

Deduction for stock exchange listing expenditure

Part 04-06-25

This document should be read in conjunction with section 81D of the Taxes Consolidation Act 1997

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Introduction

This manual outlines the corporation tax relief available under section 81D TCA 1997 for expenditure of up to €1 million incurred by a company to list its shares for the first time on an EEA stock exchange (i.e. a stock exchange located in Ireland, another EU Member State, Iceland, Norway or Liechtenstein).

1 Overview of relief

Corporation tax relief is available where a company incurs expenditure in relation to the admission to trading of that company's shares on an EEA stock exchange during an accounting period.

Relief for the expenditure is available either as:

- a deduction in computing the profits or gains charged to tax under Case I or Case II of Schedule D, or
- an expense of management under section 83 if the company is an investment company. An investment company is a company whose business consists wholly or mainly of the making of investments, and the principal part of whose income is derived from the making of investments.

An overall limit of €1 million of expenses per listing applies.

The trading deduction or expense of management should be included in the CT1 return for the accounting period during which the company's shares are first admitted to trading.

The admission to trading of the company's shares must take place on or after 1 January 2025 and on or before 31 December 2029.

Relief under section 81D is available for successful initial listings (IPOs) of the company's shares. As such, relief will not apply in the following circumstances:

- The company's shares have previously been admitted to trading / listed on a stock exchange in any jurisdiction in any accounting period.
- The company lists financial instruments other than shares.
- Expenditure is incurred in relation to a potential listing that does not ultimately take place.

Where a company is an investment company, it should add the full amount of qualifying expenditure to its expenses of management.

2 Qualifying expenditure

Relief is available for listing expenditure incurred by a company wholly and exclusively for the purpose of admitting to trading the shares of the company on an EEA stock exchange.

An allowance, deduction or relief cannot otherwise be available in any accounting period under another provision of the Tax Acts.

Expenses incurred by the company during the 'relevant period' are allowable, subject to the overall €1 million cap per listing. The relevant period is the accounting period during which the admission to trading takes place plus the previous three years. If the company only commenced trading or became an investment company in the preceding three years, then the relevant period applies from the date the company commenced trading or became an investment company up until the last date of the accounting period during which the admission to trading takes place.

Section 81D is not prescriptive in terms of the type of listing expenditure that can qualify, other than it must be 'wholly and exclusively' incurred by the company for the purpose of admitting to trading the shares of the company on a regulated market or a multilateral trading facility.

The taxpayer's sole purpose for incurring the expense must have been for the purpose of the admission to trading of its shares on the qualifying stock exchange. If there is another purpose for the expenditure, then a deduction under section 81D is not available in respect of the full amount. There is no basis for apportionment where there is a duality of purpose.

However, where an identifiable proportion of an expense has been incurred wholly and exclusively for the purpose of the admission to trading, then that part will not be disallowed on the basis that the expense, as a whole, was not so incurred. The expenditure must be capable of division into distinct elements, one or more of which is incurred wholly and exclusively for the purposes of the admission to trading. An apportionment exercise should be carried out to identify the definite part of the expenditure which was incurred wholly and exclusively for the purposes of the admission to trading.

In addition to the initial admission fee charged by the relevant stock exchange (which may include both a fixed and variable element), expenditure in relation to a stock exchange listing could include fees relating to legal, financial, accounting, tax, registrar, sponsor and underwriting services, commercial due diligence, public relations, website updates and other financial marketing publications, etc. A company may require a loan to finance this expenditure and could incur interest expenses on this loan. Such expenditure which satisfies the 'wholly and exclusively' test may qualify for relief under section 81D.

3 Qualifying stock exchanges

The company's shares must be admitted to trading on a regulated market or a multilateral trading facility (MTF) in an EEA state.

The terms 'regulated market' and 'multilateral trading facility' take their meaning from Article 4 of the Markets in Financial Instruments Directive (MiFID II)¹ as follows:

'regulated market' means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of this Directive.

'multilateral trading facility' or 'MTF' means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of this Directive.

The European Securities and Markets Authority maintains a register of all regulated markets and MTFs in the EEA on its website (www.esma.europa.eu/).

4 Examples

Example 1

Juniper Co is an investment company with a 31 December accounting year end. The company has a small amount of trading income but its main source of income is derived from the making of investments. The company admitted its shares to trading for the first time on an EEA regulated market on 1 June 2025. The company incurred expenditure wholly and exclusively for the purpose of that admission to trading of €340,000 during 2024 and €900,000 during 2025 (i.e. total expenditure of €1,240,000). This expenditure is not otherwise allowable under the Tax Acts.

Listing expenditure incurred in the relevant period from 1 January 2022 to 31 December 2025 is eligible for relief under section 81D, subject to a maximum limit of €1 million. As the company is an investment company within the meaning of section 83, the company can add €1 million of the listing expenditure incurred in 2024 and 2025 to its expenses of management for the accounting period ending 31 December 2025. This amount cannot also be deducted against Case I trading income.

¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Example 2

Hawthorn Co engaged a consulting firm to provide advice on a potential listing of the company's shares on a US stock exchange, incurring advisory fees of €100,000 during 2022. Hawthorn Co decided not to go ahead with the US listing. The company subsequently made a decision to list on Euronext Dublin (a regulated market), with the admission to trading of the company's shares occurring in May 2025. The company incurred expenditure of €750,000 in relation to this.

Listing expenditure of €750,000 is eligible for relief under section 81D. The expenditure incurred in relation to the potential US listing does not relate to the successful IPO on an EEA stock exchange and is not allowable.

Example 3

Dahlia Co delisted its shares from the London Stock Exchange in 2020. The company lists its shares for the first time on a multilateral trading facility of the Irish Stock Exchange during 2025.

As the company's shares have previously been listed on a stock exchange it means relief is not available under section 81D.

Example 4

Cypress Co incurred professional advisory fees relating to the admission to trading of its shares on a regulated market in the EEA during 2025. The advisory firm sends a quarterly invoice to Cypress Co for various services provided during the last financial quarter, with each service separately itemised showing a breakdown of costs.

Any portion of the professional advisory fees incurred by Cypress Co wholly and exclusively for the purpose of admitting to trading its shares on the EEA stock exchange are allowable under section 81D for the accounting period during which the admission to trading takes place.

Example 5

Begonia Co incurred expenditure in each of the 12-month accounting periods ending on 30 June in 2022, 2023, 2024, 2025 and 2026 in relation to an admission to trading of its shares for the first time on an EEA stock exchange in October 2025.

The relevant period for the purposes of section 81D is 1 July 2022 to 30 June 2026 (i.e. the accounting period during which the admission to trading takes place plus the previous 3 years). Listing expenditure incurred during the accounting period ending on 30 June 2022 is not allowable.