A pre-budget submission from ACCA.

A public pre-budget submission to the Ireland Revenue.

Comments from ACCA.

09 June 2026

About ACCA:

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we have long championed inclusion and today proudly support a diverse community of over 257,900 members and 530,100 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators, and other accountancy bodies, we are strengthening and building a profession that drives a sustainable future for all. Find out more at: www.accaglobal.com.

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General Comments

ACCA welcomes the opportunity to provide input into Ireland's 2027 budget. We believe that an effective tax system is built on simplicity, certainty, and stability. In our pre-budget submission, we set out the innovative measures that we believe will support resilient growth, reduce compliance burdens and upskill Ireland's workforce.

Our research finds that confidence amongst global accountants fell sharply in Q1 2026.[1] A major factor is the uncertainty of energy prices due to geopolitical instability. With Ireland being a significant net importer of energy, Ireland's SMEs are set to face rising costs and increased inflation.[2] At ACCA we want to build better, fairer and more sustainable economies; we therefore have set out our key recommendations for government ahead of the 2027 Budget. These draw on our six overarching priorities: (a just transition that delivers a better world for business and society; the Corporate Sustainability Reporting Directive; supporting the development of the profession for the future; corporate governance; promote the use of AI in an ethical, responsible manner within a safe and transparent environment; and enhanced infrastructure development) for Ireland that we believe will, if managed correctly, support a sustainable future for all.[3] Simplicity, proportionality and targeted support for SMEs within the tax system are all calls we have long supported and believe are crucial to driving inclusive economic growth.

OUR RECOMMENDATIONS:

1. *Recommendation: Establishment of a suitable mechanism funded by government to support the disproportionate compliance burden on SMEs.*
2. *Recommendation: Government funded support for SMEs in upskilling delivered through a dedicated sector-specific funding pool.*
3. *Recommendation: Investigate the viability of a SME tax credit scheme for onboarding employees, designed to offset administrative and compliance-related costs.*
4. *Recommendation: A funded investigation into a "trusted taxpayer" scheme that allows for reduced taxation information demands for compliant business.*
5. *Recommendation: Investigate the establishment of an independent mechanism to carry out taxation measure impact assessment for administrative change to tax collection processes.*
6. *Recommendation: Investigate extending the proposed regulatory innovation credit or the R&D tax credit to include the cost of building automated regulatory compliance systems.*
7. *Recommendation: Introduction of Corporation Tax deduction for capitalisation of reserves and investigate significantly increasing the disregard for surcharge.*

[1] Global economic conditions survey report: Q1, 2026 - ACCA conducts the Global Economic Conditions Survey (GECS), jointly with the Institute of Management Accountants (IMA), and it is the world's largest regular survey of accountants, both in terms of the number of respondents and the range of economic variables monitored.

[2] Euro area annual inflation up to 3.0% - Euro indicators - Eurostat

[3] ACCA- Ireland -Policy Prospectus.pdf

SUSTAINABILITY: A JUST TRANSITION THAT DELIVERS A BETTER WORLD FOR BUSINESS AND SOCIETY.

FUTURE PROOFING SMES TO ENSURE INNOVATION AND RESILIENCE

Recommendation: Establishment of a suitable mechanism funded by government to support the disproportionate compliance burden on SMEs.

In an environment where operating costs are ever increasing alongside geopolitical and energy security uncertainty, SMEs are struggling with the indirect employee costs. This will future proof the Irish economy by enabling innovation and micro businesses and SMEs to flourish, increasing growth and decreasing the economy's dependency on large corporation tax receipts.

Complexity around the application of both new regulation and existing tax reliefs has increased over time for SMEs. In order to drive growth, the proportionality of regulation for SMEs is vital and we suggest a review of legislation to ensure simplification. We believe that the budget should support simplification of compliance burdens for SMEs, however in the first instance we call for support such as application guidance, checklists and practical assistance.

THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE.

SUPPORT SMES TO ACQUIRE NECESSARY SKILLS AND KNOWLEDGE

Recommendation: Government funded support for SMEs in upskilling delivered through a dedicated sector-specific funding pool.

In our calls to action for the government of the Ireland, we asked that a dedicated funding pool be developed to support SMEs and professionals to acquire the necessary skills and knowledge to meet Corporate Sustainability Reporting Directive (CSRD) and the general sustainability reporting regulatory requirements. Government investment in training, to support SMEs upskill and grow would reduce the impact of an increased reporting burden. For SMEs the regulatory requirements are ever-changing, even when simplified it requires significant horizon scanning and regulatory environment monitoring. Dedicated financing to enable SMEs to deliver on their core objectives whilst supporting a green transition enables success in reporting objectives and delivers on the purpose of supply chain reporting requirements.

SUSTAINABILITY: SUPPORTING THE DEVELOPMENT OF THE PROFESSION FOR THE FUTURE.

AN SME FOCUSED TAX CREDIT

Employers of all sizes across the Republic of Ireland are facing rising indirect employment costs, these costs have a greater impact on SMEs while not directly contributing to enhanced productivity. ACCA makes the following recommendations to provide a more level playing field for all.

Recommendation: Investigate the viability of a SME tax credit scheme for onboarding employees, designed to offset administrative and compliance-related costs.

SMEs continue to face indirect costs associated with maintaining workforce capacity during periods of employee absence. These costs can include recruitment, temporary cover for maternity and sick leave, as well as the administrative costs of understanding and complying with new and evolving labour market laws. Although these costs are unavoidable to ensure business continuity and labour market participation, they have a disproportionate impact on smaller employers with limited resources and HR capacity. Targeted government support, to reduce these indirect employment costs, aimed at improving workforce resilience could be a significant relief for SMEs.

CORPORATE GOVERNANCE.

TRUSTED TAXPAYER SCHEME

Recommendation: A funded investigation into a “trusted taxpayer” scheme that allows for reduced taxation information demands for compliant business.

Accounting practitioners provide a unique and independent insight into what their clients need to survive and thrive; often identifying matter that the clients themselves have failed to identify. The concept is already widely used in other regulatory frameworks. For example, in customs administration, Authorised Economic Operator (AEO) programmes. A version of this type of model also operates in the Netherlands. Applying a similar model to tax compliance would be a natural extension of risk-based regulation.

A “trusted taxpayer” scheme would recognise businesses with a demonstrated history of full tax compliance and allow them to operate with reduced administrative and reporting burdens. This approach would allow Revenue to apply a risk-based allocation of resources, instead of requiring the same level of documentation and information from all businesses. This aligns with modern tax administration principles used internationally. It would also encourage business to seek to be compliant, by reducing the administrative burden associated with low-risk taxpayers, Revenue could focus more effectively on addressing non-compliance and complex cases.

Revenue would still retain the power to request full records at any time, but routine submissions would be streamlined. This would reduce unnecessary repetition where businesses consistently provide accurate information. This would allow compliant businesses to spend less time on administrative compliance and more on productive activity.

TAXATION IMPACT ASSESSMENT

Recommendation: Investigate the establishment of an independent mechanism to carry out taxation measure impact assessment for administrative change to tax collection processes.

Around budget time, the Department of Finance typically models the impact of tax changes on different household types. A similar approach should be applied for SMEs. In the UK the Administrative Burden Advisory Board acts as a critical friend to their Treasury function and is targeted at helping to resolve sector-specific SME issues. We believe that an independent review of regulatory burden improves trust in the tax system and therefore there should be an investigation as to where a similar mechanism could be established within Ireland.

Under current practice, new tax legislation is typically accompanied by a Regulatory Impact Assessment (RIA) to evaluate the likely economic, administrative, and compliance effects of proposed measures. However, many practical compliance obligations faced by businesses arise not from primary legislation but from administrative changes that are not subject to a formal RIA process.

While such changes are often introduced with the objective of improving compliance or strengthening oversight, they can also create additional administrative burdens for SMEs. In some cases, the cumulative effect of these changes can significantly increase compliance costs, particularly where they require system changes, additional reporting fields, or more detailed data collection.

Investigating an independent review mechanism for significant administrative changes would help ensure that the potential burden on taxpayers is properly considered and create a formal opportunity for stakeholder consultation and feedback. Therefore, we believe that this recommendation would strengthen transparency, improve policy outcomes, and help maintain a tax system that supports voluntary compliance.

ENHANCE INFRASTRUCTURE DEVELOPMENT.

R&D OR INNOVATION TAX CREDIT SYSTEM FOR THE DEVELOPMENT OF AUTOMATED REGULATORY COMPLIANCE SYSTEMS

Recommendation: Investigate extending the proposed regulatory innovation credit or the R&D tax credit to include the cost of building automated regulatory compliance systems.

Specifically calling out the cost of building automated regulatory compliance systems in the proposed innovation credit scheme or the R&D tax credit should reduce business costs, bring certainty to the taxation implications for compliance automation investments and assist businesses become compliant with regulation.

Irelands existing R&D tax credit regime provides a strong foundation for supporting innovation, ACCA believes there is an opportunity to better align it with the growing need for automated regulatory compliance systems. Enhancements made to the R&D tax credit rate in the most recent budget, including the increase in the rate from 30% to 35% and a higher first-year payment threshold are all positive steps towards incentivising and supporting smaller-scale projects.

We would encourage the government to explore explicitly recognising the development of digital compliance tools such as automated payroll compliance, AI driven automated anti-money laundering compliance systems, employment law tracking, and real-time reporting systems, as qualifying R&D activities or for inclusion in the proposed innovation tax credit scheme. Automated solutions to regulatory compliance would, for example, be the development costs for automated red flag detection by anti-money laundering compliance software in the banking system. A credit for this work could attract EU financial service firms subject to AMLA supervision to locate their EU AML shared service in Ireland.

PROFESSIONAL SERVICES SURCHARGE AND CORPORATION TAX DEDUCTIBLE RESILIENCE RESERVE

Recommendation: Introduction of Corporation Tax deduction for capitalisation of reserves and investigate significantly increasing the disregard for surcharge.

Irish businesses benefit from a more secure equity capital base which ensures resilience. Government may wish to consider how the tax system could help achieve robust business environment, an example could be allowing businesses build resilience by encouraging them to increase their equity capital base through a Corporation Tax deduction for capitalisation of reserves and increasing the disregard for surcharge.

In recent years, economic shocks—from the pandemic to, geopolitical instability and inflationary pressures—have demonstrated the importance of businesses maintaining adequate financial buffers to withstand downturns and periods of reduced income. Encouraging companies to build capital reserves promotes long-term financial resilience. Equity capital is inherently more stable than debt financing. While borrowing can provide short-term liquidity, it increases leverage and repayment obligations, which can exacerbate financial stress during economic downturns. By contrast, retained capital within a business provides a flexible buffer that can be deployed when revenues decline or unexpected costs arise.

The current surcharge regime for professional service companies can unintentionally discourage the retention of modest levels of earnings within companies. The existing disregard threshold of €2,000 for undistributed income is relatively low and may not reflect the genuine need for businesses to maintain prudent working capital reserves. Increasing this disregard threshold would allow professional service firms to retain a modest buffer without triggering surcharge exposure, while still maintaining the broader policy intent of the surcharge rules.