Draft

Title: An Economic and Tax Overview of companies with no Corporation Tax liability

Author: Yvonne Hayden[1] : Office of the Revenue Commissioners and Irish Government Economic & Evaluation Service

Abstract

Most Irish companies—around 55–60% between 2017 and 2023—report no corporation tax (CT) liability and the factors for this remain unclear. Using administrative tax data, this paper examines the composition, characteristics, and economic contributions of these firms. The results show that persistent nil-liability is common and primarily arises from loss carry-forwards, capital allowances, and a large cohort of low-profit or non-trading firms, with patterns differing sharply across sectors and firm ages. Despite low taxable profits, many of these firms generate substantial labour demand and exhibit active investment behaviour. Understanding these dynamics is essential for assessing the resilience and inclusiveness of Ireland's corporate tax base.

Introduction

Corporation tax (CT) is a cornerstone of Ireland's public finances, contributing nearly 27 per cent of total tax receipts in 2023. Yet more than half of all incorporated firms—between 55 and 60 per cent each year since 2017—report no CT liability. For the purposes of this paper, a company that has no liability to corporation tax in a year is one where the amount of tax payable to Revenue in respect of a tax return filed in that year is nil (i.e. the tax payable is less than or equal to zero)l. Understanding why such a large share of registered companies have no CT liability is critical for assessing the resilience and inclusiveness of the tax base, especially given Ireland's fiscal reliance on a small number of very large, profitable multinationals. A persistently high share of nil-liable firms raises questions about the sustainability of tax revenue, the effectiveness of reliefs and allowances, and the broader productivity and dynamism of the domestic enterprise sector.

This paper addresses the central question: why do so many Irish companies have no corporation tax liability, and what does this imply for revenue stability and economic contribution? It examines the composition, characteristics, and economic role of firms reporting no CT liability between 2017 and 2023, distinguishing among (i) profit-making trading companies whose tax liability is fully offset by reliefs or allowances, (ii) loss-making trading companies, and (iii) non-trading entities such as holding, investment, rental, and dormant companies. Although these firms contribute little directly to CT receipts, they may still generate employment, wages, and investment that affect the wider economy. [2]

To understand non-liability, companies are divided into three analytically distinct groups:

(i) Profit-making trading companies that record positive trading profits[3] but have no CT liability because these profits are fully offset by reliefs or allowances. Such firms often operate in capital-intensive sectors—notably aircraft leasing, manufacturing, and finance—where capital allowances and loss carry-forwards can smooth taxable income across years.

(ii) Loss-making trading companies that are actively trading but report accounting or tax losses in the relevant year. These entities, common in cyclical sectors such as construction, retail, and professional services, can carry forward these losses to offset future profits, possibly giving rise to declaration of nil liability in subsequent years until all losses are absorbed.

(iii) Non-trading companies include holding companies, investment and property companies, and dormant companies. Non-trading entities are those that do not carry on an active trade in the year; they typically derive income from investments, rents, or group management activities, while dormant companies are legally registered but have no significant accounting transactions, often established for ownership, restructuring, or intellectual-property purposes. There were roughly 5,000 companies that ceased trading in 2023, but remained registered for CT, while close to 4,000 companies in 2023 could be classified as holding companies.

This decomposition allows the paper to distinguish between firms that are nil-liable due to temporary tax relief effects and those that are nil-liable because they are structurally inactive or unprofitable. Some companies move between these states over time—profitable in one year and loss-making in another—while others remain persistently non-liable.

The analysis draws on administrative micro-data from Revenue's Corporation Tax (CT1) returns, matched with employment and earnings information from Revenue's real-time payroll reporting system[4]. Group-level linkages and ownership indicators are derived from companies' financial statements and registration records. The resulting dataset covers a range from 160,000 to 214,000 CT-filing companies per year over the years 2017–2023[5], representing the entire filing population[6] rather than a

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1 Any opinions expressed in this paper are the views of the author and do not necessarily reflect the views of the Revenue Commissioners or the Irish Government Economic and Evaluation Service (IGEES). I am grateful to the referees and colleagues in Revenue's Statistics and Economic Research Branch (SERB) and Revenue Legislation Services (RLS) for comments and suggestions received. Any remaining errors are my own.

2 Due to the use of the CT return as the primary data source, the focus of the analysis is on a company level. Of the 119,000 companies who had no liability to CT in 2023, close to 13,000 of them were part of a corporate group. Over 60% of the 13,000 entities could be found within corporate groups in the Finance and Insurance and Administrative and Support sectors.

3 This is based on the profits of the trade reported by the company in their corporation tax filing (Form CT1). This is the profit per accounts, adjusted for a number of factors as required by the Taxes Consolidation Act 1997 and subsequent amendments. These factors include adding back accounting depreciation, which is not a tax-deductible expense. As such, the reader should be aware that the profit figures provided in this paper are not the same as any profit figures reported in the financial statements of these companies.

4 Real-time payroll reporting to Revenue, on which employment data is based, will be made by the person or entity who pays the employee. The reader should be aware that in group situations, this may be a single group company, who then re-charges the employment costs to the other group entities who are the actual employers. As such, in interpreting this data source, the number of employees reported by a company may be understated due to employees of that company being included in the payroll reporting of another company or may be overstated due to that company including the employees of another company in its payroll reporting. Directors of companies are included in the data.

5 These are classified as companies who have filed CT returns.

6 The focus is on the number of unique companies filed in each period (If a company files twice, this is only counted once). As a result, the numbers referenced may differ slightly from the count of returns referred to the Annual CT reports published by Revenue.

sample. The period captures pre-pandemic, the COVID-19 shock (2020–2021), and the subsequent recovery (2022–2023). These years provide a valuable test of how company tax positions evolve through crisis and rebound phases. The paper first quantifies the prevalence of nil-liable companies and their distribution by ownership (foreign, Irish-owned multinational, and domestic) and economic sector. It then examines their profitability, use of capital allowances and loss carry-forwards, and taxable income. It explores the persistence of nil-liability status over time, identifying companies that consistently remain outside the scope of CT. Subsequent sections assess their labour-market contribution—employment, pay, and payroll taxes—and their investment patterns as proxied by capital-allowance claims.

In developing this analysis, the paper builds on previous work by the Economic and Social Research Institute (ESRI), the Irish Fiscal Advisory Council (IFAC), the Department of Finance, and Revenue's Statistics and Economic Research Branch (SERB), all of which have highlighted the increasing concentration of CT receipts among a few large multinationals and the volatility this creates for the public finances (ESRI 2021; IFAC 2022; Department of Finance 2023; Revenue SERB Annual CT Reports). Broader economic literature on loss carry-forwards and capital allowances (Galle 2009; Kluge and Schmid 2012; Hansford and Stantcheva 2021) shows that these provisions encourage investment by smoothing taxable income over time. Incorporating these insights, this paper provides new empirical evidence on how such reliefs and losses shape Ireland's corporate tax base, and on the extent to which firms without CT liabilities nevertheless contribute to employment and investment.

By mapping the scale and nature of nil-liable firms, the paper helps identify whether non-liability primarily reflects temporary investment incentives, cyclical losses, or a structural layer of low-productivity enterprises. The findings aim to inform future assessments of the breadth, stability, and equity of Ireland's corporate tax system.

2: Firms and Revenue Outcomes

Table 1 summarises the key characteristics of these CT-filing companies and of the large cohort that reported no corporation-tax liability[7]. In 2017, some 160,000[8] companies filed CT returns; by 2023 the number had grown to 214,390. Throughout this period, between 55% and 61% of all filers—roughly 98,000 to 119,000 companies each year—had no CT liability. This consistency indicates that a significant proportion of companies in Ireland report no CT liability, even as the overall corporate population has expanded by more than 50,000 entities. The number of companies refer to the number of unique filers in a year, if a company files twice within a year, this is only counted once. Companies can be liable in one year and may be non-liable for CT in another – Hence companies can move in and out of this state. Table 3 on persistency examines those that are persistently nil liable to CT, however, the main focus of the paper will be on those who are nil liable within a given year.

The composition of nil-liable firms by trading status has remained relatively stable. In 2017, profit-making traders represented 25 % of nil-liable companies (24,833 firms), loss-making traders 37 % (36,536 firms), and non-trading entities 38 % (37,142 firms). By 2023, the distribution shifted slightly: profit-making traders accounted for 22 %, loss-making traders 41 %, and non-trading firms 37 %. The shift towards loss-making firms after 2019 aligns with broader economic trends, particularly the impact of the COVID-19 pandemic in 2020, when both loss-making and non-trading companies increased to 38 % each as trading activity was disrupted.

From an ownership perspective, the nil-liable population is dominated by Irish-owned multinational and domestic firms[9], accounting for over 90 % of all cases in each year [5] and this split is similar in nature across profit making, loss making and non-trading companies. Foreign-owned firms—although only a small minority—account for a significant portion of total trading profit. In 2020, nil-liable companies reported combined trading profits of €24.3 billion[10], rising to €29.1 billion by 2023 as post-pandemic recovery took hold.

The employment data[11], drawn from Revenue's PAYE Realtime records, show the economic significance of this cohort. Employment among all CT-filing companies rose from 2.19 million in 2017 to 2.89 million in 2023, while employments in nil-liable firms increased from 653,000 to 732,000 over the same period. Consequently, nil-liable firms consistently supported 25 – 30 % of total employment [9], with most of these employments in profit making companies.

Their payroll footprint of this cohort is equally significant: gross pay[12] rose from €15bn in 2017 to €20bn in 2023. This employment and pay levels translate directly into substantial payroll tax contributions[13]. In 2023, employees in nil-liable firms paid €4bn in PAYE income tax[14], €736m in USC, and €2.5bn in PRSI[15], representing 22% of all PAYE IT, USC, VAT and PRSI[16] paid by employees of CT-filing companies. When looking at broader payroll-related and VAT taxes, nil-liable employers consistently contributed between 26% and 29% of all mentioned taxes from 2017 to 2022, before moderating to 20% in 2023. This pattern shows that, even when these companies remain nil liable to CT, they remain an important source of Exchequer revenue through payroll channels.

7 CT Liability refers to those who have tax due greater than 0. Companies with no or nil CT liability refers to those with a corporation tax due number of less than or equal to 0.

8 The figures in the text are rounded; exact figures are provided in the tables.

9 A foreign-owned multinational is defined as a company that is ultimately owned abroad by a multinational group and where the overall group operates in more than one country. An Irish-owned multinational is a company that is ultimately owned by a multinational group in the Republic of Ireland and where the group operates in more than one country. A domestic company is not part of a group that operates in more than one country.

10 In 2022, over 90% of profit-making nil -liable CT companies earned gross trading profits less than €1m.

11 This analysis takes all companies who had no liability to CT and analyses the employment (jobs) associated with these companies on an annual basis. As such, the employment count is not a head (employee) count as an individual may work for more than one employer during the year.

12Throughout the paper, gross Pay refers to the gross income recorded on payslips. It refers to income before pension contributions and other deductions are subtracted. It primarily refers to employment income but can include income from occupational pensions, which are also subject to PAYE taxation.

13 Some of these companies may have employments returned by a group remitter for PAYE.

14 The income tax and USC rates, bands and credits have changed during this period. All else equal these policy changes would reduce tax receipts but increases in gross pay and employment have strongly worked to increase tax receipts in aggregate over the period.

15 Includes Employee and Employer Contributions.

16 Other taxes are a combination of income tax, USC and PRSI and VAT.

From a policy perspective, this highlights a structural feature of the tax system: a significant portion of the corporate sector may contribute little or no CT due to losses, capital allowances or sectoral characteristics, yet still plays a major role in sustaining employment, wage growth and payroll tax receipts.

Taken together, the data in Table 1 reveal a dual structure within Ireland's corporate sector. The majority of nil-liable firms are small domestic enterprises that generate limited profits or remain inactive, reflecting low productivity and market churn. Alongside them is a smaller cohort of large, capital-intensive firms—often in leasing, manufacturing, and ICT—that record significant profits but offset them through loss carry-forwards and capital-allowance claims, indicate that the nil-liable population is not homogeneous. The persistence of a 55–61 % nil-liable share, combined with steady employment and fluctuating trading profits, highlights the resilience of Ireland's enterprise base.

Beyond these summary statistics, the persistence of nil-liability across years also reflects underlying business dynamics. Many firms appear in the CT system intermittently, entering and exiting activity or remaining registered despite low or no profits, which contributes to the consistently high nil-liable share. Administrative and structural factors—such as dormant company registrations, short-lived start-ups, and entities established for holding or restructuring purposes—inflate the population of active CT filers relative to those generating sustained taxable profits.

Table 1: Key Characteristics

Year	CT-Filing Companies	Nil-Liable Companies	Nil-Liable Share (%)	Foreign Owned (%)	Irish MNE and Domestic (%)	Profit-Making Trading (%)	Loss-Making Trading (%)	Non-Trading (%)	Total Trading Profit -Nil Liable (€ bn)	Employment – All CT Companies (000's)	Employment – Nil Liable ('000)	Nil-Liable Employment Share (%)	Gross Pay-Nil Liable (€bn)	Other Taxes - Nil Liable (€M)
2017	160 226	98 511	61	3	97	25	37	38	23.9	2 187	652.8	30	15.0	4.9
2018	165 113	98 352	60	4	96	25	38	37	25.1	2 334	685.2	29	16.6	5.7
2019	164 427	95 254	60	4	96	25	38	37	21.7	2 366	643.5	27	16.8	5.6
2020	180 357	104,963	58	7	93	24	38	38	24.3	2 337	704.7	30	17.9	6.1
2021	191 226	106,600	56	9	91	24	38	38	26.9	2 568	667.3	26	19.1	6.8
2022	201 061	112,162	56	6	94	22	40	39	25.8	2 850	747.5	26	21.5	7.6
2023	214 700	119 008	55	5	95	22	41	37	29.1	2 886	731.8	25	20.5	9.0

The age[17] and sector [18]breakdown of nil-liable companies in 2023 shows structural differences across non-trading, loss-making, and profit-making trading firms. Non-trading companies (44,338) are the oldest group, with 26% over 20 years old and 31% aged 10–20 years, while only 24% are newly established. Looking to loss-making traders (48,778): 45% are under 10 years old, 31% fall between 10 and 20 years, and 24% are over 20 years. Profit-making traders (25,892) are the youngest cohort, with 54% aged 0–10 years and only 20% above 20 years.

Sectoral patterns mirror these differences. Non-trading firms are concentrated in Financial and Insurance activities (12,911)—a sector that includes investment holding companies, treasury centres, and insurance intermediaries—as well as Real Estate (4,818) and Professional Services (5,111), which typically cover consultancy, accountancy, and legal firms. Loss-making traders are most numerous in Professional Activities (7,910), Construction (7,069) and Wholesale & Retail (6,909), sectors that include small contractors, retailers, and service-based firms. Profit-making traders show similar clustering, led by Wholesale & Retail (4,142) and Professional Activities (3,869), alongside Construction (3,511) and Admin & Support (2,848).

Overall, the data indicate that nil-liable companies span a wide range of ages and reflect the underlying structure of the Irish enterprise base. Older firms dominate the non-trading group, loss-makers are distributed across all ages, and profit-makers tend to be younger and concentrated in the service, retail, and construction sectors. This is reflective across the prior years also.

These employment and structural characteristics provide important context for understanding the persistency patterns observed in later years. The fact that such a large share of companies report no CT liability—while still accounting for up to 30% of all employments—highlights the diversity of firm types within the nil-liable group. The persistency results that follow quantify these dynamics and illustrate how often firms transition into or out of CT liability.

Table 2: Profile, Age and Sector of companies with no CT liability in 2023

Category: 2023 Company Counts	Age Distribution	Top Sectors (with company counts)	Ownership Status
Non-Trading (44,338)	• 0–5 yrs: 10,457 (24%) • 5–10 yrs: 8,292 (19%) • 10–15 yrs: 9,028 (20%) • 15–20 yrs: 4,960 (11%) • 20+ yrs: 11,745 (26%)	• Financial & Insurance: 12,911 • Real Estate: 4,818 • Professional Activities: 5,111 • Construction: 4,519 • Wholesale & Retail: 3,893	• 94% of companies: Irish Multinational and Domestic • 6% of companies: Foreign Owned Multinational
Loss-Making Trading (48,778)	• 0–5 yrs: 11,052 (22%) • 5–10 yrs: 11,075 (23%) • 10–15 yrs: 9,496 (19%) • 15–20 yrs: 5,260 (11%) • 20+ yrs: 11,895 (24%)	• Professional Activities: 7,910 • Construction: 7,069 •Wholesale & Retail: 6,909 • ICT: 4,499 •Financial Activities: 3,771	• 97% of companies: Irish Multinational and Domestic • 3% of companies: Foreign Owned Multinational
Profit-Making Trading (25,892)	• 0–5 yrs: 7,357 (28%) • 5–10 yrs: 6,704 (26%) • 10–15 yrs: 3,700 (14%) • 15–20 yrs: 3,034 (12%) • 20+ yrs: 5,097 (20%)	• Wholesale & Retail: 4,142 • Professional Activities: 3,869 • Construction: 3,511 • Admin & Support: 2,848 • ICT: 1,926	• 94% of companies: Irish Multinational and Domestic • 6% of companies: Foreign Owned Multinational

17 Age of a company is based on the year the company first registered for CT.

18 The NACE Economic sector reported in this dataset is extracted from taxpayer registration systems – it is the NACE sector reported by the taxpayer and is typically not subject to revision by Revenue.

1.b – Persistency of CT Companies – Entry and Exit

The persistency table provides a comprehensive picture of how companies interact with the corporation tax system over time. Between 2017 and 2023, a total of 96,914 unique companies filed a CT return, but their tax outcomes varied substantially in persistence. Around 22,542 firms were consistently tax-liable, forming a stable core of profitable enterprises. In contrast, 25,325 companies—just over one quarter of all unique filers—reported no CT liability in every year, reflecting a combination of low profitability, the use of loss reliefs or capital allowances, and a significant cohort of non-trading or dormant firms. The largest group, 49,047 companies, fluctuated between nil-liable and tax-liable positions, illustrating the cyclical or irregular profitability patterns that are typical of smaller enterprises.

Of the 25,325 companies that were consistently nil liable over the seven-year period, only 1,656 were consistently profit-making trading firms with taxable income averaging €270m over the period, while 5,027 were consistently loss-making traders and 8,211 were consistently non-trading entities. An additional 10,431 companies moved between profit and loss, reinforcing the view that much of the nil-liable population is characterised by intermittent economic activity. Corporate structure also plays a role: nearly 4,000 were located within corporate groups and were persistently nil-liable, indicating that restructuring entities, holding companies, and special-purpose vehicles contribute meaningfully to the nil liable population.

Looking to the geographic and sectoral composition, 33,000 companies were in Dublin and more than 11,000 in Cork, together accounting for nearly half of all unique filers. Among the consistently non-trading companies, the dominant sectors were Finance and Insurance (3,335 firms) and Real Estate (1,358 firms)—both of which include a high number of holding companies, investment vehicles, and property-related entities that often generate limited recurring taxable profits. Consistently loss-making companies were most prevalent in the Professional and Scientific sector (716 firms) and Construction (770 firms), sectors.

Table 3 also highlights the dynamics of firms moving between profitability states. Each year, between 1,850 and 2,250 companies returned to profit after being loss-making. These annual transitions illustrate that a portion of the nil-liable population moves in and out of positive trading conditions. The transition probability matrix reinforces this stability. Companies tend to remain in their existing tax position—nil-liable or tax-liable—with high probabilities of 80–85% each year. Movement out of non-liability occurs for roughly 15–19% of nil-liable companies annually, while a similar share of previously tax-liable companies fall back into nil-liable status, reflecting both economic conditions and the use of loss carry-forwards and capital allowances.

With 25,325 companies persistently nil liable for CT and a further 49,047 moving in and out of liability, more than three-quarters of all unique filers do not contribute consistently to CT revenues. At the same time, the high probability that firms remain in their existing tax position—80–85% each year—suggests that these patterns are deeply embedded rather than temporary fluctuations. Much of this reflects the structure of the enterprise base: long-standing non-trading entities in Finance and Real Estate, thousands of small firms with recurring losses in Construction and Professional Services, and a relatively small group of consistently profitable trading firms. For policymakers, the figures underline that the CT base is supported by a relatively small and stable core of profitable companies, while a large peripheral population generates limited or no taxable income.

Table 3 : Persistency of Corporation Tax Positions, Sector Profiles, Transitions and Probabilities (2017–2023)

Category	Variable	Counts
Total Unique CT Filers (2017–2023)	Companies	**96,914**
Persistency of CT Liability	Consistently CT-liable	**22,542**
	Consistently nil-liable	**25,325**
	• Consistent profit-making traders	**1,656**
	• Consistent loss-making traders	**5,027**
	• Consistent non-trading companies	**8,211**
	• Fluctuated between profit & loss	**10,431**
	Fluctuated between liable & nil-liable	**49,047**
Group Structures	Unique Companies in corporate groups	**≈15,000** (across 3,000 groups)
	Consistently nil-liable & in groups	**≈4,000** (across 1,500 groups)
Geographic Distribution	Dublin	**33,056**
	Cork	**11,182**

	Remaining counties	**52,676**
Sector Profile (Consistent Non-Trading)	Finance & Insurance	**3,335**
	Real Estate	**1,358**
	Professional & Scientific	**733**
	Construction	**638**
Sector Profile (Consistent Loss-Making)	Finance & Insurance	**1,030**
	Professional & Scientific	**716**
	Construction	**770**
	Real Estate	**437**
Loss → Profit Transitions	2018	**2,121**
	2019	**2,167**
	2020	**2,150**
	2021	**2,255**
	2022	**1,858**
	2023	**1,901**
Transition Probabilities (Nil ↔ Liable)[19]	2017–2018 Nil→Nil	**82.14%**
	2017–2018 Tax→Tax	**83.78%**
	2018–2019 Nil→Nil	**83.69%**
	2018–2019 Tax→Tax	**84.29%**
	2019–2020 Nil→Nil	**83.35%**
	2019–2020 Tax→Tax	**81.81%**
	2020–2021 Nil→Nil	**80.98%**
	2020–2021 Tax→Tax	**85.32%**
	2021–2022 Nil→Nil	**83.99%**
	2021–2022 Tax→Tax	**83.24%**
	2022–2023 Nil→Nil	**85.37%**
	2022–2023 Tax→Tax	**82.62%**

.1.c – Profit Trading Companies with no CT Liability

In Ireland, companies are generally required to pay a standard corporation tax rate of 12.5% [20] on trading income, which is income generated for profit-making purposes[21]. Non-trading income, such as earnings from investments or rental activities, is taxed at a higher rate of 25%.

Between 2017 and 2023, a distinct group of profit-making companies in Ireland consistently recorded no corporation tax liability, despite generating substantial trading profits. In 2017, this cohort earned €22 billion, representing 14% of total trading profits. By 2023, profits had risen to nearly €28 billion, although their share of total trading profits declined to 8%. This indicates that while these companies remained highly profitable, the overall CT cohort expanded faster than the nil-liable cohort, slightly reducing their relative contribution.

Ownership patterns reveal a strong dominance of foreign multinationals, which consistently contributed the largest portion of nil liable profits. Their share rose from 48% in 2017 to a peak of 66% in 2020, before declining to 52% in 2023. Irish-owned multinationals played a smaller but increasingly important role, rising from 13% in 2017 to 30% in 2023. Domestic companies accounted for the remainder, fluctuating between 18% and 49% over the period. These trends show profit making companies, who have no liability to CT, are concentrated in multinational firms, particularly foreign owned, while domestic companies contribute a stable but smaller share.

[19] Probabilities are all expressed as a share of companies who were nil-liable for CT in 2017

[20] Certain trades are "excepted trades" and are taxed at 25%. A reduced rate of 12.5% also applies to certain foreign-sourced dividends, where they are paid out of trading profits of certain qualifying territories. Dividends and other distributions paid from one Irish resident company to another are generally exempt from corporation tax.

[21] The reader is reminded that “profits” is taken from the tax return, and is profits per accounts as adjusted for items such as adding back non tax-deductible depreciation. This figure is before capital allowances, which is the way in which relief is given through the tax system for capital expenditure on certain capital assets and is therefore the equivalent of ‘tax depreciation’.

The age distribution of nil liable companies highlights a mix of mature and younger businesses driving profits. Firms aged 0–5 years represented between 8% and 14%, while companies aged 5–10 years accounted for 14–29%, and 10–15-year-old firms contributed 14–28%. Older companies, particularly those over 20 years, remained a substantial source of profits, reaching a peak of 37% in 2022. This illustrates that both long-established companies and mid-aged firms are central to the profit-making cohort who end up in a nil liable CT position.

Examining the data across years shows subtle shifts in both ownership and age composition. The impact of the COVID-19 pandemic is visible in 2020, when foreign multinationals' share of nil liable profits jumped to 66%, and domestic companies' share fell to 20%, indicating that global multinationals were more resilient. However, by 2023, the distribution had largely stabilized, with foreign multinationals at 52% and domestic companies at 18%. Overall, the data demonstrates that a relatively small cohort of companies—dominated by foreign multinationals and including a range of company ages—accounts for a significant portion of Ireland's trading profits while remaining nil liable to CT.

Table 4 : Profit Making Companies

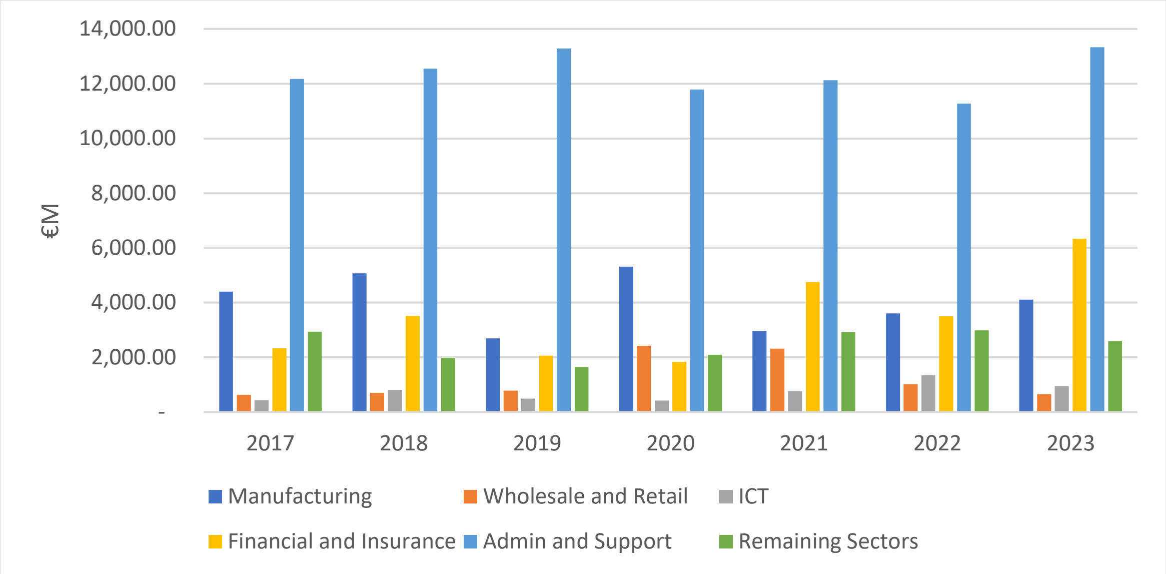
Year	Total Trading Profits: All CT companies (€M)	Profit-Making Companies: No CT Liability (€M)	% of Total	Foreign Multinational (€M / %)	Irish Multinational (€M / %)	Domestic (€M / %)	0–5 yrs (€M / %)	5–10 yrs (€M / %)	10–15 yrs (€M / %)	15–20 yrs (€M / %)	20+ yrs (€M / %)
2017	167,090	22,920	14%	10,714/ 48%	2,697 /12%	9,509 /43%	4,564/ 20%	5,246 /23%	4,273 /19%	4,600/ 20%	4,237 /18%
2018	190,890	24,626	13%	12,773 / 52%	2,678 /11%	9,173 /37%	3,180 /13%	6,818 /28%	4,070 /17%	5,158 /21%	5,397 /22%
2019	203,815	20,972	11%	9,149 / 44%	2,025 /10%	9,796 /47%	3,068 /15%	5,430/ 26%	2,875/ 14%	5,408 /26%	4,190 /20%
2020	199,261	23,867	12%	15,737 / 66%	3,433 / 14%	4,697 / 20%	2,012 / 8%	5,801 / 24%	6,576 / 28%	4,456 / 19%	5,020 / 21%
2021	256,887	25,847	10%	16,920 / 65%	2,704 / 10%	6,222 / 24%	4,963 / 19%	7,368 / 29%	3,786 / 15%	3,551 / 14%	6,179 / 24%
2022	317,450	23,728	8%	13,549 / 57%	3,449 / 15%	6,730 / 28%	2,194 / 9%	3,275 / 14%	3,013 / 13%	6,351 / 27%	8,894 / 37%
2023	309,050	27,969	8%	12,616 / 52%	7,820 / 30%	7,533 / 18%	3,906 / 14%	7,785 / 28%	5,000 / 18%	3,538 / 13%	7,738 / 28%

Figure 1 highlights gross trading profits across major sectors from 2017 to 2023. Administrative and Support Services consistently generate the highest profits by a wide margin. This sector—strongly influenced by aircraft leasing—remains above €10 billion in every year shown, peaking around 2019 before dipping slightly in 2020 and then rising again toward 2023.

Manufacturing is the second-largest contributor, showing steady and robust performance over the period. Profits remain in the €5–6 billion range for most years, with a noticeable dip in 2022 followed by recovery in 2023. This stability reflects the strength of manufacturing in Ireland, particularly pharmaceuticals and computer hardware, which continued to generate substantial profits even during periods of economic disruption. Meanwhile, Financial and Insurance activities show an upward trend, growing from around €3 billion in 2017 to over €6 billion by 2023.

By contrast, sectors such as Wholesale and Retail, ICT, and the Remaining Sectors group show more modest levels of trading profit. Wholesale and Retail exhibits moderate fluctuations, with growth in 2020 and 2021 but lower levels in other years. ICT profits remain comparatively small throughout the period. The Remaining Sectors category grows gradually over time but remains significantly below the major profit-generating sectors. Overall, the graph highlights the concentration of profitable companies, who have no liability to CT, in a few industries with other sectors contributing steadily but at much lower levels.

Figure 1: Trade Profit earned by profit making trading companies with no CT liability.



.1. d– Loss Making and Non Trading Companies with no CT Liability

Gross Trade profits among loss making companies, with no CT liability, fluctuate significantly across the period, ranging from €251 million in 2020 to almost €1.7 billion in 2022. This variation reflects the underlying volatility of sectors with large capital investments. In these cases, companies can appear loss-making in accounting terms but still generate taxable income due to tax adjustments such as balancing charges. Non-trading profits remain relatively modest throughout the period, never exceeding €373 million.

The "Other Income and Gains" category is far more substantial, ranging from €1.6 billion in 2018 to €7.2 billion in 2021. More than 50% of this income is generated by non-trading companies within the finance and insurance sector, highlighting the prominence of investment returns, foreign dividends, and realised gains on financial assets.

A major contributor to gross trade profits as defined from the CT1 form—particularly in companies classified as loss-making—is the presence of balancing charges. Balancing charges can arise when an asset is sold for more than its tax written-down value, effectively "recapturing" capital allowances previously claimed. For example, an aircraft leasing company that sells an aircraft for €20 million when its tax written-down value is €12 million triggers an €8 million balancing charge. This charge may be added to taxable trading income, even if the company's operating activity generated a loss. In practice, almost 2,000 companies in the Administrative and Support Services sector—dominated by aircraft leasing—explain over 60% of the gross trading profits arising from balancing charges on the CT1 form in recent years.

Table 5 : Loss Making and non-Trading Companies

Year	Loss-Making Companies: No CT Liability: Gross Trade Profit (€M)	Non Trade Companies: No CT Liability: Gross Trade Profit (€M)	Loss-Making and Non Trading Companies: No CT Liability: Other Income and Gains (€M)
2017	703	299	3,161
2018	413	142	1,594
2019	696	119	2,695
2020	251	134	4,674
2021	720	287	7,221
2022	1,691	373	3,957
2023	957	185	4,747

1.e How to get From Trading Profit to Taxable Income

Table 6 shows that companies with no CT liability generate substantial levels of trading profit each year, with gross trading profits ranging from €21.8 billion in 2019 to €29.1 billion in 2023. Despite this sizeable profit base, the vast majority is offset by deductions and allowances. Total deductions closely track trading profits—€20.1 billion in 2019, €24.0 billion in 2021, and climbing to €27.3 billion in 2023—indicating that most of the profit is eliminated before taxable income is calculated. The alignment between profits and deductions highlights how the structure of tax reliefs, particularly capital allowances, which are the way in which the tax system provides relief for investment in certain capital assets[22]. and losses forward[23], effectively determines final tax outcomes.

Capital allowances are the single largest deduction in most years. They reached €16.0 billion in 2021, the highest in the period, and remained substantial at €12.5 billion in 2023. This pattern reflects ongoing large-scale investment in assets such as aircraft, manufacturing equipment and other plant and machinery. The figures for trade losses forward, which is made up of losses carried forward [24] from a previous accounting period, drops to €4.7 billion in 2020, but rising sharply to €11.8 billion in 2023. This increase suggests that a large pool of previously accumulated losses became usable as profitability increased, consistent with the policy principle that losses can be offset in future profitable periods.

Other income and gains is made up of certain foreign dividend income, rental income [25] as well as chargeable gains, vary considerably reaching €7.7 billion in 2021 and stabilising at €5.9 billion in 2023. Much of this income is attributable to non-trading companies in sectors such as finance and insurance. Other deductions which include group relief, excess rental allowances[26], relief 247 and management expenses[27], remain smaller but steady ranging between €1.3 billion and €1.9 billion. After accounting for all these factors, taxable income falls to a fraction of original profits, ranging between €2.2 billion in 2018 and €9.1 billion in 2021.

The tax ultimately due before credits reflects this reduced base, varying from €320 million in 2018 to €1.35 billion in 2021. However, policy-driven reliefs—most notably the R&D tax credit, double taxation relief, and relief for value-based losses—fully eliminate the liability each year. Credits exceed the gross tax due in every year, for example €1.85 billion in credits against €961 million in gross tax in 2023, resulting in a nil liable tax position. The table therefore demonstrates not only how deductions reduce taxable income but also how tax credits complete the transition from positive taxable income to elimination of final tax liability. This highlights the importance of understanding both sides of the corporate tax base—allowances that reduce income and credits that reduce liability.

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22 This applies where that capital investment is used to generate future income. Normal principles of commercial accounting allocate this capital investment over accounting periods depending on the accounting policy adopted within the confines of the accounting framework. The tax system seeks to do something similar within the confines of the rules on capital allowances.

23 Trade losses forward will include any unused capital allowances on plant and machinery used for the purpose of the trade. Current year trading losses can also be offset against current year trading profits and those of the preceding year. However, the value of the losses utilised in such a manner is generally significantly lower than that for trading losses carried forward and this paper therefore does not consider the impact of those current year trading losses.

24 These losses carried forward recognises that business have peaks and troughs in profitability over the life of a trade and therefore relief for losses in prior years is allowed in years where the trade is profitable.

25 Non-resident landlords became subject to Irish CT on Irish rental income from 2022, whereas previously it would have been subject to income tax.

26 Excess rental allowances arise where a company's rental capital allowances for a property exceed the company's rental income for that property, the excess allowances can be used in the first instance against income arising from other rental properties of the company, and then against the current and prior year profits of the company, or the current year property rental income of group companies. Any remaining excess may be carried forward by the company and offset against that company's rental income in future periods.

27 Investment companies can deduct current year management expenses and/or excess management expenses carried forward from earlier periods in computing total profits. Alternatively, management expenses can be surrendered to other group companies under group relief provisions.

Table 6: Profit, Deductions, Income and Tax Outcomes, 2017–2023 (€ million)

Variable: € Million	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Gross Trading Profits	**23,923**	**25,181**	**21,786**	**24,251**	**26,853**	**25,792**	**29,112**
Total Deductions[28]	**-20,244**	**-23,534**	**-20,103**	**-21,784**	**-24,030**	**-22,947**	**-27,254**
— Capital Allowances	*-9,055*	*-13,937*	*-11,590*	*-14,124*	*-16,027*	*-12,703*	*-12,543*
— Trade Loss Forward	*-8,327*	*-7,416*	*-6,053*	*-4,694*	*-5,897*	*-7,462*	*-11,764*
— Current Year Losses	*-231*	*-137*	*-115*	*-88*	*-237*	*-837*	*-229*
Income & Gains	+ 3,773	+ 1,966	+3,330	+5,094	+7,672	+4,441	+5,905
Other Deductions	-3,413	-1,428	-1,301	-1,524	-1,349	-1,587	-1,926
Taxable Income	**4,039**	**2,185**	**3,713**	**6,038**	**9,146**	**5,698**	**5,837**
Tax at 12.5%	3,101	1,817	3,424	3,194	7,464	5,096	3,985
Tax at 25%	938	368	288	2,843	1,681	601	1,852
Tax at 33%	0.2	0.7	0.2	0.1	—	—	—
Gross Tax Due	**622**	**320**	**500**	**1,110**	**1,354**	**787**	**961**
Reliefs / Credits / Refunds	1,020	781	985	1,683	2,180	1,983	1,854
Tax Paid	**–398**	**–461**	**–485**	**–573**	**–826**	**–1,196**	**–893**

Capital Allowances

Capital allowances—effectively tax depreciation—are the mechanism through which businesses obtain relief for the cost of acquiring qualifying capital assets. Rather than allowing the full deduction upfront, these deductions spread the tax relief, associated with the cost, over several years rather than giving relief in the year the asset is acquired. For example, plant and machinery typically qualify for allowances of 12.5% per year over eight years, while industrial buildings are ordinarily written off at 4% per year over 25 years. Specified intangible assets[29] may qualify for relief either at the amortisation rate used in a company's accounts or, alternatively, on a straight-line basis over 15 years.

Table 7 breaks down capital allowances used by sector, showing the dominance of the Administrative and Support sector. This sector accounted for over 60% of capital allowances used over the period in question. The Manufacturing sector varied in dominance over the years, while the peak in capital allowances used by remaining sectors in 2021 and 2022 can be explained by the Finance & Insurance sector as well as the Wholesale & Retail sector.

Table 7: Breakdown of Capital Allowances used by Economic Sector

	2017	***2018***	***2019***	***2020***	***2021***	***2022***	***2023***
Administrative and Support	7,329	8,599	8,972	8,405	8,747	8,008	7,396
Manufacturing	794	1,928	1,330	2,305	1,397	1,626	2,332
Remaining Sectors	932	3,410	1,288	3,413	5,883	3,068	2,814
Total	9,055	13,937	11,590	14,123	16,027	12,702	12,542

Trading Losses forward

Companies that incur a trading loss in one year are permitted to carry that loss forward to offset profits from the same trade arising in future years, with these losses being offset against the first available profits until they are used up. Trading losses forward will include any unused capital allowances on plant and machinery from prior years. There is no time limit for carrying forward these trading losses[30]. As Table 6 shows that €11bn of losses carried forward were used by profit making trading companies in 2023, underscoring the significance of accumulated historical losses in determining current-year tax liabilities.

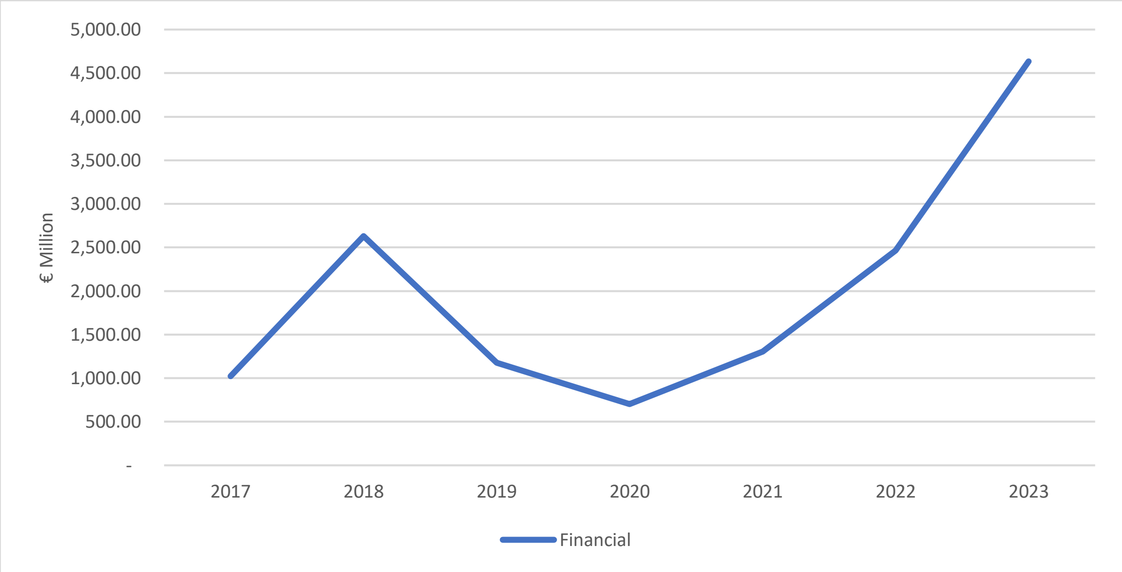
28 This is made up of capital allowances, trade losses carried forward, current year losses, as well as Trade charges and group relief.

29 Claims for capital allowances on specified intangible assets are subject to additional requirements compared to those on tangible assets. One important element of the tax code is that capital allowances for specified intangible assets can only be deducted from trading income that is directly linked to the use of these specific assets. In addition, capital allowances and interest deductions relating to the acquisition of specified intangible assets is limited to 80% of the trading profits of the IP trade for specified intangible assets acquired on or after 11 October 2017. Where some or all of the capital allowances otherwise available for an accounting period are unallowed, due to either insufficiency of relevant trading income or because of the application of the 80 per cent cap, the excess allowances will be carried forward and added to any allowances which are available for offset against trading income of the relevant trade for the next accounting period, and so on for each succeeding accounting period.

30 The above provisions also apply to companies carrying out an excepted trade. Those companies can offset a trading loss against their total profits for the same period in which the loss arose and their total profits of the immediately preceding accounting period.

The Administrative and Support Services sectors (45%), which is dominated by aircraft leasing companies, as well as the Finance and Insurance sector (42%) accounted for the majority of all trade losses used by profit making trading companies in 2023. In the Financial and Insurance sector, banks often carry forward historical losses, especially those incurred during the Great Recession, while aircraft leasing companies often generate fluctuating profits and losses depending on market conditions. Figure 2 below shows a time series of losses forward in the Financial sector over time and gives an indication of how the sector is performing. After a dip in 2020 associated with COVID-19, the sector recovered with losses forward used of €4.5bn in 2023. This continued utilisation demonstrates how legacy losses can influence corporate tax receipts many years after the losses were originally generated. From a policy standpoint, the persistence of these historical losses highlights the long-term fiscal impact of economic downturns.

Figure 2: Loses forward used: Finance and Insurance sector.



2: Employment and Labour Market Contribution

Throughout this section, the term Employments is used, as individuals can have multiple employments across different companies during the year and the focus of the paper is at the company level. Real-time payroll reporting to Revenue, on which employment data is based, will be made by the person or entity who pays the employee (employer). In group situations, this may be a single group company, who then re-charges the employment costs to the other group entities who are the actual employers. As such, in interpreting the data for specific cohorts, the number of employees reported by a company may be understated due to employees of that company being included in the PMOD return of another company or may be overstated due to that company including the employees of another company in its PMOD return. Directors of companies are included in the data.

The table below shows median pay[31], employment, and gross pay among companies with no Corporation Tax (CT) liability from 2017 to 2023, segmented into Profit-Making Trading Companies, Loss-Making Trading Companies, and Non-Trading Companies. Across this period, median pay consistently shows that profit-making trading companies pay the highest wages, rising from €18,337 in 2017 to €22,444 in 2023. Loss-making trading companies[32] follow a similar trajectory, with pay increasing from €17,216 to €20,365, while non-trading companies consistently report lower median pay, though their median increased notably in 2021 to €18,694. The sharp declines in median pay for all company types in 2020 reflect the disruption caused by the COVID-19 pandemic.

Employment trends reveal that profit-making trading companies dominate employment in most years, though their share declined slightly in 2020 and again in 2023, reflecting 48.6% of total employment in 2023. In contrast, loss-making trading companies have steadily expanded, employing 43.0% of total workers in 2023, surpassing the non-trading cohort, which consistently accounts for the smallest share of employment at around 8–10%. Total employment among companies with no CT liability grew from 652,813 in 2017 to 731,382 in 2023, representing a 12% increase over the period.

Gross pay follows a similar pattern, with profit-making trading companies contributing the largest share of total payroll, accounting for approximately 56–61% of total gross pay among nil liable companies in most years. Loss-making trading companies' share of gross pay grew steadily, reaching 37.0% in 2023, while non-trading companies contributed less than 10% of total gross pay each year. The total gross pay across all companies with no CT liability rose from €15 billion in 2017 to €20.5 billion in 2023, indicating steady growth in compensation across the sector.

31 It should be noted that the number of hours worked is not available in the payroll submissions to Revenue, but it is likely that the data include many employees who worked part-time hours and/or on a temporary basis.

32 These 'Employments' may not be full time E.g., the directors who are directors of many companies.

Overall, the data highlights that companies with no CT liability play a significant role in employment and payroll distribution, with profit-making trading companies leading in pay and total compensation, while loss-making trading companies have grown in both employment and gross pay. Non-trading companies remain a smaller cohort in both employment and payroll contributions.

Table 8: Gross Pay and Employment

Year	Median Pay – Profit Making Company -Nil Liable	Median Pay – Loss Making Company -Nil Liable	Median Pay – Non-Trading Company -Nil Liable	Median Pay – All	Employment – Profit Making Company - Nil Liable	Employment – Loss Making Company -Nil Liable	Employment – Non-Trading Company -Nil Liable	Employment – Total Nil Liable	Gross Pay – Profit Making Company -Nil Liable: €M	Gross Pay – Loss Making Company -Nil Liable: €M	Gross Pay – Non-Trading Company -Nil Liable: €M	Gross Pay – Total: €M
2017	18,337	17,216	14,091	19,147	354,627 (54.3%)	231,945 (35.5%)	68,747 (10.5%)	652,813	8,570 (57.1%)	5,063 (33.7%)	1,213 (8.1%)	15,010
2018	18,911	17,996	15,000	19,842	376,850 (55.0%)	239,594 (35.0%)	68,711 (10.0%)	685,155	9,773 (58.5%)	5,344 (32.0%)	1,574 (9.4%)	16,691
2019	19,696	18,934	15,686	20,700	352,539 (54.8%)	223,616 (34.8%)	67,341 (10.5%)	643,496	9,826 (58.5%)	5,442 (32.4%)	1,538 (9.2%)	16,805
2020	15,328	13,159	14,397	16,385	321,816 (45.7%)	279,391 (39.6%)	103,509 (14.7%)	704,716	8,779 (49.0%)	6,496 (36.2%)	2,653 (14.8%)	17,928
2021	19,263	19,499	18,694	20,287	374,070 (56.0%)	229,675 (34.4%)	63,550 (9.5%)	667,295	11,612 (60.7%)	6,002 (31.4%)	1,524 (8.0%)	19,139
2022	21,898	20,160	16,818	22,021	380,568 (50.9%)	298,581 (39.9%)	68,326 (9.1%)	747,475	12,256 (56.9%)	7,718 (35.8%)	1,577 (7.3%)	21,551
2023	22,444	20,365	16,848	22,868	355,461 (48.6%)	314,483 (43.0%)	61,438 (8.4%)	731,382	11,474 (55.9%)	7,597 (37.0%)	1,441 (7.0%)	20,513

Among profit-making trading companies, domestic firms accounted for the largest share of employment at 65%, with foreign-owned multinationals contributing 23% and Irish-owned multinationals 13%. Employment was concentrated in Wholesale & Retail (56,796), Professional, Scientific & Technical Activities (44,146), Accommodation & Food (43,982), Manufacturing (34,975), and Administrative & Support (34,205). While the Administrative and Support sector is typically dominated by Aircraft Leasing companies, the employment in the sector can largely be explained by recruitment and consulting companies. Overall, most of the employment was within small and micro companies, which made up 50% of the workforce, while medium and large companies contributed 28%, and only 2% of companies reported no employment.

For loss-making trading companies, domestic firms again dominated employment, accounting for over 79%, while foreign-owned and Irish-owned multinationals each represented 11% of total employment. The sectoral distribution was led by Accommodation & Food (57,243) and Wholesale & Retail (46,041), followed by Professional, Scientific & Technical Activities (29,051) and Manufacturing (23,214). Nearly half of loss making companies (48%) had no employees, while the small and micro segment accounted for 51% of employment.

Among non-trading companies, employment totalled 61,438, with domestic companies representing over 70% of total employment and foreign-owned multinationals 22%. Employment was concentrated in Accommodation & Food (12,309), Information and Communication (ICT) (10,391), Financial & Insurance Activities (5,796), and Professional, Scientific & Technical Activities (5,506). A significant majority of these companies—approximately 85%—had no employees, reflecting the prevalence of holding companies, property management, and other investment-oriented enterprises.

Across all three company types, the data highlights the sustained importance of domestic companies in the Irish labour market. Foreign-owned multinationals play a significant role among profit-making and non-trading companies, contributing between 20% and 23% of total employment, while Irish-owned multinationals have a smaller but notable presence, especially in trading companies. Looking at it by economic sector, employment remains concentrated in Accommodation & Food, Wholesale & Retail, Manufacturing, and Professional & Technical Services, with domestic firms accounting for the bulk of workforce participation in these areas.

Overall, the 2023 employment profile small and micro-sized firms represent a substantial portion of employment, particularly in loss-making and profit-making trading companies. Non-trading companies continue to employ relatively few people, reflecting their roles as investment or holding entities rather than active operational businesses.

Table 9: Employment Characteristics

Category	Total Employment 2023	Ownership Status 2023	Employment by Sector 2023	Employment Composition 2023
Non-Trading Companies	61,438	• 76% Domestic • 3% Irish Owned Multinational • 22% Foreign Owned Multinational	• Accommodation & Food: 12,309 • Information & Communication (ICT): 10,391 • Financial & Insurance: 5,796 • Professional, Scientific & Technical: 5,506	• No Employment: 37,683 (85%) • Remaining: 6,655 (15%)
Loss-Making Trading Companies	314,483	• 79% Domestic • 11% Irish Owned Multinational • 11% Foreign Owned Multinational	• Accommodation & Food: 57,243 • Wholesale & Retail: 46,041 • Professional, Scientific & Technical: 29,051 • Manufacturing: 23,214	• No Employment: 23,164 (48%) • Small and Micro[33]: 24,703 (51%) • Remaining (medium/large): 911 (1%)

33 Micro (<10 persons employed) Small (10-49 persons employed) Medium (50-249 persons employed) and Large (>250 persons employed) – This follows the CSO definition of firm size from https://www.cso.ie/en/releasesandpublications/ep/pbii/businessinireland2020/smallandmediumenterprises/. SME refers to the combination of the small, medium and micro categories. In the case of micro companies for the purpose of this analysis it includes companies with between 1 and 10 persons employed.

Profit-Making Trading Companies	355,461	• 65% Domestic • 13% Irish Owned Multinational • 23% Foreign Owned Multinational	• Wholesale & Retail: 56,796 • Manufacturing: 34,975 • Accommodation & Food: 43,982 • Professional, Scientific & Technical: 44,146 • Administrative & Support: 34,205	• No Employment: 7,163 (2%) • Small and Micro: 17,751 (50%) • Remaining (medium/large): 978 (28%)

A split of median pays by profit making trading companies and loss making and non-trading companies, who had no liability to CT is shown in Table 10. The ICT sector leads across all groupings with a median pay of €39,000 among profit making trading companies and €34,000 among loss making and non-trading companies. This was followed by the Finance and Insurance sector as well as the Professional and Scientific sector, exceeding €30,000 a year. An exception to this were non trading companies in the Finance and Insurance sector. The Manufacturing sector recorded the lowest median pay among the four sectors at under €25,000 a year.

As is expected, median pays are consistently lower across the loss making and non-Trading companies compared to their profit-making counterparts.

Table 10: Median Pay among companies with no CT liability: By Economic Sector: 2023

Median Pay:2023	**Profit Making Trading Companies**	**Loss Making Trading Companies**	**Non Trading Companies**
ICT	€39,013	€34,568	€34,523
Financial and Insurance	€36,000	€32,947	€17,500
Professional Scientific and Technical Activities	€37,447	€31,144	€33,395
Manufacturing	€23,247	€22,507	€14,728

Table 11 shows the distribution of median pay per employment among profit making, loss making and non-Trading companies in 2023. Looking to the profit-making trading companies shows that the top 10% of workers earned more than €60,000 per year, while the top 25% of employments earned more than €35,000 per year. The median pay at €20,000 per year showed that half of employments earned less than this while the other 50% earned more.

Table 11: Distribution of Median Pays per Employment :2023

Percentile	**Median Pay (€): Profit Making Companies**	**Median Pay (€): Loss Making Companies**	**Median Pay (€):Non Trading Companies**
90th (Top 10%)	€62,694	€60,000	€72,540
75th (Upper 25%)	€36,741	€35,418	€38,874
50th (Median - Middle 50%)	€22,444	€20,365	€16,848
25th (Lower 25%)	€13,101	€11,049	€7,613
10th (Bottom 10%)	€7,391	€5,539	€2,802

3: Capital Allowances and Investment Activity

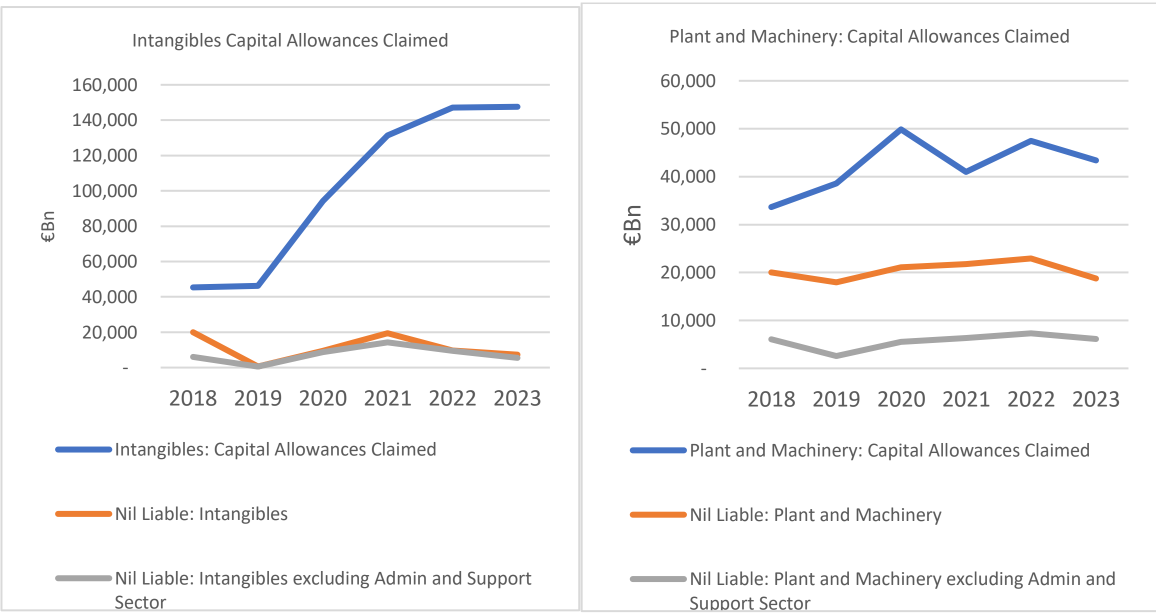
Companies that have no liability for Corporation Tax can still be notable investors. This section exploits the information provided by capital allowances claimed on the tax return to give an indication of the underlying investment occurring in the economy. The claim figure can provide valuable economic insight on, broadly speaking, investment patterns in the economy by different asset class and company type. The numbers referenced in this subsection will differ from the €12bn used capital allowance figure referenced in Table 7. Not all claims will be used as, for instance, they may exceed the level of trading profit reported by the company. As such, the claim figure will be higher than the used figure.

Figure 3 illustrates the trends in Plant & Machinery[34] and Intangible Capital Allowances claimed from 2018 to 2023, highlighting the distinction between claims made by all companies and those made specifically by companies, who had no liability for Corporation tax.

The first chart shows a steady rise in total capital allowances for plant and machinery from 2018 to 2020, peaking at approximately €50 billion, followed by a slight dip in 2021, a rebound in 2022 before falling again in 2023. Companies, who had no liability to Corporation tax, had a similar time series pattern and consistently claimed about €20bn in capital allowances each year. This reflects consistent claims of allowances in sectors like aircraft leasing and manufacturing. Removing Administrative and Support Services, as a proxy for aircraft leasing, indicates that the level of plant and machinery capital allowance claims was substantially lower for nil liable companies yet still 13% percent of total nil liable claims in 2023. This "business investment" share is notably lower than the share of employment for these companies.

The second chart shows a strong increase in overall claims for intangible capital allowances starting from €50bn in 2019 to nearly €147bn in 2023. However, claims by companies who had no liability to Corporation tax, remained more volatile, fluctuating between €1bn and €20bn annually.

Figure 3: Comparison of Capital Allowances Claimed by Asset Type



In 2023, companies who had no liability to CT, claimed a total of €18bn in Plant & Machinery capital allowances and €7bn in Intangible capital allowances. Of the €7bn of intangible capital allowances claimed, over €5bn can be explained by the Manufacturing sector. Looking to Plant and Machinery capital allowances claims shows the dominance of the Admin and Support sector accounting for over 60% of the claims. The remaining sectors 35 claimed less than 20% if the allowances. Over 50% of the capital allowances claimed by nil liable companies across both intangible and plant and machinery can be attributed to the Foreign sector.

34 Regarding the leasing of machinery or plant, where a leasing business carried on in conjunction with other activities (for example, a banking business), the business is limited in how it can offset capital allowances derived from the leased machinery and plant – with such allowances only being available for offset against the leasing and/or "lease adjacent" activities (at a very high level this refers to the typical admin and support activities carried on by leasing businesses) in that company or the wider leasing group. The degree to which offset is available depends on a number of factors. These rules are in place to prevent the use of excess leasing allowances against activities other than those carried on by leasing businesses.

[35] Remaining sectors being all sectors other than Admin and Support Services, Manufacturing, and ICT.

Table 12: Breakdown of Capital Allowances Claimed for Nil Liable Companies: 2023

Overall Intangible Allowances Claimed Nil Liable: 2023: €M	**7,332**	**Overall Plant and Machinery Allowances Claimed Nil Liable: 2023: €M**	**18,745**
Manufacturing	5,098	Admin and Support Services	12,616
Administrative and Support	645	Manufacturing	2,393
Other	1,588	Finance and Insurance	1,082
		Professional and Technical Activities	837
		Other	1,817

Conclusion

This paper shows that between 55 and 61 per cent of companies from 2017 to 2023 have no corporation tax liability and the analysis underscores Revenue's continued focus on making the best use of the tax record data, encouraging openness and accountability, strengthening public debate and improving the evidence base for policy making. Using comprehensive administrative data, the analysis shows that nil-liability arises from a combination of cyclical losses, substantial capital-allowance claims in capital-intensive sectors, and a cohort of non-trading or low-profit firms.

The evidence indicates that a significant proportion of trading firms, particularly in sectors such as aircraft leasing, manufacturing, and finance, utilise capital allowances and accumulated losses to offset trading profits. In 2023 alone, €29 billion in profits was matched by €27 billion in deductions, including €12.5 billion in capital allowances and €11.8 billion of losses carried forward. These findings underline how capital allowances and loss carry-forwards shape taxable income far more than underlying profitability.

At the same time, the data show that nil-liable companies play a substantial role in the wider economy. Across the period studied, they consistently accounted for one-quarter to one-third of all employments in CT-filing firms, contributing €20.5 billion in gross pay and over €7 billion in payroll taxes in 2023. Profit-making traders account for roughly half of all employment within nil-liable firms, while even loss-making traders employ large numbers across sectors such as accommodation, retail, manufacturing and professional services. These patterns illustrate that a low CT liability does not imply limited economic activity: for large parts of the domestic corporate base, nil-liability coexists with significant labour-market participation.

The persistency results highlight that roughly 25,000 firms were consistently nil-liable from 2017 to 2023, including many non-trading entities and small domestic firms. High transition probabilities (80–85 per cent) for both liable and nil-liable states suggest that year-to-year volatility does little to broaden the effective tax base. Overall, the empirical evidence shows that Ireland's nil-liable companies cannot be understood as a homogeneous group. Rather, they reflect the diversity of the enterprise base—ranging from large multinationals undertaking major investment, to cyclical domestic businesses, to long-standing holding and restructuring entities. Recognising this diversity is essential for designing corporate tax policy that supports productive investment while safeguarding the stability and inclusiveness of the tax base.

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