



Financial Services Ireland Pre-Budget 2027 Submission

June 2026

Introduction and context

Financial Services Ireland (FSI) is the Ibec trade association representing the full suite of financial services companies in Ireland. Since 1984, FSI has represented the interests of its members at domestic and international levels in banking, payments, insurance, fund administration, investment management, aircraft leasing, corporate treasury and others.

Our 2026-2030 strategy, entitled ‘Securing Future Competitiveness’, is to: *Embed* our distinctive strengths in areas like funds, aircraft leasing, cross-border insurance and payments; *Evolve* into new areas such as making Ireland a key enabler of the EU’s Saving & Investment Union, digitisation/AI, tokenisation, private assets; and *Enable* the necessary underlying capability in skills, infrastructure and regulatory environment. Our objective is to work with government, regulatory, EU and other stakeholders to continuously strengthen our competitiveness, and ensure that Ireland remains a location of choice for financial services firms.

As Ireland prepares for Budget 2027, we stand at a critical juncture to shape both national and European competitiveness. In a global landscape undergoing rapid technological transformation and regulatory evolution, enhancing our financial system is no longer just a domestic priority — it is a vital asset for the wider European Union. As highlighted by the Draghi and Letta Reports, Europe faces an existential challenge to reignite productivity, and Ireland's world-class financial ecosystem stands ready to contribute to these strategic objectives.

Ireland provides the infrastructure Europe needs to increase retail participation in capital markets under the Savings & Investment Union by leveraging our local expertise that manages €5 trillion in Irish-domiciled assets. Because of this outsized impact, Ireland has a unique opportunity to play a very tangible role in helping to complete the Single Market. We are already a major European centre for cross-border financial services — serving as the number one provider of cross-border insurance in the EU, hosting 73% of the European Exchange Traded Funds (ETF) market, and managing two-thirds of the global leased aircraft fleet.

Budget 2027 is our chance to embed these foundational strengths while evolving our capabilities in high-growth areas like artificial intelligence, tokenisation and private assets. To maintain our position as a premier global hub, we urge the Government to deliver a stable, competitive tax framework and support critical national infrastructure.

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By fortifying Ireland's financial services ecosystem today, we reinforce the economic architecture, open strategic autonomy, and long-term prosperity of both Ireland and Europe.

Our proposals are grouped below into taxation measures and expenditure policies.

Summary of proposals

Taxation measures
a) Establishment of Personal Investment Accounts with:
i. No tax at source in the account
ii. No capital gains tax or income tax on transaction activity within the account
iii. No capital gains or Income Tax upon exit
b) Taxation measures to enable the growth of an investment culture with:
i. Elimination of the eight-year deemed-disposal rule
ii. Alignment of the 38% exit tax on fund products with the 33% capital gains tax
iii. Removal of the 1% government insurance levy
c) Technical measures within the Taxes Consolidation Act
d) Tax and expenditure measures for development of Sustainable Aviation Fuel
Expenditure policies
a) Continued funding for Skillnet Ireland
b) Continued funding for Ireland's Women in Finance Charter
c) Funding towards a National Fintech Hub & Innovation space
d) Funding for the maintenance and expansion of Skillsframework.ie

Taxation Measures

1. Personal Investment Accounts

The European Commission has made the SIU a cornerstone of its mandate, prioritising the design of "simple and low-cost saving and investment products" supported by Member State tax incentives. To support the growth of an investment culture, Financial Services Ireland (FSI) is calling for the introduction of a Personal Investment Account, a core pillar of our 'Securing Future Competitiveness' strategy.

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A clear dichotomy exists between Ireland's status as a global financial centre and our domestic investment culture. Irish households hold approximately €169 billion in deposits. As the government's "Funds Sector 2030" report acknowledges, our current taxation framework actively disincentivises public market participation.

To mobilise these savings towards investments aligned with EU competitiveness goals, the SIA should feature:

- No tax at source: Entry is through taxed income.
- Tax-free growth: No capital gains tax (CGT) or income tax for transaction activity within the fund.
- Tax-free withdrawal: No CGT or income tax upon exit.

It is our view that this vital reform is likely to have a modest cost to the Exchequer. Assuming a conservative 10% adult uptake and using a €30,000 tax-free annual allowance, the first-year cost would be approximately €54 million in foregone tax receipts. This comprises €6.4 million in DIRT, alongside €19.6 million in CGT and €27.8 million in exit tax.

This potential temporary revenue reduction would be a strategic investment. Mobilising this capital will generate multiplier effects, expanding household wealth and driving economic resilience.

2. Taxation measures to enable the growth of an investment culture

Related to the above, we ask government to realise the vision of the Funds Sector 2030 Review by removing existing punitive barriers to retail investment in Ireland:

- a) Eliminating the eight-year deemed-disposal rule.
- b) Aligning the 38% exit tax on funds with the 33% CGT (estimated €26 million cost).
- c) Removing the 1% government insurance levy.

Aligning the exit tax on Irish domiciled funds with capital gains tax would remove a key barrier for investors and enhance Ireland's competitiveness internationally, while removing the eight-year deemed-disposal rule would simplify compliance, encourage longer holding periods and make Irish domiciled funds more attractive to retail investors.

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3. Specific measures within the Taxes Consolidation Act 1997.

We request that Budget 2027 addresses technical issues in the Taxes Consolidation Act and monitors developments in the post-Pillar Two environment to ensure Ireland remains competitive in investment activities and aircraft leasing.

a) *Modifications to Section 626B of the Irish Taxes Consolidation Act 1997* to deliver closer alignment of the substantial shareholding exemption with the dividend participation exemption to ensure that Ireland remains a viable holding company location for global investment activities.

b) *Amendment to Section 840A, Taxes Consolidation Act 1997.*

While Finance Act 2025 amendments to Section 840A were largely welcome; the introduction of the cap in section 840A(7A)(c) gives rise to significant unnecessarily adverse consequences. We understand that section 840A TCA 1997 is within the scope of the ongoing interest consultation, and that a formal review of section 840A may not take place until 2028 as part of future phases of the reform of the interest regime (with any changes likely to be effective from 1 January 2029).

Given the material issues arising from the current operation of the provision, we recommend that the cap in section 840A(7A)(c) be repealed in Finance Bill 2026, rather than deferred to later phases of the reform of the interest regime.

c) *Domestic interest WHT for non-treaty lenders*

We request that the domestic interest withholding tax exemptions at Section 246(3) TCA 1997 be extended in a measured and targeted way, specifically to cover interest paid by a company, in the course of a trade or business, to a company which is resident in a non-treaty jurisdiction and the tax regime in that jurisdiction is one that imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory. Alternatively, if a territorial limitation is required, it should at a minimum be broadened to include jurisdictions with which Ireland has effective exchange of information arrangements within the meaning of section 826(1C) TCA 1997.

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d) Pillar 2 penalties

- i. We ask that the penalties in Irish Pillar Two legislation be reviewed, in particular the penalty for failure to file a Globe Information Return (GIR) (or Notification of Filer) under section 111 AAAB (1). At present, failure by a constituent entity to file the GIR (or Notification of Filer) results in a €10,000 penalty per month until filing (capped at 48 months) for all constituent entities within a group. This could be very significant for large groups, and we would consider it to be unduly punitive.
- ii. Further, we would ask that a group cap be put in place in relation to the total/maximum penalty which can arise under section 111AAAB(2) TCA 1997, whether or not a QDTP/UTPR Group exists.
- iii. Lastly, we request an amendment to the legislation to undo what we believe to be an unintended impact as follows; Section 11AAI TCA 1997 provides for reduced filing requirements in relation to the GIR for constituent entities in certain circumstances. However, these provisions only apply where the relevant designated filing entity/designated local entity submits the GIR by the specified due date. As such, where the designated filing entity is late in filing the return, the reduced filing requirements are no longer available.

In practice this means that, while no penalty would apply to the filing entity where, for example the return is filed a day late under section 111AAAB(1) TCA 1997, the constituent entities could each become liable to significant penalties for failure to file the full top-up tax information return, despite the fact the return may subsequently be filed. We do not expect that this is the intention of the rules and therefore request that the Irish legislation be amended to address this.

4. Develop appropriate tax measures and funding opportunities for the development of and access to sustainable aviation fuel (SAF)

- a) We request the introduction of a tax relief similar to that used to support investment in renewable energy generation companies (Section 486B TCA) for investment in companies/universities working on the development of SAF-enabling technologies. The objective of this measure is to attract investment in and support the development of SAF technologies in Ireland.

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- b) We also propose the inclusion of SAF-specific research topics in existing funding such as SEAI R&D or the Disruptive Technologies Innovation Fund. The SAF opportunity is more than physical production and can extend to Ireland's digital economy to support SAF marketplaces and platforms which will be required to support its rollout and adoption.
- c) Finally, we request extending the Accelerated Capital Allowances (ACA) Regime under Section 285A TCA 1997 to apply to plant and machinery used to enable the development, manufacture, and supply of SAF. This would be a valuable form of support to a technology that is capital-intensive but critically important to Ireland's sustainable future.

Expenditure Policies

1. Increased funding for the International Financial Services (IFS) Skillnet

We ask Government to increase the core funding for Skillnet Business Networks by €50 million over three years to meet verified industry demand. The Skillnet model offers a decisive advantage to regular, standardised training and yet is facing an acute funding crisis that threatens its capacity to support enterprise.

The IFS Skillnet is one of the largest Skillnet networks and is dedicated to the international financial services sector. Operating under the promotion of Financial Services Ireland since 2009, it aims to enhance sectoral competitiveness through targeted learning solutions in areas like digital transformation and artificial intelligence.

The advantages of the Skillnet model are as follows:

- **Industry led and future-focused:** Operating on a bottom-up philosophy, the private sector identifies its own skills gaps and designs specific, commercially mapped solutions. By guiding this process, you transition your companies from being consumers of talent to active designers of it.
- **The power of the collective:** Clustering creates large economies of scale and a neutral ground for shared intelligence. Small firms gain access to worldclass training, while larger companies benefit from a more sophisticated supply chain and the nimble approaches found in SMEs.

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- **Speed as a strategic asset:** In a turbulent market, agility is our ultimate competitive edge. Because we operate outside the multiyear validation cycles of formal academia, Skillnet Networks are able to deploy new programs in weeks rather than years in response to economic disruptions and trends like AI.

The model's effectiveness is globally recognised; the Skillnet approach is consistently cited as a 'best practice' framework by the European Commission, the OECD, and the ILO, effectively positioning it as the 'gold standard' for workforce development.

2. Continued funding for Ireland's Women in Finance Charter

We ask Government to commit to multi-annual funding of Ireland's Women in Finance Charter to ensure its continued viability and success.

Led by industry and supported by the Government of Ireland, the Charter underpins the financial services industry's ambition to see increased participation of women at all levels, including junior, middle and senior management, leadership and board roles within financial services organisations based in Ireland.

Gender equality, diversity, and inclusion are at the heart of progressive societies and there is much research available which documents the benefits. While significant progress has been made, the reality is that gender gaps remain, including in financial services. While female representation in the general population of financial services firms tends to be equally balanced, significant differences emerge in the progression to more senior levels.

Firms who have signed up to the Charter have seen an increase in female representation at senior levels since signing up:

- At Board level, average female representation is now 36.3%, up from 30.3% when firms signed up
- At Senior management, female representation is now 43.4%, compared to 36.2% when firms signed up
- At CEO level, female representation is now 22.6% compared to 19.4% when firms signed up

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We welcome the Minister's commitment to provide €50,000 of funding for a data partner for the Charter. This funding is crucial for fostering a more inclusive financial services sector.

3. Funding towards a National Fintech Hub & Innovation Space

We ask Government to take into consideration the findings of a feasibility study for a National Fintech Hub & Innovation Space, which will be published in July. This is further to the Programme for Government commitment to collaborate with industry in exploring the establishment of a National Fintech Hub with the aim of fostering innovation and supporting fintech initiatives. The feasibility report, funded by FSI members, will be an important step in what will hopefully be the creation of a world-class centre for innovation in financial services.

Key to achieving FSI's goals of making Ireland a global centre for fintech and AI will be the creation of a hub of this kind, that can act as a catalyst to deliver the next phase of growth particularly as firms adapt to emerging technologies like AI, blockchain, and embedded finance.

While there is a lot of positive activity in the Irish fintech space, it remains fragmented. A national hub would unify the sector by bringing startups, scaleups, academics, regulators, investors, and policymakers into a shared space that fosters collaboration and drives innovation. It would foster knowledge creation and skills development, delivering long-term benefits to the Irish economy.

4. Funding for the Irish Financial Services Skills Framework

We ask that Budget 2026 allocate adequate funding to the maintenance and further development of the Irish Financial Services Skills Framework.

The Framework, [Skillsframework.ie](https://skillsframework.ie), is a world-first, standards-based model designed to future-proof Ireland's financial services workforce. It was developed by IOB (a recognised college of UCD) in collaboration with the Expert Group on Future Skills Needs (EGFSN), industry bodies including FSI, and the Irish government. Originally launched in June 2025 for the retail banking sector, it has since expanded (as of mid-2026) to cover investment funds and general insurance.

As part of its next phase of development, the following subsectors are currently working on their own skills frameworks to be part of Skillsframework.ie.

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- Aircraft leasing
- Asset management
- International banking
- Fintech and payments

As the IFS Expert Group on Future Skills Needs completed its terms of reference under the secretariat of DETE in January 2026, the implementation group unanimously decided to continue its work to achieve its longer-term objectives, which are being facilitated by the Institute of Banking (IOB). Skillsframework.ie is the single biggest project; however, funding is urgently required to facilitate both its maintenance and further development. Initial costings put this region of €450,000–500,000. It is vital that we maintain an excellent tool, which supports both internal career progression within the sector and also providing a platform for transitioners into the sector. Otherwise, an excellent product and output of an inter-governmental and industry working group will flounder and not realise its full potential.
