IRELAND TAX | CORPORATION TAX · PARTICIPATION EXEMPTION · DIVIDENDS · REVENUE

Ireland's participation exemption for foreign dividends: Revenue updates its guidance

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Revenue eBrief 063/26 updates the guidance on the exemption for foreign dividends under section 831B. From 2026 it can cover more countries and uses a shorter three-year look-back.

Country reference

- Country: Ireland (planned expansion country)
- Authorities: Revenue Commissioners
- Topic: Participation exemption for certain foreign distributions
- Key date: eBrief 063/26 of 25 March 2026
- Law: Section 831B, Taxes Consolidation Act 1997; Tax and Duty Manual Part 35-02-11

The exemption

Introduced by Finance Act 2024 for distributions from 1 January 2025, section 831B lets Irish companies elect to exempt qualifying dividends and similar distributions from subsidiaries resident in a relevant territory, instead of taxing them with credit for foreign tax.

What changed for 2026

- For distributions from 1 January 2026, subsidiaries in non-EEA, non-treaty territories can qualify if foreign withholding tax above 0% is paid on the full distribution and not refunded.
- The relevant period and reference period are cut from five years to three.
- A company in a country with a newly signed Irish treaty can qualify from the signing date.
- Where local law does not decide residence, the Irish treaty does.
- New guidance on distributions in specie.

Also clarified

For distributions from 1 January 2025, a subsidiary may have acquired a business or shares, moved residence from Ireland, or taken part in mergers with an Irish company during the reference period.

Why it matters for Gulf-linked groups

- Ireland has tax treaties with several Gulf states, including the UAE, Saudi Arabia, Qatar, Kuwait and Bahrain.
- Irish holding companies receiving dividends from such subsidiaries may be able to exempt them, subject to the conditions.

What to do now

- Review dividend flows into Irish holding companies.

- Check residence, treaty status and withholding tax for each subsidiary.
- Document the election and conditions in the corporation tax return.

Our take

The exemption brings Ireland closer to other EU holding locations. The 2026 guidance widens its reach, but conditions are detailed; test each subsidiary separately.

Sources

- Revenue: eBrief No. 063/26 (25 March 2026)
- Revenue: Tax and Duty Manual Part 35-02-11

Important. This summary is for general information and is not tax, legal or financial advice. It is based on public Revenue publications and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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