A&L Goodbody

FINANCIAL REGULATION
ADVISORY AND TAX

Savings and investment accounts in Ireland:
A clearer picture emerging

Following the publication of the Irish Government's 'Roadmap for the Taxation of Retail Investment' (**Roadmap**), the proposed national framework for savings and investment accounts (**SIAs**) is beginning to take shape.

The Roadmap sets out the SIA's proposed key design features and policy options for amending Ireland's retail investment tax regime.

10 MIN READ

The Roadmap's publication follows the announcement by the Irish Minister for Finance, in March 2026, that the Irish government intends to introduce legislation in 2026 to establish a national SIA framework. The government has committed to publishing the legislative framework in Finance (No. 2) Bill 2026 in coordination with 'Budget 2027', with SIAs to become available in 2027. This marks a significant development for the Irish retail investment market. Firms that act early will be best placed to benefit and potentially expand their retail client base.

This insight discusses the SIA's proposed design features and policy options to simplify the existing tax regime for Irish retail investments.

For detailed information on the background to the SIA framework (including the European Commission's SIA blueprint) and the challenges and potential practical implications for investment firms, credit institutions and other impacted firms, see our previous publication.

Proposed features for SIAs

The government recognises that regulated firms considering offering SIAs need design information as soon as possible so they can develop the necessary infrastructure and operating systems to make SIAs available as early as possible. To support firms, high-level design features are provided in the Roadmap. These are intended to be the first iteration, and amendments or expansions may be considered in future years. The high-level design features are outlined below.

1. Taxation model

The tax model adopted for SIAs will be significantly different to the regimes that currently apply to retail investments, removing the need to understand and engage with complex tax rules. The proposed model (outlined below) provides for common tax treatment across a range of instruments and a reduced administrative burden.

An annual flat rate of tax will be applied to the amount by which the value of investments held within an SIA exceeds a tax-free threshold amount. Where the value is below the tax-free threshold, no tax will apply. The specific rate of tax and the tax-free threshold will be set out as part of Budget 2027.

The current tax regime for retail investment, including the 'deemed disposal' rule, will not apply to the new account. The tax applied will be a final liability tax.

The account provider will be responsible for valuing the account, including contributions, during the tax year at intervals that have yet to be confirmed. Those valuations will then be used to calculate the account's average value for the year. One possible approach being considered is to use the daily net asset value of the underlying investments, which would be consistent with current market practice.

While the introduction of this new product with its simplified tax methodology is welcome – critics have expressed concerns regarding the impact that the application of a flat rate tax, regardless of performance, may have on uptake. For example, if the value of an investment account has dropped significantly in a tax year (e.g. due to an economic downturn) but remains above the tax-free threshold amount, the holder would still be liable to pay the flat rate tax.

2. Contribution limit

The government does not currently expect to require a minimum annual contribution to the account. However, there will be an annual limit on the maximum amount that can be contributed, reflecting the policy aim to encourage a culture of regular investment by retail investors. The level of the annual contribution limit will be confirmed in Budget 2027, and it is expected to be below the tax-free threshold. This means that individuals, even if they contribute the maximum annual amount, are unlikely to have a tax liability at the end of year one.

3. Age requirement

Irish resident individuals who are aged 18 and over will be eligible to open an account. There has been interest in the concept of an SIA specifically for children, which will be considered as part of future finance bills.

4. Number of accounts

One account per individual will be accommodated. Allowing individuals to open multiple accounts will be considered as part of future finance bills.

5. Tax Residence / PPSN

Only individuals who have a PPSN will be eligible to open an account, and, in the initial phase, an account will only be available to Irish tax residents.

6. Qualifying providers

Eligible providers are proposed to include:

- MiFID II-authorised service providers (i.e. investment firms, wealth managers, broker dealers, product manufacturers and credit institutions authorised to carry out MiFID II activities)
- regulated fund managers
- insurers or firms regulated under the Insurance Distribution Regulations

It is intended that non-Irish, EEA authorised domiciled providers will be eligible to provide accounts and "will be required to operate the taxation for investors".

7. Role of providers

All tax reporting, tax administration and payment of tax to the Irish Revenue will be managed by the provider without any requirement for the individual investor to engage with Revenue in respect of the account.

Providers will also be required to ensure that investors do not exceed their annual contribution limits.

Non-Irish domiciled providers will be eligible to act as account providers. The legislative framework will allow for the necessary engagement between these providers and Revenue to facilitate relevant reporting requirements and the payment of any tax due.

8. Qualifying products

Eligible investments will include listed shares, listed bonds, financial instruments traded on a regulated market, insurance-based investment products and a range of investment funds suitable for retail investors, including ETFs. This will allow citizens to diversify their portfolios across asset classes, issuers, manufacturers, geographies and risk profiles. Products judged to be highly complex and risky, such as derivatives and crypto assets, will be excluded.

As the policy goal is to encourage retail participants to invest, as opposed to leave money in cash deposits, it is not envisaged that the participants will be able to place cash on deposit within the accounts

other than for the purpose of purchasing investments or temporarily holding cash generated from the selling of investments. There will be no return generated from cash held in the account.

9. Flexible withdrawal

There will be no minimum holding period or lock in period, ensuring investors have full flexibility to access their funds to withdraw from the account at any time.

10. Portability

Investors should be able, where possible, to transfer their existing portfolio held within their SIA from one provider to another on a tax-neutral basis, without needing to liquidate their holdings and transfer cash for reinvestment. This portability will require providers to share information. However, it is acknowledged that in-specie transfers, i.e. moving assets from one provider to another without cashing the investment, may not always be possible between account providers, depending on their specific product offerings.

11. Fees

The policy expectation is that any fees payable by a retail investor should be minimal and competitive by international standards.

It is also important to note that the European Union (Markets in Financial Instruments) Regulations 2017 (**Regulations**) and the 'Revised Consumer Protection Code' (**Code**) contain transparency and governance requirements regarding fees and disclosures. While the Code does not apply to MiFID investment services, the Central Bank of Ireland (**CBI**) expects firms providing MiFID investment services to apply the CBI's 'Guidance on Securing Customers' Interests' in the context of fulfilling their obligation to "act honestly, fairly and professionally in accordance with the best interests of its clients" in accordance with Regulation 31 of the Regulations.

Options for amending the current tax regime for retail investments

The launch of SIAs will not replace Ireland's existing regimes for taxation of retail investments – rather SIAs will offer retail investors a new product (or 'wrapper') through which they can structure their investments. Any existing retail investments, or new investments made outside of an SIA, will remain subject to the old regime unless migrated into an SIA.

The Funds Sector 2030 Report (**2030 Report**), published by the Department of Finance on 22 October 2024, highlighted how complexities associated with Ireland's existing tax regime for retail investments, negatively impact on the level of participation by investors. The report made several recommendations on how this regime could be simplified to promote investment by retail investors.

Building on these recommendations, the Roadmap identifies three 'key levers' which may be considered as part of reforms to the existing regime in Budget 2028 and beyond:

1. Reduce the rate of tax

One area of difficulty encountered by retail investors is that a uniform tax treatment does not apply to all investments. For indirect investments which fall within the gross roll-up regime, exit tax (i.e. investment undertaking tax (**IUT**) or life assurance exit tax (**LAET**)) is applied on the occurrence of a 'chargeable event', including distributions, deemed disposals, actual disposals etc. For direct investments, such as investments in company shares, which do not fall within scope of this regime, distributions and other income events are subject to income tax at the investor's marginal rate while disposals are liable to capital gains tax.

The 2030 Report recommended that the rate of exit tax on investments be aligned with the CGT rate, currently 33%. Budget 2026 went some way to implementing this recommendation by reducing the rate of both IUT and LAET from 41% to 38%.

The Roadmap recognises the difficulty for investors in navigating a landscape where different investments are taxed in different ways and agrees that aligning the rate of exit tax with CGT could help to simplify this. However, the Roadmap states that aligning the two rates could make indirect investments more attractive from a tax perspective than direct ones - as dividends and other income from direct investments would remain subject to income tax at the investor's marginal rate. At present, the higher rate of exit tax on indirect investments, could be said to compensate for the differential in treatment of income between the two regimes. One option under consideration is therefore to reduce exit tax to a rate below the current rate, but slightly above the CGT rate, for example CGT plus 2%. The Roadmap also considers whether different exit tax rates should apply to different chargeable events, including deemed disposals, but concludes that this would likely add further complexity for retail investors.

A further potential reform discussed in the Roadmap is the reduction or abolition of the life assurance levy which applies, at a rate of 1%, on life assurance premiums paid by Irish policyholders to life assurance undertakings located in the EU, the EEA and the UK.

2. Review the 'deemed disposal' rule

The deemed disposal rule was introduced as an anti-avoidance rule. Under the deemed disposal rule, investments are deemed to be disposed, for their market value, after eight years and exit tax is applied on the deemed gain. On the ultimate disposal of the investment, any exit tax paid is allowed as a credit against the final tax liability. The deemed disposal rule will not apply to SIAs, nor does it apply to direct investments.

The deemed disposal rule has been criticised for adding complexity for retail investors. Investors may need to identify which holdings are within scope, track multiple investments over time and make self-assessment returns to Irish Revenue when the eight-year deemed disposal arises. While the Roadmap describes the tax paid on a deemed disposal as a prepayment of the tax ultimately due on disposal, the rule can create a cash-flow cost for investors. In practice, some investors may need to sell part of their investment to fund the tax liability, reducing the amount that remains invested and potentially limiting the benefit of compounding returns.

The 2030 Report recommended the complete removal of the deemed disposal rule for fund investments. However, in considering this proposal, the Roadmap notes that its complete removal could lead to unintended consequences and create opportunities for tax avoidance. In terms of next steps, the Roadmap suggests that a detailed review be undertaken into the guardrails necessary to ensure that the types of tax avoidance that the deemed disposal rule currently deters, or mitigates, are not created.

3. Introduce administrative simplification

Simplification is required to make the operation of the tax system more transparent for investors, thereby reducing the compliance burden and removing a deterrent to investment. Options include:

- introducing legislation specifically dealing with the taxation of funds whose units are held on a recognised clearing system (such as ETFs)
- removing reporting requirements for the making of investments in offshore funds/ products
- simplifying the legislation that applies to investments in offshore funds
- examining the overall legislative framework governing the operation of the relevant taxes across investment funds

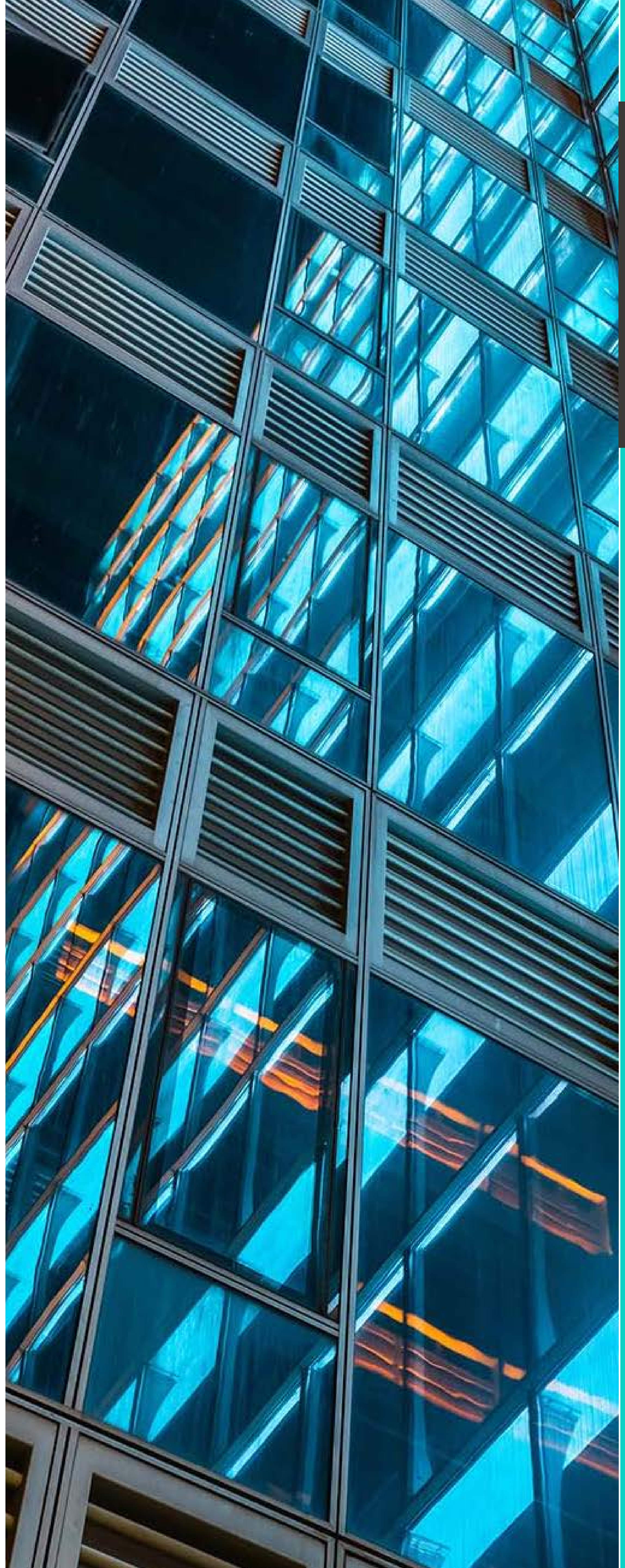
The absence of loss relief for fund investments has also attracted criticism and the 2030 Report had recommended the introduction of a limited form of loss relief for these investments. However, the Roadmap has indicated that the introduction of loss relief for indirect investments will not be part of the current review.

Comment

While SIA frameworks are already well established in several EU Member States, Ireland is starting from a relatively clean slate. This presents both opportunities and uncertainties for firms as some key design features, tax rates and thresholds and operational requirements remain under development. Against this backdrop, firms should start considering how their current operating models align with the anticipated SIA framework as outlined in the Roadmap. Firms that can deliver seamless digital journeys, fair and transparent pricing structures and scalable operating models will be well placed to compete in what is expected to be an increasingly dynamic retail investment market.

How ALG can help

ALG's Financial Regulation Advisory team and Tax team can support firms at every stage of their SIA journey, including analyses of existing authorisations and permissions, product structuring, marketing, suitability and appropriateness, cost and charges disclosures and the design of client onboarding processes so they are well prepared when accounts may be offered from 2027.



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