026) in Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

[27] The (unweighted) EU average does not include Luxembourg, which has not yet sent data to EUROSTAT.

[28] This study uses a MIMIC approach (Multiple Indicator Multiple Cause). European Parliament (2022), Taxation of the informal economy in the EU. Study available at: https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf.

[29] See Fernandes op. cit. (2025) for an overview of various studies.

[30] The report is available at https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/tax/documents/ey-gl-shadow-economy-report-02-2025.pdf.

2. Compliance tax gaps

2.1 Overview

Ireland does not estimate a tax gap for the Irish taxation system. The Irish tax authority (the Revenue Commissioners) has expressed broad reservations on existing tax gap methodologies and the estimates ([31]).

While Revenue does not estimate a tax gap, it does undertake analysis of potential tax losses associated with specific activities or sectors of the economy where compliance issues are identified. For example, it has recently performed analyses on the tobacco trade, deposit interest retention tax receipts, and compliance within the construction sector, believing such a targeted approach allows it to address compliance and tax loss issues more effectively. In addition, while Revenue does not estimate a general tax gap for the Irish tax system, individual Revenue Divisions analyse their customer base on an ongoing basis to identify compliance risk and inform their strategies to confront non-compliance. Revenue's customers are allocated to different Divisions based on specific criteria. This ensures that each customer is managed by staff with the appropriate expertise, and that high-risk cases can be actioned appropriately.

2.2 Compliance tax gaps in VAT

For 2023, the VAT compliance gap ([32]) in Ireland was estimated at around 8% of the VAT Total Tax Liability (VTTL) ([33]), or approximately EUR 2 billion. It saw a sharp increase of 6 pps compared to 2022 and increased by nearly 3 pps compared to the 2019 level ([34]). Ireland's VAT compliance gap remained below the EU average of 9.5% in 2023. This rise was linked to a decline in the growth in consumption of easily taxable, low risk goods (such as food and non-alcoholic beverages), an increase in the share of services in GDP, and a rise in bankruptcy declarations.

Several measures have contributed to VAT compliance in Ireland. These include the increased use of e-invoicing and digital payments, a new Automated Import System (AIS) extending administrative import control capacity, the abolishment of the low-value import VAT exemption, and the VAT Import One-Stop Shop (IOSS) reporting system for transactions from outside the EU.

The Revenue Commissioners is introducing VAT modernisation through a phased approach, giving businesses time to prepare, transition, and adapt to e-invoicing before the mandatory EU VAT in the Digital Age (ViDA) deadlines ([35]). In Phase 1, from November 2028, large corporates registered for VAT will be required to implement mandatory e-invoicing and real-time reporting for domestic business-to-business (B2B) transactions. Phase 2, from November 2029, will expand these obligations to VAT registered businesses who engage in cross-border EU B2B trade, subject to a zero-rate VAT arrangement. Phase 3, from July 2030, will see the full implementation of EU ViDA requirements for all cross-border EU B2B transactions.

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[31] Parliamentary Question (126) to the Minister for Finance, 12 February 2025, available at https://www.oireachtas.ie/en/debates/question/2025-02-12/126/.

[32] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

[33] The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

[34] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[35] https://www.revenue.ie/en/vat/vida-vat-modernisation/index.aspx.

2.3 Compliance tax gaps in corporate and personal income tax

There are currently no detailed CIT or personal income tax (PIT) compliance gap estimates computed in Ireland. The Revenue Commissioner's Code of Practice ([36]) prioritise positive engagement with taxpayers which makes risk-driven interventions less frequent. Revenue aim to foster a culture of voluntary compliance and to assist taxpayers who face genuine difficulties in meeting their tax obligations. Taxpayers who engage with Revenue are provided with a range of tools and supports to facilitate payment. Non-compliance is addressed through Revenue's Compliance Intervention Framework (CIF), which is set out in their Code of Practice. The graduated response to taxpayer behaviour ranges from opportunities to voluntarily correct mistakes up to the pursuit of criminal sanctions for cases of serious fraud or evasion.

European Commission estimates suggest a very low CIT compliance gap in Ireland. Based on a methodology developed by the Joint Research Centre which relies on a top-down approach using national accounts data and estimates of the non-observed economy produced by national statistical offices, the CIT compliance gap of Ireland is estimated at around 0.7% of collected CIT revenues based on 2025 data ([37]). Based on the same methodology, the (unweighted) average CIT compliance gap is 9.2% of collected CIT revenues across all Member States. The estimate for Ireland is therefore substantially below the EU average and among the lowest estimated levels across Member States.

2.4 Other compliance tax gaps

The Commission continues its work on excise gap estimation, developing and scrutinising methodologies with experts from over 20 Member States, with the aim of delivering more robust estimates that better support policy and operational work. This work also illustrates Member States' growing engagement in the field.

Ireland does not estimate an overall compliance tax gap for excise duties, but the Revenue agency, in conjunction with the health service, commissions annual surveys estimating consumption of non-Irish duty paid tobacco ([38]) ([39]). Further, the country demonstrates an interest in strengthening EU cooperation on excise matters through its participation in the FISCALIS project group on Excise gap and Risk.

Ireland does not publish any information on possible other compliance tax gaps. There are no official programmes or published figures for compliance gaps related to other tax measures.

[36] https://www.revenue.ie/en/tax-professionals/documents/code-of-practice-revenue-compliance-interventions.pdf.

[37] European Commission estimates are based on a top-down methodology for approximating CIT compliance gaps using national accounts data. The approach relies on exhaustiveness adjustments made by national statistical offices to Gross Operating Surplus, Gross Value Added and Gross Domestic Product in order to account for non-observed economic activity in the compilation of GNI. The method provides a harmonised proxy for domestic underreporting of corporate income, but does not capture all sources of CIT revenue losses, in particular those related to international profit shifting or other forms of legal tax optimisation. For further information on the data sources, underlying assumptions and methodological caveats, see Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

[38] Revenue tobacco consumption surveys

[39] National Risk Assessment 2026, p. 76-77

3. Policy Tax Gaps

3.1 Tax expenditure reporting and evaluation

Ireland provides information on revenues forgone from tax expenditures in an annual Report on Tax Expenditures ([40]). The purpose of this report is to provide a reference point for tax expenditures in Ireland and facilitate a better understanding of tax expenditures and their role within the taxation system.

Reported tax expenditures in Ireland are equivalent to 2.9% of GNI*, or 9.3% of total tax revenue. Some 122 tax expenditures are reported, resulting in revenues forgone of EUR 9.8 billion in 2025 ([41]). The ten costliest tax expenditures caused revenues forgone of about EUR 7.3 billion, around 75% of the total revenue forgone ([42]).

However, the definition of tax expenditure does not cover a number of important tax relief measures. A definition for Tax Expenditure exists in Irish legislation: "*a transfer of public resources that is achieved by (a) reducing tax obligations with respect to a benchmark tax rather than by direct expenditure, or (b) provisions of tax legislation that reduce or postpone revenue for a comparatively narrow population of taxpayers relative to the tax base*" ([43]). This definition excludes "structural reliefs". For example; some measures of income tax reliefs are excluded from the definition of tax expenditure especially if they are longstanding i.e. in place for 15 years or more. These are deemed to be an integral part of the tax system and therefore part of the "benchmark tax" itself.

Ireland uses a template to identify tax expenditures. Distinguishing between tax expenditures and structural provisions which are part of the benchmark is a challenge all countries grapple with. Some countries have decided to report on all tax provisions which mitigates the problem to some extent. Following analysis of international best practise, Ireland has developed a template to identify tax expenditures versus provisions belonging to the benchmark. A provision is considered a tax expenditures if the majority of five questions is answered affirmative: (1) Does it address a current market failure?; (2) Has it been reviewed?; (3) Is it likely to be revoked?; (4) Is the economic/social rationale unlikely to exist for the foreseeable future?; (5) Has it been in place for less than 15 years? ([44]). While Ireland is one of few jurisdictions to attempt to categorise tax expenditures, further elucidation on how these criteria are relevant for the definition of tax expenditures or the designation of provisions as structural may be needed.

Forgone revenues of tax reliefs not included in the definition of tax expenditures are important in quantitative terms. Most recently, the Revenue Commissioners published data on the cost of tax expenditures ([45]), adding also the costs of "other credits, allowances and reliefs" not included in the tax expenditure definition in Ireland. The rationale behind the inclusion of "other credits, allowances and reliefs" is to provide additional support and transparency for users who seek

[40] Department of Finance, Tax Expenditures in Ireland – 2026 Report, available at: 2026 Tax Expenditures Report.
[41] These figures do not coincide with the estimates of the VAT rate gap and national policy-driven VAT exemption gap produced under DG TAXUD's VAT gap in Europe study and presented in section 3.2. This is due to differences in the scope of measures considered, as well as in the methodology applied.
[42] Ibidem.
[43] S.I. No. 508/2013.
[44] See updated guidelines on tax expenditure evaluation at https://assets.gov.ie/static/documents/86fd53de/Tax_Expenditures_Evaluation_-_Updated_Guidelines.pdf.
[45] https://www.revenue.ie/en/corporate/information-about-revenue/statistics/tax-expenditures/cost/index.aspx.

statistical information on other aspects of the tax system which are not defined as a 'tax expenditure'. These measures result in more forgone revenues than those calculated for tax expenditures. There is a total of 108 "other" measures included on the tables published by The Revenue Commissioners. Table 1, below, shows the cost of the three largest measures since 2016.

Table 1: Tax relief measures not included in the "tax expenditures" definition (million EUR)

	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Capital Allowances Used (Total)	**7,831**	**8,166**	**9,466**	**10,430**	**9,960**	**12,790**	**13,184**	**10,542**	
(in percent of GNI)*	*5*	*4*	*5*	*5*	*5*	*6*	*5*	*4*	
(in percent of total tax revenue)	*12*	*12*	*13*	*13*	*13*	*14*	*12*	*9*	
Stamp relief on "Intragroup Transactions"	**9,195**	**16,815**	**12,560**	**16,185**	**35,275**	**23,062**	**4,463**	**5,574**	**13,449**
(in percent of GNI)*	*5*	*9*	*7*	*8*	*18*	*10*	*2*	*2*	*4*
(in percent of total tax revenue)	*14*	*24*	*17*	*20*	*46*	*25*	*4*	*5*	
Stamp relief on "Certain Company Reconstructions and Amalgama	**198**	**425**	**273**	**1,708**	**496**	**374**	**486**	**12,268**	**427**
(in percent of GNI)*	*0*	*0*	*0*	*1*	*0*	*0*	*0*	*4*	*0*
(in percent of total tax revenue)	*0*	*1*	*0*	*2*	*1*	*0*	*0*	*11*	

Source: The Revenue Commissioners, Central Statistics Office; *2024 not complete; potential overlaps between categories ([46]) ([47]) ([48]).

Compared to other Member States, tax expenditure reporting in Ireland shows a mixed picture (overall ranked 10th according to the Global Tax Expenditures Transparency Index (GTETI) score). According to the GTETI analysis, transparency in tax expenditure reporting in Ireland is above the EU average overall but exhibits an imbalance across dimensions. Figure 1 depicts the GTETI results for the five dimensions analysed in comparison to EU averages ([49]). Maximum value for each dimension is 20. Ireland performs above the EU average on 'Public Availability', 'Methodology and Scope', and 'Tax Expenditure Assessment'. However, Institutional Framework is below the EU average (12.67 vs 14.19), and 'Descriptive Tax Expenditure Data' is below the EU average (8.27 vs 11.28), indicating limited information on policy objectives. The strong performance on 'Public Availability' reflects regular annual publication, timely data, reader-friendly presentation. The strong performance on 'Tax Expenditure Assessment' reflects granular provision-level revenue forgone data, an evaluation framework, ex-post evaluations.

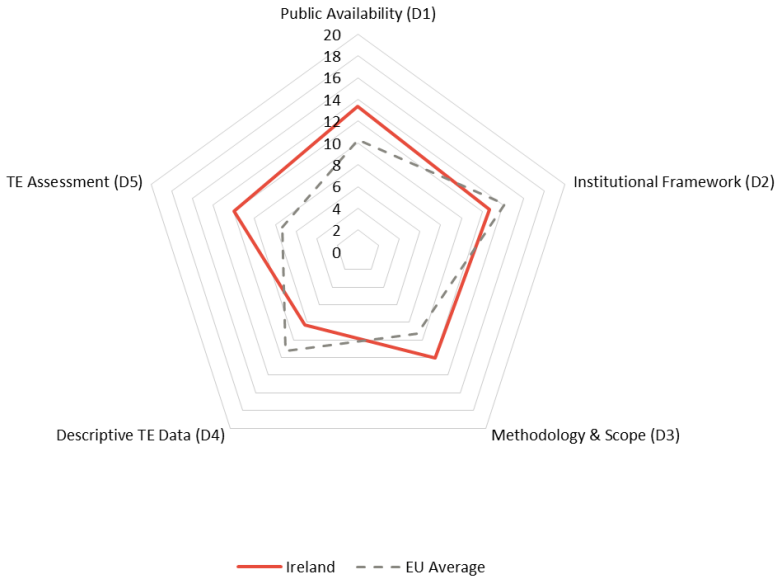
[46] https://www.revenue.ie/en/corporate/documents/statistics/tax-expenditures/costs-tax-expenditures.pdf.

[47] Explanation: Section 79 of the Stamp Duties Consolidation Act (SDCA) 1999 provides for stamp duty relief on certain property transfers between associated companies (referred to above as stamp duty relief on "Intragroup Transactions") and section 80 of the SDCA 1999 provides for stamp duty relief on certain property transfers in connection with the reconstruction of a company, amalgamation of companies or merger of companies (referred to above as stamp relief on "Certain Company Reconstructions and Amalgamations"). The ultimate goal is to "recognise the need for corporate entities to be able to reorganise, restructure and amalgamate their businesses as part of their further development without incurring technical Stamp Duty charges" (The Revenue Commissioners). Support for "Company Reconstructions and Amalgamations" has the same objective.

[48] Their costs culminated in 2023 as many companies were in difficulties after the pandemic as insolvencies soared. The situation induced many smaller businesses to use reconstruction and amalgamation tools to avoid bankruptcy (PwC). For example, the Small Companies Administrative Rescue Process (SCARP) scheme was introduced in 2021 to help viable, yet not insolvent small companies (The Revenue Commissioners).

[49] See the Global Tax Expenditures Transparency Index (GTETI) companion paper (2026) and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches) for details. The GTETI summarises information in five dimensions. These are (1) Public availability — whether a TE report exists and is accessible; (2) Institutional framework — its legal mandate, periodicity, and integration into the budget process; (3) Methodology and scope — the benchmark definition, estimation method, and coverage of taxes; (4) Descriptive tax expenditure data — the granularity and classification of reported provisions; and (5) Tax expenditure assessment — the quality of revenue-forgone estimates and whether TEs are evaluated for effectiveness.

Figure 1: Ireland vs EU average — GTETI v2.1 dimension scores (max 20 per dimension)



Source: GTETI v2.1.

Ireland publishes tax expenditure guidelines, setting out a structured framework for tax expenditure evaluation ([50]). These guidelines set out best practice in the evaluation of tax expenditures, informed by developments in the literature, changes in the policy context and drawing from the experience of over 50 evaluations conducted by the Department of Finance since the publication of its first set of guidelines in 2014. There are evaluations prior to the introduction of new measures (ex-ante) as well as evaluation of existing tax expenditure (ex post). The latest (2025) update inserted criteria for the benchmark (the baseline tax system against which tax expenditures are measured and evaluated), including the presence of market failure (justifying the expenditure) and the length of the expenditure. Not all measures are evaluated. Expenditures with an approaching sunset clause (date of expiry) are given priority. An estimated 87% of all measures do not have a sunset clause. In 2025, the Department of Finance began publishing an annual Tax Expenditure Passport ([51]) for each measure to ensure greater transparency. It includes detailed information about the objectives, the targeted beneficiaries, the cost, duration and evaluation plans.

Coverage of tax expenditure evaluations is improving. The 2025 report counts more than 60 reviews since the guidelines were introduced. But there are gaps, especially when it comes to assessing tax expenditure from the equality perspective: the Department of Finance acknowledges the existence of gaps in disaggregated tax data that could be used for that purpose ([52]). According to the 2024 annual Tax Expenditures Report ([53]), for 26 of the 122 relief measures in 2025 categorised as Tax Expenditures, there were no data on the cost, especially the cost incurred to small businesses as those are hard to estimate. The 2022 report of the Commission on Taxation

[50] Department of Finance, Tax Expenditures Evaluation – Updated Guidelines, October 2024, available at https://assets.gov.ie/static/documents/86fd53de/Tax_Expenditures_Evaluation_-_Updated_Guidelines.pdf.
[51] Department of Finance, Tax Expenditure Passports – September 2026, available at https://assets.gov.ie/static/documents/a8832f98/Tax_Expenditure_Passports_2026.pdf
[52] Ibidem.
[53] https://assets.gov.ie/static/documents/tax-expenditures-in-ireland-2024-report.pdf.

and Welfare ([54]) recommends for the use of tax expenditures to be optimised, while ensuring better data and dedicating more resources for evaluation.

3.2 Policy tax gaps in VAT

The Irish Budget 2026, announced on Tuesday 7 October 2025, introduced several VAT rate-changes ([55]). Notably, the reduced 9 % VAT rate on electricity and gas was extended until 31 December 2030; the VAT rate on the sale of new apartments was reduced from 13.5% to 9%, effective from 8 October 2025 until 31 December 2030; and the VAT rate for restaurant, café, take-away catering and hairdressing services was reduced from 13.5 % to 9 % from 1 July 2026. The standard rate for VAT in Ireland is 23%, a level set in January 2012.

The VAT policy gaps in Ireland (national policy-driven VAT exemption gap and VAT rate gap) differed from the respective EU averages in 2023. Revenues forgone due to the application of reduced rates and national policy-driven exemptions reached over EUR 12 billion in 2023 ([56]). The national policy-driven VAT exemption gap ([57]) was estimated at around EUR 3.5 billion in 2023, or 7% of the notional ideal revenue ([58]), lower than the EU average of 11%. The VAT rate gap ([59]) was estimated at around EUR 9 billion in 2023, or 18% of the notional ideal revenue, higher than the EU average of 12%.

Tax-simulations indicate that Ireland's reduced VAT rates in 2025 are concentrated in a small number of categories, led by 'food and beverages' ([60]). 'Food and beverages' accounts for the largest share of forgone revenues at 42.1%, close to the EU mean share of 39.8%. 'Restaurants and accommodation' come second at 27.9%, well above the EU mean share of 20.4%. 'Housing, water and electricity' ranks third at 12.7%, well above the EU mean share of 8.5%. These three categories account for 82.7% of Ireland's total forgone revenue.

Ireland's reduced VAT rates lower inequality as measured by the Gini coefficient by 0.56 pps, above the EU average reduction of 0.50 pps. 'Food and beverages' contribute 0.37 pps

[54] Report of the Commission on Taxation and Welfare (2022), https://www.gov.ie/en/commission-on-taxation-and-welfare/publications/report-of-the-commission-on-taxation-and-welfare/.

[55] Government of Ireland, Budget 2026: Tax Policy Changes, October 2025, available at https://assets.gov.ie/static/documents/15569ee3/Budget_2026_Tax_Policy_Changes_Book.pdf.

[56] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

[57] The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations. The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

[58] The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

[59] The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

[60] The VAT rate gap is analysed here using EUROMOD's household consumption tool. No behavioural adaptation is considered. Note that VAT rates are mostly not an efficient tool for redistributive policies, in part due to incomplete pass-through to consumer prices, in part due to limited targeting of reduced rates. For more details on assessing the impacts of reduced VAT rates with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Ricci et al. (2026), Fiscal Costs and Redistributive Effects of Reduced VAT Rates in the EU, European Commission, European Economy Discussion Paper 244; Trzcinski and Amores (2026), The VAT Policy Gap and Redistribution in the European Union 2025, European Commission, Seville, JRC14876; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

(66.1% of the total), above the EU mean contribution of 0.32 pps. 'Housing, water and electricity' contributes 0.10 pp (18.6% of the total), above the EU mean contribution of 0.07 pps.

3.3 Policy tax gaps in corporate income tax

Most forgone revenues from CIT related tax expenditures result from a Research and Development (R&D) Corporation Tax Credit. It provides companies with a tax credit equal to 35% of the qualifying expenditure incurred on R&D activities where specific criteria are met (increased from 30% by Finance Act 2025). ([61]) In 2023 the cost to the exchequer for this credit was EUR 1.236 billion ([62]), 88% of all CIT related tax expenditures ([63]).

Tax expenditures may have contributed to low effective tax rates for US multinationals in Ireland. Using Country by Country Reporting (CbCR) data ([64]) it can be established that large US-parented MNEs pay effectively less taxes in Ireland than in other countries, including the US. However, in 2022, profit-making US-MNEs' subsidiaries in Ireland accrued taxes at a level of 14% of pre-tax profit on average, which is above the headline CIT rate in Ireland of 12.5%. This increase may be caused by the CIT rate of 25% which is applicable to non-trading income, or the capital gains tax rate of 33%. Worldwide, the ETR of profitable US-MNEs have an effective tax rate of 17%. ([65]) It should be noted that these figures do not (yet) account for the Global Minimum Tax Directive which was adopted by the EU Council on 14 December 2022 ([66]). The Directive imposes an effective tax rate of 15% for MNEs with annual consolidated revenue of EUR 750 million or more.

3.4 Policy tax gaps in personal income tax

Tax expenditures related to PIT are responsible for about 25% of estimated revenue forgone. PIT related tax expenditures were estimated to imply forgone revenues of EUR 1.93 billion in 2024. The largest provisions are a pension relief (valuation being reviewed), a medical insurance relief (EUR 405 million) and a tax relief on Health Expenses (EUR 269 million) ([67]).

Tax-simulations suggest that PIT-related tax expenditures in Ireland in 2025 have a progressive effect ([68]). PIT-related tax expenditures imply revenue forgone equivalent to 18.8%

[61] Tax and Duty Manual: Part 29-02-03 - Research & Development (R&D) Corporation Tax Credit.
[62] Revenue: Cost of Tax Expenditures.
[63] Department of Finance, Tax Expenditures Passports 2026, available at: Tax_Expenditure_Passports_2026.pdf.
[64] CbCR are filed by owners of large MNE (passing the 750-m-threshold) to their respective tax authorities. Each report informs about core financial variables that describe the MNE's activities in jurisdictions where it has entities. These entities are re-grouped to one 'sub-group' per jurisdiction. For these sub-groups, the MME reports, inter alia, profit before tax and taxes accrued for a given year. From these reports, the OECD has produced statistics for each pair of countries: country of the MNE's owner and country of its sub-group. For Ireland, by far the most relevant country of the owner is the US, for which CbCR statistics happen to provide the most comprehensive overview.
[65] OECD Data Explorer • Country-by-country reporting (CbCR) - Interquartile mean values by jurisdiction - Corporate tax statistics.
[66] Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, 14 December 2022, available at https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2523.
[67] Ibidem.
[68] Simulations are based on EUROMOD and do not account for behavioural changes. For more details on assessing the impacts of tax expenditures in the PIT with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Leventi et al. (2026), Personal Income Tax Expenditures in the EU, European Commission, Seville, 2026, JRC148748; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

of actual PIT revenues, slightly below the EU average of 19.1% ([69]). The largest share of revenue forgone arises from work-related TEs (13.7% of PIT revenue). PIT-related tax expenditures reduce the Gini coefficient by 0.36 pps, marginally less than the EU average reduction of 0.46 pps. Relatively low revenue forgone is associated with a relatively modest reduction in income inequality.

4. Effectiveness of tax administration

4.1 Registration/identification of taxpayers

Ireland applies a unified identification framework. Individuals use the Personal Public Service Number (PPSN) for PIT, while businesses rely on a Tax Reference Number (TRN) for CIT, which, for sole traders, will match the PPSN ([70]). Individuals and businesses may register for VAT ([71]) with the aim being to ensure a single underlying taxpayer identity across tax types despite format variations.

Ireland's VAT registration and database management combine digital efficiency with robust verification processes. The VAT registration is fully digitalised for domestic and intra-EU traders via the Revenue Online Service (ROS) ([72]), enabling online filing, viewing, and amendment of returns. The taxpayer database is maintained through systematic verification, mandatory updates, and crossmatching with public-sector records, supported by ongoing compliance checks and data-matching to ensure accuracy ([73]).

Ireland's e-commerce oversight focuses on targeted registration controls for VAT special schemes, without a centralised trader database. Ireland maintains databases of all non-resident distance sellers and traders registered under the One Stop Shop (OSS)/Import One Stop Shop (IOSS) schemes. However, there is no central register of all e-commerce taxpayers, as e-commerce is not treated as a distinct business sector. Registrations for OSS and IOSS are reviewed case-by-case to confirm the trader's establishment status and the nature of their business. Irish and EU-established traders typically register through ROS, while non-EU traders may need to use a dedicated portal or appoint an EU intermediary (except for Norway). Registration teams verify supporting evidence, websites, and business details before approving access to the schemes ([74]).

Ireland's risk-based VAT registration combines thorough business verification with customs data integration for compliance. Revenue conducts detailed risk assessments during tax registration, verifying business legitimacy, director details, addresses, bank accounts, and trading activity. Higher-risk applications face enhanced scrutiny or delays. Additionally, Revenue cross-checks customs and trade data (e.g., import/export declarations, excise movements) against tax filings, leveraging its dual tax-and-customs mandate under national and EU legislation. This

[69] According to the European Commission's taxation trends data, PIT revenues in Ireland amounted to approximately EUR 36.9 billion in 2024. This would imply revenue forgone of approximately EUR 6.9 billion due to PIT tax expenditures according to the microsimulation (18.8% of EUR 36.9 billion).
[70] https://www.revenue.ie/en/starting-a-business/registering-for-tax/tax-reference-number.aspx
[71] https://www.revenue.ie/en/starting-a-business/registering-for-tax/eregistration.aspx
[72] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[73] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Ireland, Publications Office of the European Union, 2025, https://data.europa.eu/doi/10.2778/9745091.
[74] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

supports targeted audits and compliance interventions by identifying discrepancies across taxpayer obligations ([75]).

4.2 Tax filing and assessment

Ireland's tax system is fully digitalised with centralised tax filings. Individuals and businesses submit returns, make payments, and manage compliance through ROS, with *myAccount* supporting personal tax matters. VAT and CIT filings are standardised digitally. The system also supports digital record-keeping, secure messaging, and e-payments as standard features.

Pre-filling is PIT-focused with employer payroll data. The *myAccount*/ROS platforms auto-populate PIT returns using employer-reported payroll data, pensions, rental income, and tax-deducted-at-source information. However, no pre-filling exists for VAT. While Pay As You Earn (PAYE) ([76]) modernisation has enabled near-real-time payroll data reporting, this does not extend to pre-filling for some other taxes. B2B e-invoicing remains voluntary, with no universal real-time clearance system in place ([77]).

E-filing rates shows full compliance across all tax types. Ireland achieves 100% e-filing for CIT and VAT in 2024, with PIT at 97.5%, all exceeding EU averages ([78]). The consistent high rates indicate a mature digital tax infrastructure and strong taxpayer compliance.

Ireland offers comprehensive digital support, including a virtual assistant for taxpayer queries. Tools include tax calculators, personalised portals, secure messaging and deadline reminders. The RevAssist chatbot provides additional support, while offline alternatives remain for digitally excluded users ([79]).

Ireland makes a thorough use of data obtained through the automatic exchange of information (AEOI), under the Directive on administrative cooperation in the field of taxation (DAC) ([80]). This includes DAC1 ([81]), DAC2 ([82]), and DAC7 ([83]), for the purposes of personal and corporate income taxation, as well as inheritance or wealth taxation. The identification of taxpayers concerned in Ireland has room for improvement, as it remains under EU average ([84]): in 2025, the matching rate measuring success in identifying registered taxpayers with DAC data ([85]) is

[75] Ibidem.
[76] PAYE (Pay As You Earn) is Ireland's system for collecting income tax directly from employees' salaries or pensions, ensuring taxes are deducted evenly throughout the year.
[77] VAT Modernisation Timeline.
[78] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[79] https://www.revenue.ie/en/online-services/services/myaccount/index.aspx.
[80] Sources: Yearly Assessment 2026.
[81] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC: automatic exchange of information on income from employment, pensions, director's fees, immovable properties, life insurance products, royalties.
[82] Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on financial accounts.
[83] Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation: automatic exchange of information on income from digital platforms.
[84] Ireland is making use of the DG Reform support programme, known as Technical Support Instrument, to improve its matching rates.
[85] The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024.

60% for the main categories of DAC1 ([86]), 86% for DAC2 and 69% for DAC7, the EU-average being 84%; 92% and 86% respectively. Revenue has taken initiatives to improve matching rates through carrying out manual checks and reviewing the data quality to ascertain why data could not be matched. Due to the high volume of exchanges received there must be a prioritisation based on the monetary value of the exchange. While the DAC2 matching rate was 86%, this process ensured that 98% of the value of DAC2 exchanges were matched. Similar processes have been implemented in respect of DAC1 and DAC7. Since 2025, with funding from SG Reform, the Irish tax administration has been working on a Technical Support Instrument (TSI) programme to further improve the AEOI outgoing data quality and inbound usage. Additionally, the mandatory TIN combined with the TIN validation tool envisaged in the DAC recast proposal will support the matching process to approach a 100% automatic matching rate, ultimately allowing Ireland for a more efficient and targeted deployment of resources.

Irish tax authorities use the available data for a large range of activities, like voluntary compliance programs, tax risk assessment to detect possible undeclared income, notification to generate disclosure and, if relevant, tax assessments or general and targeted audits ([87]). In Ireland, this use is not only relevant for personal income tax, but also for corporate income tax and VAT, as tax authorities use the most recent exchange of information on income from digital platforms (DAC7) ([88]). Ireland also monitors and reports on the benefits stemming from the use of DAC data, which leads to a significant increase in the tax revenues.

Ireland is an active participant in VAT administrative cooperation ([89]). In 2024, Ireland sent 121 requests for information and received 252 requests under Article 7 of Regulation 904/2010 ([90]). Based on a standardised measure, taking into account the relative size of the Irish economy, Ireland is significantly below the EU weighted average on both the number of requests sent and on the number of requests received ([91]). However, Ireland participates in the Eurofisc network set up to combat cross-border VAT fraud in the EU ([92]). It utilises the network's EU Transaction Network Analysis (TNA) system to tackle MTIC fraud. This work involves uploading risky entities to the TNA system, alerting other relevant Member States and facilitating efforts to tackle non-compliance with EU VAT rules. Ireland also participates exchanges relating to the OSS/IOSS schemes, exchanges under protocols and other instruments, or spontaneous exchanges. Ireland concentrates its

[86] Income from employment, pensions, director's fees, immovable properties.
[87] A special audit of pensions was undertaken by the Revenue Investigation, Prosecution and Frontier Management Division during 2025.
[88] Revenue use DAC7 data to refine ongoing compliance projects, to support analysis alongside previously supplemented data received under domestic law, in reviewing selected platforms with a view to initiating compliance campaigns/ interventions, and to assist in the identification of high-risk cases across all returns received. Revenue also uses the data in their general risk profiling and to develop sector specific profiling particular in the areas of used car sales and mobile phone sectors. Revenue also currently use small scale test usage of DAC7 data in relation to undeclared or incorrectly declared income derived from platform activities, including where such income gives rise to VAT implications. Revenue expects to introduce and make available to all caseworkers a compliance system, guidance manual and tailored training so as to significantly increase the use across the organisation in 2026.
[89] Based on Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (VAT), as subsequently amended, the EU and Member States' national tax authorities cooperate to help ensure the correct application of VAT rules on cross-border transactions.
[90] The data is assessed based on the annual statistics, provided pursuant to Commission Implementing Regulation 79/2012 (Annex IV) and presented to the Standing Committee on Administrative Cooperation (SCAC).
[91] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Ireland sent 0.22 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.60 requests sent per EUR 1 billion of GDP; and received 0.45 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.59 requests received per EUR 1 billion of GDP.
[92] Eurofisc - Taxation and Customs Union - European Commission.

administrative cooperation requests on high-value and high-risk cases. This approach ensures that risk is addressed, although it may result in lower numbers of requests in comparison to other Member States. It should be note that Ireland also undertakes significant administrative cooperation with the United Kingdom. These requests are not captured under Council Implementing Regulation 79/2012.

Ireland engages in the automatic exchange of VAT information. In 2024, Ireland reported 7 VAT identification numbers allocated to taxable persons not established in the Member State. In 2024, Ireland automatically transmitted VIES (Value Added Tax Information Exchange System) data relating to 10,164 Irish traders, covering Intra-EU supplies valued at EU 195.8 billion to the relevant authorities in other Member States. Ireland automatically responded to all incoming VIES requests from other Member States, providing access to more detailed VIES data on demand. In addition, VAT registration data relating to more than 24,000 Irish traders was made available on demand to the relevant authorities in other Member States. For information on new means of transport, Ireland has not forwarded any cases. The lack of exchanges in this regard is likely influenced by the volume of trade with the UK, which is not captured in these statistics, and the fact that Ireland is one of only three Member States which uses right-hand drive vehicles. Based on a standardised measure, taking into account the relative size of the Irish economy, Ireland is well below the EU weighted average on VAT identification numbers allocated to taxable persons not established in the Member State ([93]).

4.3 Compliance risk management

Ireland operates a comprehensive compliance risk management (CRM) system with a focus on public transparency. Ireland's formal CRM strategy covers all tax processes. The system identifies, assesses, and prioritises compliance risks, with results publicly disclosed to deter non-compliance. The Corporate Governance Framework and Code of Practice provide the institutional mandate for risk-based compliance management, supported by the Revenue Case Management (RCM) system for documenting taxpayer interactions ([94]).

Ireland uses AI and automation to refine risk assessment and segmentation. Revenue's AI-driven tools enhance risk detection by analysing taxpayer data and behaviour patterns. The *MyEnquiries* system uses machine learning to classify and route queries with 92–98% accuracy, reducing manual triage and improving risk-based responses. RevAssist AI cross-references internal documents to identify compliance risks, while Advanced OCR extracts key data from supporting documents (e.g. receipts) to validate claims and detect discrepancies ([95]).

Ireland recognises the importance of behavioural insights for digital compliance. A 2026 Fiscalis Workshop organised by Ireland addressed sustaining voluntary compliance in digital

[93] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, Ireland reported 0.01 VAT identification numbers allocated to taxable persons not established in the Member State per EUR 1 billion of GDP compared to an EU weighted average of 7.77 VAT identification numbers per EUR 1 billion of GDP.

[94] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

[95] Ibidem. In addition, While AI assists operational processes, Revenue retains human judgement for all tax-related decisions and statutory functions, in line with government guidelines.

channels, aiming to fill gaps in tool effectiveness and impact measurement. It has brought together a number of Member States sharing experiences and best practice for behavioural strategies

Ireland's Central Electronic System of Payment Information (CESOP) integration supports VAT compliance through structured governance and phased implementation. The initial priority is to establish the quality, compatibility and useability of CESOP data and systems within internal compliance programmes. Pilot "test-and-learn" enquiries are to be used to examine the potential to use targeted data in domestic cases first, with CESOP data ([96]) being matched against internal records (e.g. customer records, VAT returns etc.) to assist risk-detention and validation. Standardised templates capture payment identifiers (e.g. digital wallets) for reconciliation, though low payee-matching rates (7% in 2025) highlight data quality and compatibility challenges. Future plans include CESOP payee markers in business intelligence systems ([97]).

Ireland also uses reports exchanged automatically under the DAC, i.e. DAC3 ([98]), DAC4 ([99]) and DAC6 ([100]) for risk-analysis purposes in the field of corporate income taxation. The Irish tax authorities identified successfully 91% of the taxpayers concerned by DAC3, leaving room for improvement, with the EU average standing at 98%. As regards the entities concerned by DAC4, the matching rate is also below the EU average i.e. 80%, the average being 92%. On the contrary, the matching of DAC6 data seems to be more efficient (85%, the EU average being 90%). On the matter, as the IT system developed for automatic matching was resulting in a lower-than-expected amount, manual matching was performed by a dedicated team. The outcome of the work done by this team was used to improve the IT system with a view to increase automatic matching. Revenue is developing a Unified Data Platform (UDP) in this regard. The UDP will enable validation of DAC data upon receipt, thereby facilitating the early identification of errors and inconsistencies. This will lead to improvements in the quality of data exchanged and ultimately more effective compliance interventions. DAC3, DAC4 and DAC6 reports are broadly used for risk-assessment (i.e. to identify risks related to transfer pricing, base erosion and profit shifting, harmful tax practices, etc.) and possible follow-up actions as general tax audits. In practice, AEOI information obtained feed into the overall risk assessment of the taxpayers along with all other relevant sources of information, including financial statements, tax returns and annual transfer pricing documentation. This fairly comprehensive use of the relevant data suggests that the Irish authorities have successfully integrated it into an efficient process, which could be further improved by better identifying the entities concerned by DAC4 reports and using DAC6 reports more specifically in order to identify legal loopholes where relevant.

[96] The Central Electronic System of Payment Information (CESOP) is an EU-wide system established under Directive (EU) 2020/284 to support the fight against VAT fraud in e-commerce. It requires payment service providers to report cross-border payment data on a quarterly basis to national tax authorities, which then transmit the information to CESOP. The system centralises and analyses this data, enabling Member States to detect undeclared online sales, identify fraudulent traders, and enhance administrative cooperation in combating cross-border VAT fraud.

[97] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

[98] Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on rulings and advanced pricing arrangements.

[99] Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on country-by-country reports of multinational entities.

[100] Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.: automatic exchange of information on potentially tax-harmful cross-border arrangements.

Ireland uses VAT gap estimates to inform its compliance risk management. While Ireland does not produce its own VAT gap estimates, it reviews European Commission reports to assess compliance risks and trends. These top-down estimates are considered in Revenue's broader compliance strategy, though no formal internal programme exists. Future e-invoicing (ViDA) and integration may enable more detailed, bottom-up analysis ([101]).

4.4 Audits

Ireland's audit system applies a graduated approach to compliance interventions. The Revenue relies on a Compliance Intervention Framework with three levels of escalation: Level 1 interventions provide reminders and opportunities for self-correction of minor errors. Level 2 interventions involve targeted risk-based reviews or comprehensive audits for identified issues. Level 3 interventions include criminal investigations for suspected fraud or evasion. This scalable approach ensures proportionate responses, ranging from voluntary compliance to enforcement actions ([102]).

Revenue's Large Corporates Division (LCD) and High-Wealth & Financial Services Divisions (HWFSD) efficiently manage high-value taxpayers. The LCD, serving as Ireland's Large Taxpayer Office, oversees major businesses, while HWFSD manage high-wealth individuals and the financial services sector. In 2025 these Divisions generated 52% of total revenue with just 7.3% of staff, of which 87.5% are dedicated to audit and verification.

Ireland could increase its use of the advanced instruments of administrative cooperation provided for in Directive on administrative cooperation in the field of taxation and Regulation 904/2010 to facilitate cooperation on specific cross-border VAT issues. Such instruments entail multilateral controls (MLCs) such as simultaneous controls joint audits. and presence in administrative offices and administrative enquiries (PAOEs). The synergies between participating Member States derived from these coordinated activities usually lead to an increase in the tax assessed and, therefore, contribute to reduce the tax gap. Between 2023 and 2025, has participated in 2 MLC and 1 PAOE, representing less than 1% of the total. Moreover, Ireland has not initiated any MLC or any PAOE ([103]), despite the presence of major transnational economic players within its territory.

4.5 Payment and collection

Ireland shows a strong overall compliance in electronic payments, though the picture is incomplete for on-time payment indicators. In 2024, 98.0% of tax payments were made electronically (EU average of 94.9%) and this marks an increase from 94.6% in 2018. However, no data are available for Ireland in 2024 on on-time payment for CIT, PIT or VAT ([104]). In Ireland, cash

[101] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[102] European Commission: Directorate-General for Taxation and Customs Union, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Ireland, Publications Office of the European Union, 2025, https://data.europa.eu/doi/10.2778/9745091.
[103] EU AIAC Statistics -2023-2025.
[104] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.

tax payments are not generally prohibited by law, but they are effectively not a normal or readily available payment method in Revenue practice ([105]).

Ireland applies a risk-based approach to VAT refunds. All VAT refund claims are subject to automated risk analysis, and claims meeting certain risk criteria are automatically referred to the appropriate risk manager for evaluation and, where appropriate, audit within specific timelines. This automated process is complemented by multiple analytics tools that allow more targeted risk analysis of specific groups of taxpayers. Since 2019, Ireland also has a penalty system in place for failure to submit VAT returns and for late payment ([106]). Non-filing or late filing of VAT returns is subject to fixed-charge penalties under domestic VAT legislation.

4.6 Tax debt recovery

Ireland maintains very low tax arrears stock in 2024, but collectable arrears surged. In 2024, Ireland's closing stock of arrears was just 2.3% of total revenue - well below the EU average of 30.7%. However, the share of collectable arrears within this stock rose sharply to 74% (up from 40.3% in 2023), significantly exceeding the EU average of 43%. This indicates strong overall compliance but a growing challenge in recovering harder-to-collect debts ([107]). Ireland has specific legislation on cooperation between the administrator of insolvency proceedings and tax (recovery) authorities ([108]). As regards the write-off of tax debts, Ireland applies strict rules ensuring that debts are only written off when recovery is no longer possible. There is no disaggregated information on how long it takes to solve tax disputes (at administrative level or before a court) which usually prevent or suspend the recovery of contested tax claims, nor on (administrative or judicial) appeal stages ([109]). The Irish law does not allow the tax administration to take precautionary measures before there is an assessment/title.

In 2025 Revenue implemented a new Standard Enforcement process Revenue initially engages with the taxpayer to resolve outstanding tax issues before escalating the case. Where the taxpayer fails to engage, the Standard Enforcement process streamlines the referral to government-appointed Sheriffs for debt collection. This process resulted in the collection of over EUR 126 million from taxpayers who had not responded to initial reminders or engaged constructively with Revenue.

Regarding cross-border recovery assistance within the EU, Ireland submits compliant requests to other Member States. Ireland only sends a few recovery requests to other Member States: 6 requests for recovery were sent in 2025. Procedural changes were introduced across 2026 to increase the volume of requests.

Moreover, Ireland does not use DAC data in the field of tax recovery ([110]) and this could be included in their strategy**.** The use of automatically exchanged information can support the identification of income and financial assets held by debtors in other Member States, improving the information available for targeted recovery actions and complementing domestic collection tools.

[105] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[106] Ibidem.
[107] ISORA Data - closing stock and collectable arrears.
[108] Ireland's replies to questions 34-36 of the 2025 survey on tax recovery.
[109] Ireland's replies to questions 12 and 13 of the 2025 survey on tax recovery.
[110] Source: Yearly Assessment questionnaire 2026 (Use of information – data 2025).