

Relief for Investment in Corporate Trades

Employment Investment Incentive and Start-up Capital Incentive

Qualifying Company Perspective

Part 16-00-03

This document should be read in conjunction with Part 16 of the Taxes Consolidation Act 1997

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1 Introduction

Part 16 of the Taxes Consolidation Act 1997 (TCA) provides for relief for investment in corporate trades (RICT)¹. The reliefs are the Employment Investment Incentive (EII), the Start-Up Relief for Entrepreneurs (SURE) and the Start-Up Capital Incentive (SCI) (together ‘the Part 16 reliefs’). The purpose of this Tax and Duty Manual (TDM) is to provide an overview of the reliefs from the perspective of the qualifying company relating to EII and SCI. [Tax and Duty Manual 16-00-04](#) provides detailed guidance in relation to these reliefs from the perspective of a qualifying investor.

The Part 16 reliefs are designed to help small and medium-sized enterprises (‘SMEs’) attract equity-based risk finance investment from individual investors by allowing those investors to claim income tax relief on qualifying investments.

The Part 16 reliefs are permitted forms of State aid within Article 21 and Article 21a of EU Commission Regulation No. 651/2014 of 17 June 2014 as amended by Commission Regulation No. 2023/1315 of 23 June 2023, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty² (referred to as the “General Block Exemption Regulation” (GBER)). Article 21a of GBER permits risk finance tax incentive schemes in SMEs where natural persons (individuals) are the investors. Many of the phrases and terms used in respect of the relief take their meaning from GBER.

[TDM Part 16-00-05](#) contains guidance in relation to SURE. It is important to note that many of the qualifying rules, requirements and processes that apply in this TDM in relation to EII and SCI are also of relevance for the purposes of obtaining relief under SURE and [TDM Part 16-00-05](#) should be read in that context.

2 Overview

The Part 16 reliefs are a permissible form of State aid and operate within the parameters of GBER. The principal conditions for the reliefs emanate from the requirements of GBER.

The Part 16 reliefs assist qualifying companies in raising investment by providing income tax relief to individuals who make qualifying equity-based risk finance investments in those companies. EII provides income tax relief to investors who are not connected to the company or its Relief for Investment in Corporate Trades (RICT) group. Broadly, a **RICT group** refers to the company and all its partner and linked businesses (see section 7 for further information on the meaning of a RICT group). SURE provides income tax refunds to encourage employees or former employees to start their own businesses, and SCI provides income tax relief to family members of existing shareholders in start-up companies.

¹ Part 16 comprises sections 488 to 508Z TCA.

² [Commission Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty](#)

For the Part 16 reliefs to apply, there are a number of conditions which must be met by the company seeking investment, by the RICT group of which the company is a member, by the investor and in respect of the investment, which is by way of subscription for eligible shares. Relief is available in respect of eligible shares which are issued on or before 31 December 2026 where the relevant conditions are met.

2.1 Key features of EII and SCI

Guidance on the features and operation of SURE is contained in [TDM Part 16-00-05](#). The key features of EII and SCI are as follows:

Relief available to qualifying investors in respect of qualifying investments

- Qualifying investors may avail of income tax relief on qualifying investments made in qualifying companies of up to €1,000,000³ annually. A qualifying investor is an individual who subscribes for new shares in a qualifying company for cash. The investment can be made directly in the company or, in the case of EII, directly by a Designated Investment Fund (DIF) or indirectly by a Qualifying Investment Fund (QIF) (see sections 6 and 9).
- In the case of EII, a qualifying investor must not be connected with the company during a period that, in general, begins 2 years before, and ends 4 years after, the investment is made (known as the “**compliance period**”). Broadly, an individual will be connected with a company if that individual, or an associate of that individual, is a director or employee of, is in a partnership with, or has an interest in the capital of, that company or any company in the RICT group.
- An individual investor must invest a minimum amount of €250 in the company and eligible shares received by the investor must be held for four years. The minimum investment limit does not apply where EII investment is made through a DIF or a QIF.

Qualifying company and RICT group requirements

- To be eligible to raise investment under the Part 16 reliefs, a company must be a ‘qualifying company’. A company will be a qualifying company where it meets certain conditions, some of which must be satisfied at the time of the investment while others must be satisfied throughout the “**relevant period**” which, in respect of eligible shares, is the period which begins on the date the shares were issued and ends four years after that date. In addition, certain conditions must be met by the RICT group of which the company is a member.
- Conditions that apply at the company level (see section 3) include:
 - The company must be incorporated and resident in the State, another European Economic Area (EEA) state or the United Kingdom (UK).
 - The company must exist wholly for the purpose of carrying on relevant trading activities or must either exist wholly for the purpose of holding of shares in qualifying subsidiaries or both (see 3.5).

³ This is the maximum limit that applies for investments made on or after 1 January 2025. Lower limits applied in previous years; the limit in 2024 was €500,000.

- The company must carry on, or intend to carry on, relevant trading activities from a fixed place of business in the State.
- The company must not control (either by itself, or together with any person connected with the company) any company other than a qualifying subsidiary. It also cannot be under the control of any other company, or of any other company and any person connected with that other company (see 3.6).
- The company must hold a tax clearance certificate.
- At the RICT group level, the company and all the members of the RICT group must be an SME, must not be an undertaking in difficulty, must not be subject to a recovery order and must be unlisted (see section 8).
- Throughout the relevant period, the company and each company in its RICT group must have all of its issued shares fully paid up.
- A qualifying company must at the end of the period of three years after receipt of a qualifying investment (known as the “**subsequent period**”) meet certain conditions in respect of an increase in the number or remuneration of employees in the company or an increase in spend on R&D+I (see section 4).

Requirements relating to the investment

- A qualifying investment must come within one of three types of investment:
 1. initial risk finance investment,
 2. follow-on risk finance investment, or
 3. expansion risk finance investment (see 6.4).
- The initial or expansion risk finance investment must be based on a written business plan, which includes details of all of the risk finance investment required by the company, and it must provide for any follow-on risk finance investment intended to be raised (see 6.1).
- The investment funds raised must be used by the company wholly or mainly for a qualifying purpose within the relevant period (see 6.5).

Limits and State aid requirements

- In line with GBER, the rate of relief available to qualifying investors ranges from 20% to 50% of the amount of the qualifying investment depending on which type of risk finance investment (initial, follow-on or expansion) is being raised⁴.
- Also, in line with GBER, there is a limit on the amount of risk finance that may be raised by a RICT group. A RICT group can raise up to a combined total of €5.5 million in any rolling 12-month period and a lifetime limit of €16.5 million. For the purposes of these limits, all risk finance investment raised by the RICT group under the Part 16 reliefs and under [Relief for investment in innovative enterprises](#) must be taken into account. If a company is raising investment under SCI, a reduced lifetime limit of €500,000 applies.
- As the reliefs are permissible State aid under GBER, certain details in relation to investment are required to be published. These details are published on the Revenue website (see 10.5).

⁴ See section 6.2 of [TDM 16-00-04](#) Qualifying Investor Perspective for details of the applicable rates of relief.

Administrative obligations

- The reliefs operate on a self-assessment basis and, in general, qualifying investors may claim income tax relief in the year of assessment in which the investment is made.
- To enable qualifying investors to claim the relief, the company must provide a Statement of Qualification ('SOQ') in respect of the qualifying investment to qualifying investors by 31 December of the year following the year in which the eligible share was issued. Where the qualifying company has received an investment under EII from a DIF or a QIF, the company issues the SOQ to the managers of the investment fund who in turn issue a Manager's Certificate to investors to claim the relief.
- For all the administrative obligations that apply to a qualifying company in respect of EII and SCI, as well as, in relation to investment received by a qualifying company under EII from a DIF or QIF, the obligations of the investment fund, see section 10.

2.2 Specific features of SCI

The SCI is designed to help early-stage micro companies attract equity-based risk finance from associates who are, in general, family members. In this regard, SCI is an exception to the general rule under EII that relief is not available to an investor whose associates are shareholders in the qualifying company because they are connected with the company.

Only micro companies, which are companies with 10 or less employees and an annual turnover and/or annual balance sheet total not exceeding €2 million, can raise investment under SCI.

Appendix A sets out a summary of SCI and the particular conditions that are required to be met by a company wishing to raise investment under this incentive. The specific conditions are, however, mentioned, where relevant and applicable, throughout the TDM.

3 Qualifying Company

For a company to raise funding to which relief under Part 16 of the TCA 1997 may apply, it must be a “qualifying company”. To qualify as a qualifying company, certain eligibility criteria must be met by the company at the time of the investment and throughout the relevant period and the subsequent period. In addition, certain conditions must be met by the RICT group of which the company forms part at the time of the investment and throughout the relevant period.

3.1 Eligibility criteria relevant to a qualifying company at the time of investment

A qualifying company, at the time of the investment:

- must be incorporated in the State, another EEA state or the UK.
- must hold a valid tax clearance certificate⁵.
- must exist wholly for the purpose of carrying on relevant trading activities or must either exist wholly for the purpose of being a holding company (i.e., it must exist to hold shares in one or more of its qualifying subsidiaries, or it may make loans to those qualifying subsidiaries), or for the dual purpose of both the carrying on of relevant trading activities, and being a holding company (see 3.5).
- must utilise the funds invested wholly or mainly for a qualifying purpose within the relevant period (see 6.5).
- must have a business plan for the investment sought (see 6.1).

3.2 Eligibility criteria relevant to a qualifying company throughout the relevant period

A qualifying company, throughout the relevant period:

- must be tax resident in the State, another EEA state or the UK.
- must carry on, or intend to carry on, relevant trading activities from a fixed place of business in the State (see 3.5.1).
- must not control (or together with any person connected with the company does not control) any company other than a qualifying subsidiary. It also cannot be under the control of any other company, or of any other company and any person connected with that other company (see 3.6).

3.3 Eligibility criteria relevant to a qualifying company and its RICT group at the time of investment

While details of the eligibility criteria that relate specifically to a qualifying company at the time of investment are outlined above, both the qualifying company and its

⁵ <https://www.revenue.ie/en/starting-a-business/tax-clearance/apply-for-tax-clearance-certificate/index.aspx>

RICT group must also satisfy a number of criteria. Broadly, a RICT group in relation to a company is a group made up of the company and all of its partner businesses and linked businesses (see section 7 for more details). Each company in the RICT group (including the qualifying company):

- must be an unlisted company with no arrangements in place, at the date the eligible shares are issued, to become listed in the future. An unlisted company is a company that does not have any stocks, shares or debentures listed on the official list of a stock exchange or quoted on an unlisted securities market. Companies may, however, be quoted on the Euronext Growth Dublin, or on equivalent markets of other EU or EEA Member States.
- must not be the subject of an outstanding recovery order following a decision of the European Commission that declared an aid illegal and incompatible with the internal market (also known as the Deggendorf rule). This condition applies to aids granted by any Member State.
- must be an SME (see 8.1) and cannot be an undertaking in difficulty (see 8.2).

3.4 Eligibility criteria relevant to a qualifying company and its RICT group throughout the relevant period

Throughout the relevant period, the company and each company in its RICT group must have all of its issued shares fully paid up.

3.5 Purpose test for the qualifying company

As noted in 3.1, to be a qualifying company a company must exist for the purpose of carrying out relevant trading activities. The company must exist wholly for the purposes of carrying on relevant trading activities and

- cannot carry out any other activities except those that are purely incidental, and
- cannot carry on a business that consists partially of relevant trading activities and partially of the provision of non-qualifying activities.

Example 1

Company B is a rapidly expanding company that is developing heart valves (relevant trading activities).

The company entered into a lease for a five-storey building in January 2025. At that time, it required only two floors of the building. It was the intention of the company to fully utilise the building by July 2025.

Company B entered into a short-term sub-lease under which it sub-let the empty floors until June 2025.

The sub-letting of part of the building is not a relevant trading activity. However, as the company carried on this activity for a short period of time only, the activity

would be considered incidental, and it would not prevent the company from being a qualifying company.

Example 2

Company C is a small company with 5 staff members that makes customised flowerpots (relevant trading activities).

The company operates from a three-storey building which it has owned for a number of years. The company leases two storeys of this building to a 3rd party under a long-term lease on a rolling basis. Company C uses only one floor of the building for its trade.

Company C's property letting activity does not constitute relevant trading activities. As the company has entered into a long-term lease on a rolling basis, the carrying on of this activity is not incidental to its relevant trading activities. The company exists for two purposes: carrying on its trade and the letting of property. As the company is partially engaged in a non-qualifying activity, it will not be a qualifying company.

Where the company is not itself carrying on relevant trading activities, it may still be a qualifying company where it exists wholly for the purpose of holding shares in qualifying subsidiaries (a holding company) or making loans to those qualifying subsidiaries, or for both the holding of shares and the making of loans in qualifying subsidiaries. A holding company that raises funds for the purpose of funding relevant trading activities that are carried out by a qualifying subsidiary must use the amounts raised to subscribe for shares in a "qualifying subsidiary" and for no other purpose. A company whose activities consist of both relevant trading activities and the holding of shares in qualifying subsidiaries, and which has no other activities apart from those that are incidental to those activities, may also be regarded as a qualifying company where it meets the relevant conditions.

Example 3 – Holding Companies

Company D is a holding company. It holds shares in Company Z, an IT company.

Company D owns a building from which Company Z operates.

Company D and Company Z have entered into a long-term lease agreement under which Company Z pays rent for the use of the building to Company D.

The renting of property by Company D to Company Z does not constitute a relevant trading activity. While Company D is a holding company, it does not meet the conditions to be a qualifying company because it is carrying on other activities which are not purely incidental to being a holding company.

3.5.1 What are relevant trading activities for the purposes of the reliefs?

Relevant trading activities are activities carried on in the course of a trade the profits or gains of which are charged to tax under Case I of Schedule D, excluding activities related to—

- (a) adventures or concerns in the nature of trade,
- (b) dealing in commodities or futures or in shares, securities or other financial assets,
- (c) financing activities,
- (d) the provision of professional services (which means:
 - a. services of a medical, dental, optical, aural or veterinary nature,
 - b. services of an architectural, quantity surveying or surveying nature and related services,
 - c. services of accountancy, auditing, taxation or finance,
 - d. services of a solicitor, barrister or other legal services, and
 - e. geological services,
- (e) dealing in or developing land,
- (f) the occupation of woodlands within the meaning of section 232 TCA,
- (g) operating or managing hotels, guest houses, self-catering accommodation or comparable establishments or managing property used as a hotel, guest house, self-catering accommodation or comparable establishment, except where such activity is a tourist traffic undertaking (see 3.8),
- (h) operations carried on in the coal industry or in the steel and shipbuilding sectors, and
- (i) the production of a film (within the meaning of section 481 TCA).

3.6 Control test for the qualifying company

As noted in 3.2, throughout the relevant period, the qualifying company may not control, either solely or together with any person connected with the company, any company other than a qualifying subsidiary. It also cannot be under the control of any other company, or of any other company and any person connected with that other company. A “person” refers to both an individual and a body corporate.

Control, for this purpose, has a broad meaning, and will apply where a person exercises, or is able to exercise, control of the company’s affairs, whether that is directly or indirectly. Generally, a company will be taken to have control of another company if that company:

- holds the greater part of the share capital of the other company,
- holds the greater part of the voting rights of the other company, or
- by virtue of their rights as a shareholder, would be entitled to the greater part of the assets of the other company on a winding up.

Where two or more companies together meet those tests, the company will be regarded as being under the control of those two or more companies.

Example 4

Marble Limited intends to raise EII investment.

The shareholding in Marble Limited is held equally by 8 companies.

Those 8 companies have no connection other than their individual shareholdings in Marble Limited.

As no single company holds a controlling shareholding in Marble Limited, it will not be deemed to be under the control of those 8 companies for the purposes of the relief.

Example 5

Quartz Limited wishes to raise EII investment.

Stone Limited holds 30% of the shares in Quartz Limited. Diamond Limited holds 100% of the shareholding in Stone Limited and also holds 25% of the shareholding in Quartz Limited.

Stone Limited and Quartz Limited are connected.

Stone Limited and Diamond Limited together have a controlling shareholding (55%) in Quartz Limited. As Quartz Limited is under the control of these companies together, it will not be a qualifying company.

Example 6

Ruby Limited wishes to raise EII investment.

Catherine directly owns 30% of the shares in Ruby Limited.

Pearl Limited owns 30% of the shares in Ruby Limited.

Catherine also owns 100% of the shares in Pearl Limited.

As Catherine and Pearl Limited are connected, and together hold a controlling shareholding (60%), they control Ruby Limited. Ruby Limited is not a qualifying company.

3.7 Additional eligibility criteria relevant to a qualifying company utilising Start-up Capital Incentive (SCI)

Where a qualifying company wishes to utilise SCI, at the time eligible shares in respect of an investment made under SCI are issued, the qualifying company must meet certain supplementary criteria. The company must:

- be a micro-enterprise within the meaning of Annex 1 of GBER (see 8.1),
- exist solely for the purpose of carrying on a qualifying new venture (see),

- not have commenced carrying on a trade or business, or made preparations to commence carrying on any trade or business, more than 7 years prior to the date of issue of the shares, and
- not have any partner or linked businesses (see 7.2 and 7.3).

3.8 Sector specific eligibility criteria relevant to a qualifying company

Additional sector specific criteria must be met to be a qualifying company where a company's relevant trading activities include internationally traded financial services, tourist traffic undertakings or green energy activities.

- Internationally traded financial services

A company whose relevant trading activities includes internationally traded financial services will only be a qualifying company if it has received a certificate from Enterprise Ireland confirming that the activities carried on by the company are of a kind specified in the Schedule to the Industrial Development (Service Industries) Order 2010⁶. Activities in the nature of financing or dealing in commodities or futures, or in shares, securities or other financial assets are excluded as such activities are not relevant trading activities (see 3.5.1).

- Tourist Traffic undertakings

A company whose relevant trading activities includes tourist traffic undertakings will only be a qualifying company if the National Tourism Development Authority (trading as Fáilte Ireland) has approved a 3-year development and marketing plan in respect of those undertakings⁷ which is primarily designed to increase tourist traffic and revenue from outside the State.

Tourist traffic undertakings include the operation of tourist accommodation facilities for which the National Tourism Development Authority maintains a register in accordance with the Tourist Traffic Acts 1939 to 2003.

Full details of the role of Fáilte Ireland and the application process are available on the Fáilte Ireland website⁸.

- Green Energy Activities

For the purposes of the Part 16 reliefs, a company that carries on green energy activities is deemed to commence trading when it applies for a grid connection agreement⁹. When raising initial or follow-on risk finance investment, a company will not be considered to be operating in any market until it has made its first commercial sale.

Green energy activities are activities undertaken with a view to producing energy from renewable sources and include the development of any facilities for the storage of energy from renewable sources.

Energy from renewable sources means energy from the following renewable non-fossil sources:

⁶ S.I. No. 81 of 2010

⁷ Section 491 TCA

⁸ <http://www.failteireland.ie/Supports/Identify-Available-Funding/Employment-Investment-Incentive.aspx>

⁹ Section 491(3)(b) TCA

- wind
- solar
- aerothermal
- geothermal
- hydrothermal and ocean energy
- hydropower
- biomass
- landfill gas
- sewage treatment plant gas
- biogases

3.9 Winding up or dissolution of a company during the relevant period

A company will cease to be a qualifying company if a resolution is passed or an order is made for the winding up of the company, including where the company is a holding company during the relevant period, or if that company is dissolved without winding up¹⁰.

However, if it can be demonstrated that the winding up or dissolution was for genuine commercial reasons and was not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax, the company will not lose its status as a qualifying company in respect of any investment raised under the Part 16 reliefs. This is subject to the distribution of the company's net assets, if any, to its members before the end of the relevant period or, in the case of a winding up, the end of 3 years from the commencement of the winding up, if later¹¹.

In determining if the winding up or dissolution of the company was for genuine commercial reasons, the facts and circumstances will need to be considered on a case-by-case basis. The insolvency of the company, a fall-off of trade, or a bona fide reconstruction could, depending on the circumstances, be considered genuine commercial reasons.

¹⁰ Section 490(5) TCA

¹¹ Section 490(6) TCA

4 Conditions to be met by a qualifying company at the end of the “subsequent period”

There are certain requirements to be met by a qualifying company at the end of the period of three years after receipt of a qualifying investment (known as the “**subsequent period**”). Specifically, at the end of the subsequent period, a qualifying company must meet **one** of the following conditions¹² or an amount of relief will be withdrawn from the company (see 11.1):

1. The total number of qualifying employees of the qualifying company and its qualifying subsidiaries in the year of assessment in which the subsequent period ends must exceed the total number of qualifying employees of the company and its qualifying subsidiaries in the year of assessment before the year in which the eligible shares were issued,
2. The total emoluments paid to qualifying employees of the qualifying company and its qualifying subsidiaries in the year of assessment in which the subsequent period ends must exceed the total emoluments paid to qualifying employees of the qualifying company and its qualifying subsidiaries by at least the total emoluments of one employee in the year of assessment before the year of assessment in which the eligible shares were issued, or
3. The amount of expenditure incurred by the qualifying company or its qualifying subsidiaries on R&D+I in the year of assessment that the subsequent period ends is greater than the amount incurred by the qualifying company or its qualifying subsidiaries on R&D+I in the year of assessment before the year of assessment in which the eligible shares were issued¹³.

A qualifying employee of a qualifying company or a qualifying subsidiary is an employee other than a director of the company who, throughout their period of employment, is employed for at least 30 hours per week and whose employment is capable of lasting at least 12 months.

Example 7

Rain Limited issued eligible shares in January 2025.

In 2024, Rain Limited had 2 full-time employees, each paid €50,000 per annum.

If at the end of the subsequent period in 2028, the number of employees of Rain Limited exceeds the number of employees of the company in 2024, the company will have met condition (1).

If at the end of the subsequent period in 2028, the number of employees of Rain Limited remains at 2 but each employee is now paid €75,000 per annum, the total emoluments of €150,000 paid to the employees in 2028 will exceed the total emoluments of €100,000 paid to the employees in 2024 by €50,000. As this equals the total emoluments of one employee in 2024, the company will have

¹² For shares issued up to 31 December 2024, the company must have met **both** conditions 1 and 2 **or** condition 3.

¹³ Section 502(5) TCA.

met condition (2).

5 Qualifying Subsidiary

In order for a company to be a qualifying company, the company must not control, (either by itself, or together with any person connected with the company), any company other than a qualifying subsidiary.

A qualifying subsidiary¹⁴ is a company:

1. (a) that is tax resident in the State, another EEA state or the UK and carries on, or intends to carry on, relevant trading activities from a fixed place of business in the State, **or**

(b) that exists solely for the purposes of carrying on any trade which consists solely of any one or more of the following relevant trading activities in support of the qualifying company:
 - (i) purchasing goods or materials for use by the qualifying company or its subsidiaries,
 - (ii) selling goods or materials produced by the qualifying company or its subsidiaries, or
 - (iii) providing services to, or on behalf of, the qualifying company or its subsidiaries,
2. that is at least 51% owned by the qualifying company,
3. that no other person has control of, and
4. in respect of which no arrangements exist whereby the conditions at 2 and 3 above could cease to apply.

For the purposes of paragraph (1)(b) above, a subsidiary that carries out any of the support functions listed for the qualifying company can be established anywhere in the world.

The conditions of the qualifying subsidiary must continue to be satisfied during the relevant period. The conditions will not be regarded as having been breached if the qualifying subsidiary is wound up (or dissolved without winding up) for bona fide commercial reasons and not as part of a tax avoidance scheme or arrangement (see also 3.9).

Example 8

Castlevision Limited is an IT software development company seeking to raise EII investment. It is resident in Ireland and operates out of a building in Kilkenny. It has three wholly owned subsidiaries.

Subsidiary A is established in the USA. It operates a sales hub through which North American orders for the software developed by Castlevision Limited can be

¹⁴ Section 492 TCA

ordered and it provides customer services for the company. As it provides a support function for Castlview Limited, Subsidiary A is a qualifying subsidiary.

Subsidiary B is established in France and sells mobile phones. It does not provide a support function for Castlview Limited. It is carrying on a trade in its own right and it is established within the EU. Subsidiary B will be a qualifying subsidiary if it carries on or intends to carry on its trade from a fixed place of business in the State.

Subsidiary C is established in China and sells electric cars. Subsidiary C is established outside of Ireland, EEA or UK and it does not provide a support function to Castlview Limited. Therefore, it is not a qualifying subsidiary.

Castlview Limited is not a qualifying company for the purposes of EII as all of its subsidiaries are not qualifying subsidiaries.

6 Qualifying Investment (company perspective)

An investment in a company will only be a qualifying investment from the company perspective where:

- the investment is based on a business plan (see 6.1).
- the investor subscribes for eligible shares in a qualifying company (see).
- an investor is not connected with the qualifying company throughout the compliance period (see 6.3)
- the risk finance investment (see 6.4) meets certain conditions in respect of:
 - initial risk finance investment,
 - follow-on risk finance investment, or
 - expansion risk finance investment.
- the investment is used by the company wholly or mainly for a qualifying purpose within the relevant period (see 6.5).

6.1 The Business Plan

GBER¹⁵ requires that an undertaking seeking to raise risk finance must have a viable business plan. Therefore, a qualifying investment must be based on a business plan¹⁶ drawn up in advance of raising the investment.

In the context of the reliefs, a business plan which the company is seeking to rely on should be sufficiently detailed to allow Revenue to form a view that the business plan requirement is met.

A business plan is a document giving details of how the company proposes to carry on its business and must meet certain requirements. Specifically, the business plan:

- must be in writing and contain details of the products, sales and profitability development, and it must establish the financial viability of the investment and include both quantitative and qualitative details of the activities the investment is sought to support.
- should reflect the need to spend money on a particular purpose to carry on the business and should demonstrate the necessity for the investment sought.
- include a description of how the money raised is to be used, and include cash flow projections showing the receipt of any funding and how that funding is to be spent.
- should demonstrate all the risk finance investment required by the company, and the risk finance investment intended to be raised under any of the Part 16 reliefs.

¹⁵ Article 21(15)(b) of GBER

¹⁶ Section 496(4) TCA

Simply naming a document a business plan is not sufficient. The content, data, or text within the document is more important than the title of the document, for example, an investment memorandum may be a business plan where it contains sufficient information to meet the requirements set out above. A business plan may serve several purposes, for example, it may be presented to Enterprise Ireland for funding and also be utilised to raise funding from family under SCI and/or other parties under EII.

Other documents, in addition to the written business plan, which were available to, and relied on, by investors when making their investment decision can, in some cases, be considered to be part of a business plan when establishing if the investment was based on a business plan that meets the requirements. In making such a determination, the facts and circumstances will need to be considered on a case-by-case basis.

Example 9

Company A requires investment of €1,500,000 which it intends to raise in tranches over a period of 12 months.

It anticipates that it will raise €500,000 under SCI in the early tranches. It prepares a business plan setting out a requirement for initial risk finance investment of €500,000.

The company raises the €1,000,000 balance of its investment requirements over the remainder of the 12-month period. As the business plan did not include the details of the activities that this investment is to support, the investment is not based on a business plan and is not a qualifying investment.

Company B requires investment of €1,500,000 which it intends to raise in tranches over a period of 12 months.

It anticipates that it will raise €500,000 under SCI in the early tranches. It prepares a business plan setting out a requirement for initial risk finance investment of €1,500,000.

The company raises €500,000 under SCI and raises the €1,000,000 balance of its investment requirements over the remainder of the 12-month period under EII. As the business plan included the details of the activities that all of the investment is to support, the investment is based on a business plan and will meet the requirements to constitute initial risk finance investment.

Example 10

Company Z prepared a business plan that provided for the need to raise initial risk finance investment of €1,000,000 to undertake a specific project.

As the project got underway, the costs associated with the project increased. The company raised further investment to cover these costs.

As the company's business plan had detailed the project and the costs associated with it, and the company subsequently demonstrated there had been an increase in those costs such that additional investment was required, the additional investment raised to meet the increased costs would be accepted as a qualifying investment that was based on a business plan.

Example 11

Company A prepared a business plan that provided for the need to raise €500,000 to carry out a specific project.

As the project got underway, the company decided it would carry out another project in conjunction with this.

It raised investment totalling €1,000,000 to fund both projects. As the investment of the additional €500,000 to fund the second project was not included in the business plan, it is not risk finance investment based on a business plan and therefore it is not a qualifying investment.

6.2 What are Eligible shares?

Eligible shares are new shares that form part of a company's share capital¹⁷. They include shares subscribed for, and issued to, a nominee on behalf of an individual, provided that the nominee has complied with the reporting requirements of sections 892 and 894 TCA which requires nominee holders to return certain information to Revenue by filing a [Form 21R](#).

Eligible shares may be redeemable but may not carry preferential rights to a dividend or preferential rights on a winding up. However, where the shares are issued to the managers of a QIF, they may carry preferential rights to a dividend or preferential rights on a winding up¹⁸. In addition, in cases where the shares are issued to the managers of a QIF, the shares can be converted into ordinary shares at the end of the relevant period in the event that they are not redeemed, provided that the terms of the conversion are reasonable.

There can be no other terms of the shares, or agreements made with the investor, which substantially reduce the risk that the investor might not get their capital back or receive any expected dividend¹⁹.

Such terms or agreements include, but are not limited to:

- the rights associated with the shares as set out in the company's constitution,
- the terms of any shareholders agreement, or

¹⁷ Section 494 TCA

¹⁸Section 495(7) TCA

¹⁹ Section 495(3) TCA

- any other agreements with any member of the RICT group or any person connected with any member of the RICT group, including personal guarantees, or rights over any assets of the company or any qualifying subsidiary in the event that the investor is not able to dispose of the shares after the relevant period.

Example 12

The founder shareholders of Company T entered into agreements with EII investors at the time of their investment for new shares in the company. The agreements gave the investors rights over the assets of the company in the event that they would not be able to dispose of the shares at the end of the relevant period. Relief will not be allowed on those shares as a result of the agreement, which effectively mitigates the risk being taken on by the shareholders.

6.3 What is the meaning of ‘connected’?

An investor cannot be connected with the company at any time throughout the compliance period. The “**compliance period**” is the period beginning 2 years before the issue of eligible shares or, if later, beginning on the date the first company in the RICT group was incorporated²⁰, and ending 4 years after that date.

An individual is connected to the company if the individual or an associate of the individual:

- a) is a partner of the company, or any company in the RICT group,
- b) is a director or employee of the company or any company in the RICT group,
or
- c) has an interest in the capital of the company or any company in the RICT group²¹.

An associate of the individual is any relative or partner of the individual.

Qualifying investment can, however, be raised from investors who are connected with the company under SCI where certain conditions are met by the qualifying company and the investment raised is within the permitted SCI limit (see Appendix A Start-Up Capital Incentive (SCI)).

For further information in relation to the meaning of connected, the applicable rules and any exceptions, please refer to section 3.1 of [TDM 16-00-04](#).

²⁰ Section 488 TCA and known as the ‘pre-investment period’.

²¹ Section 500 TCA

6.4 What type of risk finance investment may be raised?

A RICT group may raise the following types of risk finance²² provided all other requirements in relation to the qualifying investment are met—

- **initial risk finance investment** which means the first issue of eligible shares other than an expansion risk finance investment²³,
- **expansion risk finance investment** which means the issue of eligible shares to fund a new economic activity, or
- **follow-on risk finance investment** which means the issue of eligible shares subsequent to an initial risk finance investment or an expansion risk finance investment.

6.4.1 When can a RICT group and a qualifying company raise Initial risk finance investment

An initial risk finance investment will be the initial round of fund raising by a RICT group.

A qualifying company may raise initial risk finance investment if, at the time the eligible shares are issued, **each member** of the company's RICT group is:

- (i) not operating in any market, or
- (ii) operating in any market for
 - a. less than 10 years following its date of incorporation in the case of a company, or in the case of a member other than a company, less than 10 years from the date it commenced the carrying on of any enterprise required to be included in the RICT group, or
 - b. less than 7 years since the RICT group made its first commercial sale²⁴.

In the case of mergers and acquisitions, the time periods in (i) and (ii) above comprise the periods of operation of the acquired business or the merged businesses. However, there is an exception in the case of acquired businesses or merged businesses whose turnover accounts for less than:

- (i) 10 per cent of the turnover of the acquiring business in the financial year preceding the acquisition, or
- (ii) in the case of merged businesses, less than 10 per cent of the combined turnover that each of the businesses comprising the merged businesses had in the financial year preceding the merger²⁵.

²² Section 496 TCA

²³ The first issue of eligible shares includes shares issued under EII, SCI, SURE, the Business Expansion Scheme (BES) which was the predecessor to EII or under relief for investment in innovative enterprises.

²⁴ Section 496(5)(a) TCA

²⁵ Section 496(5)(b) TCA

For the purposes of determining whether a member of a RICT group has been operating in any market, it is considered that such a member is not operating in any market if it has not yet made its first commercial sale.

Example 13

Ryan has operated a farm for over twenty years as a sole trader. In January 2025, Ryan decides to incorporate the farm as a limited company, Cows R Us Limited, and to invest €20,000 to purchase a new tractor.

As the farm has operated for more than 10 years, the company cannot raise initial risk finance investment.

Initial risk finance investment may be raised as a single round of investment or in tranches over a number of months. Shares may be issued at the end of the round or as the amounts are invested. Where a business plan identifies a need for initial risk finance investment which is subsequently raised in tranches, each tranche will form part of the initial risk finance investment.

Example 14

Hair Limited was incorporated in January 2015. There are no other businesses in the RICT group. It engaged in research and development for 36 months and did not release its product to market until January 2018.

It made its first sale in June 2018. The company raised initial risk finance investment in March 2025.

Although the company was incorporated more than 10 years prior to raising initial risk finance investment, as it made its first commercial sale less than 7 years prior to seeking to raise finance, the company met the eligibility criteria to raise initial risk finance investment.

6.4.2 When can a RICT group and a qualifying company raise Expansion risk finance investment

A RICT group that intends to expand into a new area of economic activity may raise expansion risk finance investment²⁶.

The expansion risk finance investment must be based on a business plan prepared specifically for that purpose. If a RICT group previously raised initial risk finance investment, it must prepare a new business plan in support of any expansion risk finance investment sought. Further guidance in relation to business plans is available in 6.1.

²⁶ Section 496(6) TCA 1997

The amount of expansion risk finance investment intended to be raised must be greater than 50% of the RICT group's average annual turnover in the preceding 5 years. This threshold is reduced to 30% ('the green bonus') where the investment:

- (i) significantly improves the environmental performance of the activity of the company in accordance with Article 36(2) of GBER,
- (ii) constitutes an environmentally sustainable investment as defined in Article 2(1) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, or
- (iii) is aimed at increasing capacity for the extraction, separation, refining, processing or recycling of a critical raw material listed in Annex IV of GBER.

A qualifying company can raise expansion risk finance investment irrespective of whether the company, or any company in the RICT group, has previously raised initial risk finance investment.

Example 15

Saturn Limited has been operating in the car parts market since 1995. There are no other businesses in its RICT Group.

In 2024, Saturn Limited creates a new product for aeroplanes.

The company requires investment of €3,000,000 for the purpose of building a factory suitable to produce the new product. Although the company has not previously raised risk finance investment, as it is more than 10 years since its date of its incorporation and more than 7 years since its first commercial sale, it cannot raise initial risk finance investment. In order for the company to raise expansion risk finance investment, the amount that it seeks to raise must be greater than 50% of the average annual turnover of the company in the previous 5 years.

Total Turnover in previous 5 years: €20,000,000

Average Annual Turnover: €4,000,000

50% of Average Annual Turnover: €2,000,000

Expansion Risk Finance investment: €3,000,000

Saturn Limited meets the requirements to raise expansion risk finance investment as the amount of investment sought (€3,000,000) is greater than 50% of the average of the annual turnover of the previous 5 years (€2,000,000).

If any of the criteria to avail of the 'green bonus' were met, the 50% turnover threshold would be reduced to 30% of the annual turnover.

6.4.2.1 Expansion risk finance and new economic activity

Where a company intends to raise expansion risk finance, the RICT group must be engaging in a new economic activity. This means that it is raising risk finance investment to fund entering a new geographic market or new product market.

- **New Geographic Market**

When determining whether a RICT group is entering a new geographic market, the specific facts and circumstances must be considered. Operating in a new country is not automatically considered a new geographic market. Equally, expanding to a new area within a country in which the RICT group is already operating is not automatically considered a new geographic market. When determining if the RICT group is entering into a new geographic market, it may be of assistance to consider whether there will be a difference to the customer base and the ability to access the product.

Example 16

Fly Time Limited is an online travel agent. As it is an online platform, it is accessible to customers in all regions throughout the world.

It initially offered holidays in Ireland only. In 2024, Fly-Time Limited began to offer holidays to destinations throughout France also.

The offering of holidays in a new destination would not be considered expansion into a new geographic market in this case. As the company's services were already accessible worldwide via its online platform, adding a new holiday destination is not considered expansion into a new geographic market. It is instead giving the existing customer base more choice.

The addition of an option to purchase a holiday in France may, however, be considered a new product (see below).

Example 17

Beans Limited is an exclusive coffee brewer. It offers bespoke coffee-to-go in its Dublin store.

The company does not offer an online retail service or a delivery service.

In 2024, the company set up a new store in Donegal. The new store will offer the same service as the Dublin store - coffee-to-go.

As the product is now available to a substantially different customer base, this would be considered a new geographic market.

Example 18

Sleepy Limited is a chain of coffee shops offering coffee-to-go services from its chain of stores situated throughout Dublin city centre. In 2024, the company decides to expand to open additional stores around Dublin city.

As the product is already readily available and accessible to people throughout Dublin, and the customer base is largely remaining unchanged, this would not be considered a new geographic market. It is simply growth within an existing market.

Example 19

Sunshine Limited creates a range of sunglasses. It currently sells its product in its stand-alone store in Ireland.

In March 2024, the company is successful in winning a contract to supply a large retail chain with outlets throughout Ireland and the UK. As this will result in the product being available to a new customer base, this will constitute a new geographic market.

- **New Product**

When determining if a RICT group is entering into a new product market, the specific facts and circumstances must again be considered in each case. It may be of assistance to consider whether a product with a different Nomenclature of Economic Activities ('NACE') code classification is being offered²⁷.

This does not mean that a product that remains within the same NACE code or same class of NACE code would never be considered a new product for the purposes of raising expansion risk finance investment.

When considering if a new product market is being entered into, relevant factors may include whether new skills or new equipment may be required to create the product, and if new costs would be associated with it. The relevant question is whether there is something new that necessitates the raising of risk finance investment to create this new product.

Example 20

Fancy Limited manufactures high-end clothing for sale in exclusive retail outlets around the world. In 2024, Fancy Limited adds shoes to its product line.

²⁷ Article 2(50) of GBER provides that 'the same or a similar activity' means an activity in the same class (four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities.

Fancy Limited does not have resources to manufacture shoes. It is necessary for the company to hire new staff who are skilled in that area. It also needs additional raw materials and equipment to produce the shoes. As new skilled staff, raw materials and equipment are required, the addition of shoes to Fancy Limited's product line would be considered entry into a new product market.

Example 21

Sparkles Limited has been established for 20 years. It makes diamond rings which it supplies to various jewellery stores throughout Ireland.

In January 2024, Sparkles Limited begins to make and supply diamond earrings also. The company does not need to purchase additional new raw materials or equipment in order to make and supply diamond earrings. The company's existing employees have the necessary skills to make diamond earrings.

While the offering of diamond earrings in addition to diamond rings represents growth of the brand, as new skilled staff, raw materials and equipment are not required, the addition of diamond earrings by Sparkles Limited to its product line would not be considered entry into a new product market.

Example 22

Treats Limited produces chocolate bars. In January 2024, the company purchased new equipment to improve its chocolate production process. This is not entry into a new product or geographic market and would not meet the criteria in order for the company to raise expansion risk finance investment.

Example 23

Clean Limited, a pharmaceutical production company, begins production of a new pharmaceutical product to treat a different medical condition to that treated by other pharmaceutical products already produced by the company.

It will need to be manufactured in a specialised environment that is currently not available in the plant.

While the new product is also a pharmaceutical product and therefore the same type of product that the company already produces, as it is necessary to build a new section of the plant in order to produce it, this would be considered entry into a new product market.

Example 24

Screen Limited produces computer screens. It has been operating for over 10 years. In January 2024, the company expands production by building a new factory. The new factory will be used to produce the same product in larger volumes. This is not entry into a new product or geographic market and would not meet the criteria in order for the company to raise expansion risk finance investment.

Example 25

Moonshine Limited has been in operation providing Medtech solutions since 2000. In 2025, Moonshine Limited seeks to raise expansion risk finance investment.

The company's business plan states that it seeks €1,000,000 to support its further growth in the market. It outlines growth plans within its existing market only and it does not outline any expansion as regards new products or geographic markets.

As the business plan does not demonstrate that the investment is sought to fund a new economic activity, it does not constitute expansion risk finance investment.

6.4.3 When can a RICT group and a qualifying company raise Follow-on risk finance investment

Where a RICT group has raised either initial risk finance investment or expansion risk finance investment previously, it may seek to raise follow-on risk finance investment²⁸

The follow-on risk finance investment **must** be provided for in the original business plan. This is the business plan on which the initial risk finance investment or the expansion risk finance investment was based. The follow-on risk finance investment should be given the same consideration in the business plan as the initial or expansion risk finance investment.

Example 26

Company Y prepared a business plan in advance of raising initial risk finance investment. The business plan also detailed a requirement for further funding over the subsequent 5 years. The business plan clearly sets out the purposes for which this funding would be required and the amount of investment which would be required to achieve those purposes, supported by financial projections. As the further funding requirements were provided for in the original business plan, the future investment raised would be considered follow-on risk finance investment.

²⁸ Section 496(7) TCA

If the activities for which the follow-on risk finance investment is raised do not occur in the timeline envisaged in the business plan, the business plan will nonetheless be considered to have provided for the follow-on risk finance investment so long as it includes a sufficient description of the activities and supporting financial documents.

Example 27

Company X prepared a business plan that provided for the raising of initial and follow-on rounds of risk finance investment.

The business plan provided that in Year 3, the company would need to extend its premises to increase production. Company X sought planning permission for the extension of the premises in Year 3. The planning application was refused, and the company was unable to proceed with the extension of the premises at that time.

The Company applied for planning permission again in Year 6. The company was successful on this occasion. It proceeded to raise investment to fund the building of the extension.

Even though the raising of the follow-on investment did not follow the timeline envisaged in the business plan due to the delay in obtaining planning permission, the raising of the follow-on risk finance investment would still be considered to have been provided for in the business plan.

Example 28

Company B is developing a new medical device. It has raised initial risk finance investment based on a business plan. The process of bringing medical devices to market is long and uncertain.

It is envisaged that if the company is successful in reaching a certain milestone in the development of the device, clinical trials will be required at which point follow-on risk finance investment will be required. Given the inherent uncertainty in the development of medical devices, the company cannot determine the level of funding required.

The business plan does, however, confirm that should it reach the clinical trial stage, funding will be required. The company provides an approximate cost and sets out the basis and rationale for that quantification. The follow-on investment would be considered to be provided for in the business plan on which the initial risk finance investment was based even though it was not fully quantified in the business plan.

6.5 What must the Qualifying Investment be used for?

The investment raised by the qualifying company must be used wholly or mainly by the company for a qualifying purpose within the relevant period²⁹.

The investment will be used for a qualifying purpose if it is used by the company for:

- a) carrying out relevant trading activities (see section 3.5.1), or
- b) where the company has not commenced trading, carrying out R&D+I, which relates to, and is undertaken with a view to, the carrying out of relevant trading activities.

In general, where the investment is raised for the purposes of relevant trading activities, it must be used for the carrying on of the trade of the company.

For the purposes of the activities referred to in paragraph (b), R&D+I means a continuum of activities from innovation to research and development. Innovation is implementing a new organisation method, or a significantly improved production or delivery method. R&D has the same meaning as research and development activities have in section 766 TCA³⁰.

The use of the investment must contribute directly to the creation or maintenance of employment in the company.

The investment cannot be used either directly or indirectly to acquire an interest in another company so that the other company becomes a qualifying subsidiary, to acquire a further interest in a qualifying subsidiary, or to acquire a trade.

However, the company can raise the investment for the purposes of relevant trading activities which are being carried on by a qualifying subsidiary and the investment is used by the company to subscribe for shares in the qualifying subsidiary.

Revenue expects a business to keep documentation to demonstrate that the investment has been spent on a qualifying purpose. Documentation such as bank statements, invoices, loan agreements and contracts may be used, and may be sufficient, for that purpose.

6.5.1 Where the investment is not used wholly or mainly for a qualifying purpose

If the amount raised by the company is only partially spent on a qualifying purpose, then only that part will represent a qualifying investment.

If the company has multiple sources of funds, and concurrently spends those funds on both qualifying and non-qualifying purposes, in determining if the amounts raised were spent on a qualifying purpose:

- funds raised from other sources which were raised for a specific purpose, e.g. a bank loan taken out to build a factory, may be considered to have been spent on that purpose, and
- funds raised from other sources that were not raised for a specific purpose, may be considered to have been spent on non-qualifying purposes in priority to qualifying purposes.

²⁹ Section 496 TCA

³⁰ Section 488 TCA. TDM [Part 29-02-03](#) provides further guidance on R&D within the meaning of section 766 TCA 1997.

Example 29

Corona Limited requires funding of €1,000,000 for the purposes of building a new business premises.

It prepares a detailed business plan outlining the funding requirement and its intended purpose.

The company seeks funding from various sources.

It applies for, and obtains, a bank loan of €600,000 to build the business premises.

As the company has obtained a loan of €600,000 for this purpose, it may only raise investment under EII or SCI for €400,000, the balance required for this purpose.

Corona Limited's business plan also states that that the company requires investment of €200,000 to purchase machinery to carry out its trade. As the company does not have any other source of funding for the purchase of this equipment, the company may raise the full amount €200,000 required under EII or SCI (in addition to the €400,000 for the building).

The following table sets out non-exhaustive lists of examples of how investment raised under EII or SCI can be used by the company for a qualifying purpose, as well as examples of non-qualifying uses of the investment.

Qualifying purpose	Non-qualifying purpose
<ul style="list-style-type: none"> • Purchase of stock • Paying for light and heat • Purchase of fixtures and fittings • Purchase of plant and machinery • Purchase of business premises • Extension of business premises • Creation of employment 	<ul style="list-style-type: none"> • Fees associated with raising finance • Finance fees associated with DIFs or QIFs • Fees associated with raising other sources of financing • Making distributions • Placing the investment into a sinking fund or holding in escrow for the purposes of paying other debt

7 A RICT group

As outlined in section 3, in order for a company to be a qualifying company, certain conditions must be met by the company itself and certain other conditions must be met by the RICT group of which it is a member. Therefore, it is important not only to identify the members of the RICT group but also to apply the relevant conditions to the entire RICT group. This section of the TDM deals with the identification of the RICT group members and section 8 sets out some of the conditions that apply at the level of the RICT group.

7.1 What is a RICT group?

RICT group³¹ means a group made up of the qualifying company and all of its linked businesses and partner businesses and any businesses that were its linked or partner businesses at any time³². In certain cases, the RICT group will also include any company which is a subsidiary of the qualifying company at any point throughout the compliance period (see 11.1.2 and section 3.1 of [TDM Part 16-00-04](#) for further information).

When determining what is a RICT group, consideration must be given as to whether it is engaged in an economic activity.

An individual or company (any natural or legal person) intending to provide or already providing a service (economic activity), irrespective of its legal form, is deemed to be an undertaking. Consideration must be given to all undertakings that may benefit directly or indirectly from the investment. This will include self-employed individuals, family businesses and partnerships who are linked or partner businesses of the company raising investment. The identification of the RICT group, and confirmation that it meets the conditions of the relief is distinct from the 'control' conditions that apply to companies applying for EII set out in 3.6.

A company raising investment under SCI must not have any linked or partner businesses. This means that in the case of a company seeking to utilise SCI, its RICT group will consist only of that company and the company must meet the conditions that apply to a RICT group (see section 8).

7.2 Linked businesses

'Linked businesses' means two or more businesses that are regarded as linked enterprises, within the meaning of Article 3 of Annex I of GBER.

Two businesses (being businesses carried on either by a company or a sole trader) are considered linked businesses where:

- (a) one business holds the majority of the voting rights in the other business,
- (b) one business can control the board of the other business,

³¹ See section 489 TCA

³² The requirement that the RICT group includes any businesses that were linked or partner businesses of the company at any time, applies in respect of raising initial risk finance investment.

- (c) one business has a right to exercise dominant control over the other because of a contract or because of something in the business' constitution, or
- (d) one business, which is a shareholder in another business, can actually control that other business because of a shareholder agreement.

Businesses are also considered to be linked businesses where one of the relationships in (a) to (d) above arises through one or more businesses.

7.3 Partner businesses

'Partner businesses' means two or more businesses that are regarded as partner enterprises, within the meaning of Article 3 of Annex I of GBER.

Two businesses are considered partner businesses where they are not linked businesses and where one business (either solely or along with one or more linked businesses) holds 25% or more of the share capital or voting rights of another business.

Example 30

Leisurewear Limited is a newly incorporated company and it intends to raise initial risk finance investment within the EII scheme.

The company creates high-end leisurewear. The shares of the company are held in the following proportions:

- Larry – 25% ,
- Susan – 30%,
- Tophats Limited – 10%, and
- Coattails Limited – 35%.

There are no other shareholdings held by any of the mentioned shareholders.

There are no links between the shareholders other than that they are all shareholders in Leisurewear Limited. The RICT group is made up of Leisurewear Limited and Coattails Limited. Tophats Limited is not part of the RICT Group as its shareholding in Leisurewear Limited is less than 25%.

As Larry and Susan are not sole traders or carrying on any enterprise in their own right, they are not part of the RICT group.

7.3.1 Exception

Where certain conditions are met, shareholders will **not** be regarded as partner businesses of the qualifying company even where their shareholding exceeds the 25% threshold. The shareholders must not:

- be linked (individually or jointly) to the company, or

- have a dominant influence over the company. It is considered that no dominant influence exists if the shareholders are not involved directly or indirectly in the management of the company.

Those shareholders are:

- (a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than €1,250,000,
- (b) universities or non-profit research centres,
- (c) institutional investors, including regional development funds, and
- (d) autonomous local authorities with an annual budget of less than €10 million and less than 5,000 inhabitants³³.

7.4 Natural Persons Test

Where one of the relationships listed at (a) to (d) in 7.2 is traced through a natural person, or a group of natural persons acting jointly, the businesses may be linked businesses ('the natural persons test'). They will only be linked where the two businesses are in the same or adjacent markets.

Businesses are considered to operate in adjacent markets if they are operating in the market directly downstream or upstream of each other, e.g. in customer/supplier markets, regardless of whether or not there is a customer/supplier relationship between the businesses. They do not have to have a direct customer/supplier relationship, it is sufficient that there is the potential for such a relationship to exist for the businesses to be linked.

Two or more businesses may be linked businesses if they are owned or controlled by the same individual or the same group of individuals acting jointly.

The 'natural persons test' is only applicable to 'linked' businesses and does not apply to 'partner' businesses.

Example 31

Travel Limited is seeking to raise risk finance investment. It will operate as an online travel agent.

Dave is the sole shareholder in Travel Limited. He also operates a small sole trade travel agent business that sells airline tickets on behalf of a number of airlines.

Applying the natural persons test, as Dave controls both businesses, and as Dave's sole trade business and Travel Limited operate in the same market, the businesses are linked. Travel Limited's RICT group therefore includes Dave's sole trade travel agent business.

³³ Article 3, Annex 1, GBER

Example 32

Trinity Clocks Limited wishes to raise investment under the EII scheme. Trinity Clocks Limited makes clocks.

Peter holds 100% of the shares in Trinity Clocks Limited. He also holds 100% of the shares in Faces Limited. Faces Limited repairs clocks.

Trinity Clocks Limited's RICT group includes Faces Limited as the companies are both controlled by a natural person, Peter, and they operate in adjacent markets, being the making and repairing of clocks.

Example 33

Athomeworkouts Limited is a newly incorporated company selling gym equipment for home use. It intends to raise investment under the EII scheme. 35% of the shares in the company are held by Gymgoers Limited, 55% are held by an individual, Tommy, and the remaining 10% are held by Lycra Limited.

Tommy also holds 100% of the shares in Zoom Limited. Zoom Limited sells high-end toy cars.

Athomeworkouts Limited and Zoom Limited are both controlled by a natural person, Tommy, however, as they do not operate in the same or adjacent markets, the companies are not linked businesses. Zoom Limited does not therefore form part of the RICT group of Athomeworkouts Limited.

Example 34

Tim and Tom are brothers.

Eat Limited is a chain of grocery stores operating throughout Ireland. Tim is the sole shareholder of Eat Limited.

Fresh Fruit Limited is a fruit and vegetable wholesale company operating throughout Ireland. Tom is the sole shareholder of Fresh Fruit Limited.

Eat Limited intends to raise investment under the EII scheme.

Tim and Tom are not involved in the running of the company owned by the other.

Although Eat Limited and Fresh Fruit Limited operate in adjacent markets, Tom and Fresh Fruit Limited will not form part of the RICT Group of Eat Limited as they are not controlled by an individual or a group of individuals acting jointly.

Example 35

Susie and Barry are married.

They have recently set up a car sales company, Drive Limited. Together, they hold 100% of the shares in Drive Limited.

Barry and Susie also hold 100% of the shares in a company called Parts Limited which supplies car parts, as well as Olden Times Limited, an antique shop.

As Drive Limited and Parts Limited are controlled by a group of natural persons acting jointly, and they operate in adjacent markets, Drive Limited's RICT group includes Parts Limited. However, although Olden Times Limited is also controlled by Barry and Susie, it is not included in Drive Limited's RICT group as it is not operating in either the same market as Drive Limited or an adjacent market.

8 Certain conditions to be met by a RICT group

As outlined in section 3, in order for a company to be a qualifying company, the company and the RICT group of which it is a member must meet certain eligibility criteria. This section sets out some of the conditions to be met by the RICT group. These are:

- the RICT group must be an SME.
- the RICT group must not be an undertaking in difficulty.
- the RICT group must meet the eligibility criteria in 6.4.1, 6.4.2 and 6.4.3 in relation to determining the type of risk finance investment that can be raised.
- the maximum amount of risk financing that may be raised is based on total risk finance raised by the RICT group.

8.1 The RICT group must be an SME

The RICT group must be an SME (a Micro, Small or Medium-sized Enterprise)³⁴. The different category thresholds for an SME are set out below:

Company Category	Staff headcount	Turnover	Balance Sheet total
Medium-sized	< 250	≤ 50million	≤ 43million
Small	< 50	≤ 10million	≤ 10million
Micro	< 10	≤ 2million	≤ 2million

Where a company is raising risk finance investment under SCI, it must be a micro-enterprise only and cannot be a small or medium-sized enterprise.

8.2 The RICT group must not be an Undertaking in Difficulty

GBER³⁵ defines an undertaking in difficulty³⁵ as an entity that without intervention would almost certainly be condemned to going out of business in the short or medium term.

An undertaking is in difficulty if one or more of the following circumstances occurs at the time the company issues eligible shares:

- (a) in the case of a limited liability company, where more than half of its subscribed share capital and share premium has disappeared as a result of accumulated losses. This is the case when the deduction of accumulated losses from reserves,

³⁴ Articles 2 of Annex I of GBER

³⁵ Article 2(18) of GBER.

(and all other elements generally considered as part of the company's own funds), leads to a negative cumulative amount that exceeds half of the subscribed share capital.

- (b) in the case of an unlimited company, where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.
- (c) where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

8.2.1 Accounting Treatment and the Undertaking in Difficulty test

Under Irish generally accepted accounting principles ('GAAP'), companies are sometimes allowed to make choices in the preparation of their accounts. Irish companies will often choose a more prudent method of accounting. This more conservative approach may result in a company being identified as part of an undertaking in difficulty where a less conservative treatment would not.

In applying the test set out in (a) or (b) of 8.2 above, companies should consider any conservative accounting choices made and whether a less conservative treatment could have been adopted. Examples of such treatment might include:

- The company chooses to treat R&D expenditure as an expense rather than capitalising it in circumstances where the R&D expenditure also met the conditions for capitalisation.
- The company is carrying fixed assets at historic cost when it would be acceptable to revalue them.

Where a less conservative treatment could have been adopted, for the purposes of the undertaking in difficulty test, Revenue will accept a signed statement by a registered auditor that it would be possible to restate the accounts. To be accepted, such a statement must include the amended figures and supporting adjustments, as well as the applicable accounting principles under which it is being applied. Revenue will not require the company to restate its accounts.

8.2.2 Exceptions

An undertaking, which might otherwise be regarded as an undertaking in difficulty based on the above criteria, will not be regarded as an undertaking in difficulty if:

- (a) the RICT group is in existence for less than 3 years, or
- (b) if all of the conditions set out in (i) to (iii) below apply:
 - (i) each member of the company's RICT group is:
 - not operating in any market, or
 - operating in any market for
 - less than 10 years following its date of incorporation where the member is a company, or in the case of a member other than a company, less than 10 years from

- the date it commenced the carrying on of any enterprise required to be included in the RICT group, or
- less than 7 years since the RICT group made its first commercial sale³⁶,
- (ii) the raising of finance is facilitated by a financial intermediary which is regulated as an investment firm (MiFID)³⁷, or as an investment business firm authorised by the Central Bank of Ireland under the Investment Intermediaries Act 1995 to provide investment advice, and
- (iii) having carried out investment research and financial analysis, the regulated firm satisfies itself that the investment opportunity is of sufficient standing to present to its advisory clients.

Example 36

City Fund has raised investments from private investors and is seeking to make EII qualifying investments in Ham Limited, a company that would be considered an undertaking in difficulty.

City Fund is not regulated as an investment firm (MiFID) nor is it authorised by the Central Bank to provide investment advice.

In City Fund's Investor Memorandum which it provides to prospective investors, it is clearly stated that investors cannot rely on the Investor Memorandum and must seek their own financial advice in relation to the investment.

As no investment advice is being provided by City Fund, and as City Fund is neither authorised nor regulated as required in order to be a financial intermediary, it cannot be viewed as a financial intermediary for the purposes of the exception to the 'Undertaking in Difficulty' test.

Example 37

Butter Limited is seeking to raise investments through two private equity funds. It is a company that would be considered an undertaking in difficulty.

Fund 1 is regulated as an investment firm by the Central Bank of Ireland and has carried out due diligence.

Fund 2 is not regulated as an investment firm by the Central Bank of Ireland. Its Investor Memorandum states that investors must seek their own independent financial advice, and that no due diligence has been carried out by the fund regarding the investment.

³⁶ In the case of mergers and acquisitions, these time periods encompass the periods of operation of the acquired business or the merged businesses, except in the case of acquired businesses or merged businesses whose turnover accounts for less than 10% of the turnover of the acquiring business in the case of acquisitions, or less than 10% of the turnover that the combined turnover that each of the businesses comprising the merged businesses had in the financial year preceding the acquisition or the merger, as the case may be.

³⁷ Under Regulation 5(2) European Union (Markets in Financial Instruments) Regulations 2017 [SI No. 375 of 2017].

Investments made through Fund 1 meet the exception to the undertaking in difficulty rules. The raising of finance has been facilitated by a financial intermediary authorised to provide investment advice by the Central Bank of Ireland. The fund has carried out investment research and financial analysis. It is satisfied that the investment opportunity is of sufficient standing to present to its advisory clients.

The investments made through Fund 2 would not meet the requirements to avail of the exception to the undertaking in difficulty rules.

The due diligence carried out by Fund 1 would not be sufficient to allow the investments made by Fund 2 to also meet the exception to the undertaking in difficulty rules. The investment firm carrying out the due diligence must do so on behalf of the EII investors who make the investment through that fund.

8.3 GBER maximum amount of risk finance that may be raised and SCI limit

GBER applies a maximum amount of total risk finance investment which may be raised by an undertaking under Article 21 and Article 21a of the Regulation. The maximum amount shall not exceed €16.5 million³⁸.

Within the overall limit, the limit that can be raised by a company under SCI is €500,000.

The reliefs in Part 16 and Investor Relief³⁹ are all state aid measures under the risk financing measure. A company may be eligible to raise investment using more than one of these schemes.

Additionally, there is a maximum amount of funds that may be raised in a 12-month rolling period of €5.5 million.

The 12-month limit and life-time limit apply to investments raised at any time under:

- EII,
- SCI,
- SURE, and
- Investor Relief.

The limits apply to all undertakings in the RICT group and, in the case of Investor Relief, the relief group⁴⁰.

As noted in 10.5, details of investments made under Part 16 are published by Revenue, as are details of any investments made under the Investor Relief.

³⁸ Article 21a(2) of GBER

³⁹ See Chapter 6A Part 19 TCA 1997

⁴⁰ A relief group is defined in Chapter 6A, Part 19 TCA 1997. Further information on what constitutes a relief group is available in Tax and Duty Manual [Part 19-06A-01](#).

Example 38

Perpendicular Limited is a newly incorporated company which intends to raise €5 million initial risk financing via the issue of eligible shares. The investors wish to avail of EII on their investment.

Parallel Limited is in Perpendicular Limited's RICT group. To date, Parallel Limited raised €15 million of investment via the issue of eligible shares on which EII relief has been claimed.

Due to the RICT group's lifetime limit, Perpendicular Limited is limited to raising €1.5 million of initial risk financing on which EII relief may be claimed.

9 Raising Investment from Investment Funds

This section only applies in respect of companies raising risk finance investment under EII. Companies raising risk finance investment under EII may receive investment from DIFs and QIFs as well as from individuals⁴¹. The conditions and requirements that apply in respect of qualifying investments as set out in section 6 apply also in the case of investments made by DIFs and QIFs.

9.1 Designated Investment Funds

A DIF is a type of investment fund that is established for the sole purpose of investing in qualifying companies under EII and has been designated as a DIF by Revenue for the purposes of Part 16. The fund will be designated as a DIF by Revenue where it meets the required conditions as set out in the legislation.

A DIF comprises of the subscriptions of a number of individuals. Each individual subscriber who is a qualifying investor may claim relief in respect of investments made by the DIF in qualifying companies, in proportion to the value their subscription to the fund bears to the total amount that is available in the fund for investment. The subscriptions of each individual are considered to be invested by the DIF on a pro rata basis over all investments made by the fund.

An investment made in a qualifying company from a DIF is considered to be a direct investment in the company for the purposes of EII relief.

9.2 Qualifying Investment Funds

A QIF is an investment limited partnership authorised in accordance with the Investment Limited Partnerships Act 1994 or a limited partnership registered in accordance with the Limited Partnerships Act 1907 and managed by an Alternative Investment Fund Manager ('AIFM')⁴².

QIFs may invest in qualifying companies under EII, as well as companies that do not qualify for EII investment. The fund comprises of the subscriptions of a number of individuals and persons other than individuals.

Where the subscriber to the QIF is a qualifying investor, the individual may claim relief in respect of investments made by the fund in qualifying companies in proportion to the value their subscription to the fund bears to the total amount that is available in the fund for investment. The subscriptions of each individual are considered to be invested by the QIF on a pro rata basis over all investments made by the fund.

An investment made in a qualifying company through a QIF is considered to be an indirect investment in the company for the purposes of EII relief.

⁴¹ Chapter 7, Part 16, TCA

⁴² Section 508IA TCA

10 Administrative obligations in relation to EII and SCI

A qualifying company that receives investments under EII and SCI must provide Revenue with certain information in respect of those investments⁴³. In addition, the company must provide information to investors to enable them to claim the relevant relief.

Where the qualifying company has received an investment under EII from a DIF or a QIF, the investment fund also has obligations in relation to returning information to Revenue and providing information to subscribers in the fund to enable them to claim the relief.

10.1 Reporting of relief

10.1.1 Corporation Tax return

The company is required to return details of the qualifying investments it receives in its corporation tax return ("Form CT1") for the accounting period in which the eligible shares were issued.

10.1.2 RICT return

Companies that issue eligible shares as part of a qualifying investment must provide Revenue with certain information on that investment which is required for State aid annual reporting obligations under GBER and for the administration of the reliefs.

The information required is provided in the Return of Qualifying Investments in a Qualifying Company ("RICT Return") and includes:

- the name of the company,
- the address of the company,
- the Companies Registration Office (CRO) number of the company,
- the amount of finance raised,
- the date of the eligible share issue,
- details of the investors and the amount invested, and
- the type of Part 16 relief under which the funds were raised.

In the case of an EII investment in a qualifying company by a DIF or QIF, the company should list the name of the fund as the investor in the RICT return.

The qualifying company must also confirm that the investment was one of the following investment categories:

- initial risk finance investment where the RICT group was not operating in any market,
- initial or follow-on risk finance investment where the RICT group was operating within the 7-year/10-year eligibility periods that apply,
- follow-on risk finance investment where the RICT group was operating for a period greater than the 7-year/10-year eligibility periods,

⁴³ Section 508E TCA

- expansion risk finance investment, or
- in the case of EII, indirect investment received from a QIF.

It is imperative that the correct selection is made in respect of investment categories on the RICT return to ensure that the appropriate amount of relief in respect of the investment is calculated. Where an incorrect investment category is selected, this will result in the incorrect calculation of the relief due in respect of the investment.

The RICT return must be filed via the Revenue Online Service (ROS) no more than 4 months after the end of the year of assessment in which the shares were issued for a qualifying investment. For example, where eligible shares are issued in 2025, a RICT return must be filed by 30 April 2026.

If a company does not comply with the requirements to provide information as set out above, the company will be liable to a penalty of €2,000. An additional penalty of €50 for each day that the failure to comply continues is also imposed. The additional daily penalty will be applied from either the date by which the Form CT1 must be filed, or after 30 days from when the RICT return must be filed, whichever is appropriate.

10.2 Statement of Qualification to be issued to investors

A qualifying company must issue investors with a Statement of Qualification ('SOQ') in respect of qualifying investments⁴⁴. An SOQ is a statement by a company that

- (a) the company is a qualifying company, and
- (b) the investment is a qualifying investment.

The SOQ contains details of the company in which the investment was made, the shares issued, the amount of the investment and the amount of relief that may be claimed by the investor in respect of that investment. It also includes details of whether the investment is made by an individual, DIF or QIF.

The completion and filing of the RICT return via ROS results in the automatic generation of the SOQs. Companies must issue the SOQs to qualifying investors by 31 December of the year following the year in which the eligible shares were issued in respect of an investment. This means that where, for example, a company issued eligible shares in the course of 2025, it must issue the SOQs to investors by 31 December 2026. Once in receipt of an SOQ, an investor can claim relief on their investments.

Where the qualifying company has received an investment under EII from a DIF or a QIF, the company must issue the SOQ to the managers of the investment fund.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

⁴⁴ Section 508A TCA

10.3 Return of Information of Investment Fund

On receipt of the SOQ from a qualifying company, the investment fund manager must file a Return of Information of Investment Fund ('IF return') with Revenue via ROS within 30 days, providing the following information:

- the name of the company in which the investment was made,
- the amount of the investment,
- details of the subscribers to the fund and the dates and amounts of their subscriptions, and
- the relief that is due to the subscriber in respect of the investment made by the fund.

A DIF or QIF completes one IF return for each year which must be updated by the investment fund manager each time it receives an SOQ in respect of a qualifying investment made by the fund in a company.

10.4 Manager's Certificate to be issued to subscribers

The completion and filing of the IF Return via ROS results in the automatic generation of Managers' Certificates which the investment fund managers complete and issue to the individual subscribers to the fund. The Managers' Certificate includes details on the amount of the subscription, the qualifying investments made by the fund and the relief that may be claimed by the investor. On receipt of the Managers' Certificate, investors may claim relief on investments made through DIFs and QIFs in respect of the proportion of their subscription to the fund which has been invested in the qualifying company.

Example 39

Castle Designated Investment Fund invested €1,000,000 in two separate qualifying companies on behalf of 10 investors in 2025.

It invested €600,000 in Company A and €400,000 in Company B.

Company A fulfilled its reporting obligations on 30 March 2025 and issued SOQs in respect of the qualifying investment to the fund manager.

The fund manager filed the IF Return on 5 April 2025 and provided details of the investment in Company A and the subscribers to the fund.

The fund manager completed the Managers' Certificates generated on the filing of the return in respect of the investment in Company A and issued them to the individual subscribers to the fund.

On 1 July 2020, Company B fulfilled its reporting obligations and issued an SOQ to the fund in respect of the qualifying investment made by the fund.

The fund manager updated the IF Return for 2025 with the details of this additional investment. The fund manager completed the Managers' Certificates generated on the filing of the return in respect of the investment in Company B and issued them to the individual subscribers to the fund.

10.5 Publication of information

As the Part 16 reliefs are a form of permissible State aid under GBER, certain information is required to be published in relation to all qualifying companies that raise qualifying investment from qualifying investors.

The information that will be published by Revenue on the Revenue website includes:

- the name of the company,
- the address of the company,
- the CRO number of the company,
- the amount of finance raised,
- the date of the share issue, and
- the type of relief.

11 Withdrawal of relief from the company

Certain conditions must continue to be met throughout the relevant period and, where appropriate, the compliance period in respect of the qualifying company, by all members of the RICT group and in respect of qualifying investments.

Where, due to a change in circumstances, the qualifying company, a member of the RICT group, or the qualifying investment cease to meet the relevant conditions, the relief due in respect of an investment is withdrawn. Depending on the facts, in some cases the relief is withdrawn from the company and in others it is withdrawn from investor.

Where it is the case that the qualifying company is responsible for the event that results in any condition ceasing to be met, the withdrawal of relief will in general be from the company (see 11.1). In other cases, the withdrawal of relief will be from the investor. For information on the circumstances in which relief is withdrawn from the investor, see section 8 of [TDM Part 16-00-04](#).

11.1 Circumstances in which relief will be withdrawn from the company

Relief will be withdrawn from the company in the following circumstances⁴⁵:

1. Where the company issues an incorrect SOQ and an individual claims relief in excess of the amount that would have been claimed had a correct SOQ been issued. The issuing of an incorrect SOQ by a company to an investor is treated in the same manner as if an incorrect tax return was filed by a company⁴⁶ and interest and penalties may apply in accordance with [Revenue's Code of Practice for Revenue Compliance Interventions](#).
2. The relief is no longer due because one of the following circumstances arises within the relevant period:
 - The company has ceased to be a qualifying company as it has failed to comply with any of the conditions set out in 3.2 and 3.4,
 - The investment has ceased to be a qualifying investment, in full or in part, as it has not complied with the conditions set out in section 6⁴⁷, or
 - an investor other than a qualifying investor has received value from the company resulting in a reduction in the amount of relief available (see 11.1.2).
3. The company fails to meet one of the conditions in relation to an increase in employment or in emoluments paid to employees or in expenditure on R&D+I by the end of the subsequent period in relation to a qualifying investment (see section 4).

⁴⁵ Section 508U TCA

⁴⁶ Section 508X TCA

⁴⁷ Other than 6.3 which is relevant to the qualifying investor. If the investor is or becomes connected with the company, they are not a qualifying investor and relief is withdrawn from the investor. See section 8 of [TDM Part 16-00-04](#).

11.1.1 How relief will be withdrawn from the company

Relief will be withdrawn from the company by the making of an assessment by Revenue against the company for corporation tax under Schedule D Case IV in the year for which relief was given to the investor.

In the case of the circumstances set out in (1) and (2) of 11.1 above, the assessment will be for an amount equal to 1.6 times the amount of the investment which qualifies for relief.

Where the circumstance at (3) of 11.1 above arises, the assessment will be for an amount equal to 0.4 times the amount of the investment which qualifies for relief.

The company cannot offset any loss or deficit against the Case IV amount and the Case IV amount should not be subject to the close company surcharge.

Example 40

A risk finance investment of €10,000 was made in A Limited in 2024. Relief of €12,500 in respect of this investment was claimed in full by the investors on this amount.

In 2025, A Limited received investment from B Limited as a result of which A Limited was under the control of B Limited. As a qualifying company cannot be under the control of another company during the relevant period, A Limited is no longer a qualifying company, and the relief availed of will be withdrawn.

The relief is withdrawn by the making by Revenue of an assessment under Case IV of Schedule D to corporation tax against A Limited. The investment had resulted in relief of €12,500. The Case IV assessment on the company will be for €20,000 i.e. 1.6 times the amount of the relief. This is taxable at 25%, giving the company a tax liability of €5,000.

11.1.2 Reduction of relief - investor other than a qualifying investor receives value from the company

Where a shareholder who is not a qualifying investor⁴⁸ receives value from the company or any company in the RICT group within a compliance period⁴⁹, the relief due to the qualifying investor is reduced by the amount of the value received by that other shareholder⁵⁰. In determining whether a shareholder other than the qualifying investor received value from the company, the RICT group will include any company which is a subsidiary of the qualifying company at any point during the compliance period⁵¹.

⁴⁸ This also includes a 'specified individual' for the purposes of SURE – see section 10.7 of [TDM Part 16-00-05](#)

⁴⁹ See 6.3 for further detail on the compliance period.

⁵⁰ Section 508U TCA

⁵¹ This is the case whether the company became a subsidiary before, during or after the year in which the individual claims relief, and irrespective of whether the shareholder received any value from it.

Where this arises, the relief is withdrawn from the company.

In general, a shareholder other than the qualifying investor receives value from the company where:

- (a) the company repays, redeems or purchases any of the share capital of that shareholder,
- (b) a company in the RICT group acquires any of the share capital of that shareholder in the qualifying company, or
- (c) the company
 - (i) releases or waives any liability of the shareholder to the company or discharges any liability of the individual to a third person,
 - (ii) makes a loan or advance to the shareholder,
 - (iii) provides a benefit or facility for the shareholder,
 - (iv) transfers an asset to the shareholder for no consideration or for consideration less than its market value, or acquires an asset from the shareholder at more than its market value, or
 - (v) makes any other payment to that shareholder, other than in respect of an ordinary debt, or payments such as payments for full consideration in respect of goods or services, or reasonable remuneration of employees or directors.

Example 41

Company B issued EII 'A' shares on 1 January 2025 in respect of a risk finance investment of €100,000. On 1 March 2025, which is within the compliance period of the shares issued on 1 January 2025, it redeemed shares issued to the founder shareholders in the amount of €80,000. The relief due to the investors in respect of the EII 'A' shares will be reduced by €80,000, which is the amount of the value received by the founder shareholders from the company. This amount will be withdrawn from Company B by the raising of an assessment to corporation tax by Revenue against the company for €128,000 (i.e, 1.6 times the amount of the relief of €80,000).

Example 42

Company D issued EII 'A' shares on 1 January 2019 in respect of a risk finance investment of €100,000 to Investor Group 1. It issued 'B' shares on 1 January 2021 in respect of a risk finance investment of €50,000 to Investor Group 2. It issued 'C' shares on 1 January 2023 in respect of a risk finance investment of €50,000 to Investor Group 3.

Some of the investors in Group 1 are also investors in Groups 2 and 3

In June 2023, after the compliance period of the 'A' shares had ended, the company redeemed the 'A' shares for an amount of €110,000.

As the 'B' and 'C' shares remain within their compliance periods, the redemption of the 'A' shares will result in the reduction of the relief due to the EII investors in Groups 2 and 3 as follows:

The investors in Groups 2 and 3 who were also investors in Group 1 are qualifying investors who received value from the company at a time when some of the shares held by them remained in a compliance period. Therefore, the relief due to them in respect of their 'B' and 'C' shares is reduced by the value received by them from the company on the redemption of their 'A' shares. This amount will be withdrawn from those investors by the raising of an assessment to corporation tax by Revenue against those investors. For information in relation to the implications of qualifying investors receiving value from the company during the compliance period, see section 8.5 [TDM Part 16-00-04](#) .

The relief due to all of the other investors in Groups 2 and 3 in respect of their 'B' and 'C' shares will be reduced proportionately by the amount of the value received by the investors in Group 1 who were not also investors in Groups 2 or 3. This amount will be withdrawn from Company D by the raising of an assessment to corporation tax by Revenue against the company.

The investors in Group 1 who were not also investors in Groups 2 or 3, will not have the relief due to them in respect of their investment reduced. The compliance period in respect of their Group 1 investment has ended and they do not hold any other shares in the company that are still within their compliance period.

11.1.3 Exception for EII investment – Capital Redemption Window

A company can redeem shares from a shareholder of the company who is not a qualifying investor without triggering a reduction in the relief of EII investors whose shares are still in a compliance period (known as a 'capital redemption window')⁵², where the following conditions are met:

- the most recent risk finance investment under the Part 16 reliefs in any company in the RICT group was at least 18 months prior to the redemption, and
- the RICT group does not raise risk finance investment under any of the Part 16 reliefs for a period of 12 months after the return of capital⁵³.

This exception does not apply in respect of investments made under SCI or SURE.

Example 43

Techno Limited raised investment in June 2022 which did not qualify for EII. It raised EII qualifying investment in December 2022. In January 2025, the company redeems the shares issued in respect of the June 2022 investment. The EII qualifying investment made in December 2022 is still in its compliance period.

⁵² The tax implications of a company redeeming its shares are dealt with in TDM [Part 06-09-01](#). Redemptions of shares will generally be treated as a distribution by the company, meaning that dividend withholding tax rules must be applied.

⁵³ Section 508R TCA

It is more than 18 months since the company last raised investment under the Part 16 reliefs, and the company does not intend to raise any further EII investment for a period of 12 months.

As the conditions to avail of the capital redemption window are satisfied, the redemption by the company of the shares issued in June 2022 will not lead to a reduction in the relief due to the EII investors whose shares are still in their compliance period.

To continue to avail of the exception provided by the capital redemption window, and not trigger the withdrawal of relief, the company must not raise further investment under the Part 16 reliefs for a period of 12 months from the date of the redemption.

11.2 Obligation to provide information where relief is to be withdrawn

If an event occurs that may result in relief being withdrawn, either from a company or a qualifying investor, the following parties are obliged to notify Revenue in writing of the event within 60 days⁵⁴:

- a) the company,
- b) any person connected with the company who has knowledge of the matter, and
- c) where the investment was made by a DIF or QIF, the managers of the fund who have knowledge of the matter.

Failure to comply with these obligations will result in liability to a penalty of €3,000, or, in the case of a company, €4,000 with a separate penalty of €3,000 imposed on the secretary of that company.

⁵⁴ Section 508Y TCA

12 Confirmation of Compliance with Certain Conditions

A company that wishes to raise investment under EII or SCI may, prior to issuing an SOQ to investors, make an application to Revenue to request confirmation of compliance with certain eligibility conditions⁵⁵.

A company may seek confirmation of compliance in respect of the following:

- (a) Composition of the RICT Group
- (b) Undertaking in difficulty
- (c) The business plan
- (d) Initial risk finance
- (e) Expansion risk finance
- (f) Follow-on risk finance

All applications for Revenue confirmations should be made through the [Revenue Technical Services](#) ('RTS') and the company should indicate clearly in its application the matter in respect of which the confirmation is sought. Details of the supporting documentation that should be included with a request for confirmation are included in [Appendix B](#).

Detailed guidance on how to make an application to the RTS and a link to the application form, the Form RTS1A, can be found in [TDM Part 37-00-00a](#).

12.1 Other technical queries

While confirmation of compliance will only be provided by Revenue in respect of the matters listed at (a) to (f) above, queries regarding complex technical issues relating to Part 16 may be submitted to the RTS in line with the published guidance which can be found in [TDM Part 37-00-00a](#).

⁵⁵ Section 508D TCA

Appendix A Start-Up Capital Incentive (SCI)

1. Overview

SCI is a relief that allows qualifying companies to raise investment from investors whose associates are shareholders in the company. In order to avail of the relief, the company must meet certain conditions, and the amount of the investment raised must be within certain limits.

An associate is any relative or partner of the investor. A relative means the husband, wife, civil partner, ancestor, lineal descendant, brother or sister of the investor.

SCI operates as an exception to the general rule under EII that an investor cannot be connected with the company which is seeking to raise risk finance investment. The relief under SCI incentivises family members to invest in start-up companies.

While SCI offers an incentive for family members of shareholders, it is important to note that the conditions applying to the Part 16 reliefs as set out in this TDM and in [TDM 16-00-04](#) still require to be considered when seeking to raise investment and obtain relief under SCI.

1.1 Conditions to be met by the qualifying company

For the purposes of SCI, the company must meet the following additional conditions at the time of the investment:

- It must be a micro-enterprise within the meaning of Annex 1 of GBER. A micro enterprise is one that has less than 10 employees and has an annual turnover and/or annual balance sheet total not exceeding €2 million,
- It must exist solely for the purpose of carrying on a qualifying new venture (see 1.1.2 Qualifying new venture)
- It must not have commenced carrying on a trade or business, or made preparations to commence carrying on any trade or business, more than 7 years prior to the date of issue of the shares, and
- It must not have any partner or linked businesses (see section 7).

1.1.2 Qualifying new venture

A “qualifying new venture” means a venture consisting of relevant trading activities (see 3.5.1) which are set up and commenced by a new company. The trading activities cannot include:

- (a) activities which were previously carried on by another person and which have been taken over by the new company, or
- (b) a venture, the activities of which were previously carried on by another person as part of its trade or profession.

The sole purpose of the micro-company must be to carry on this new venture and it cannot exist for any other purpose.

1.2 Investment limit

The lifetime limit on the amount of risk finance investment that a qualifying company can raise under the SCI scheme is €500,000.

Example 44

Dave is the founder and sole shareholder in a company that was incorporated and commenced carrying on a trade in June 2024. It meets the conditions to allow it to raise risk finance investment under SCI.

Dave's parents and siblings make investments totalling €400,000 in the company on 1 June 2025.

As the company meets the SCI conditions, and the investment is within the limit that may be raised under the scheme, Dave's parents and siblings may claim relief on their investment.

Dave also makes an investment in the company on 1 June 2025 of €100,000. Although this is still within the limit that can be raised by a company under the scheme, he may not avail of SCI in order to claim relief on this investment. SCI permits investors whose associates were shareholders in the company at the time of investment to qualify for tax relief. It does not permit existing shareholders such as Dave to receive tax relief for further investing in the company.

Appendix B Request for confirmation of compliance with certain conditions

A company seeking confirmation from Revenue as to whether certain eligibility criteria for relief under Part 16 are met should include the documentation set out in this Appendix with their request for confirmation as appropriate.

1. Composition of the RICT Group

When seeking confirmation as to the composition of the RICT group, the company should provide the following details to Revenue:

- a group structure showing the qualifying company, companies in which it holds shares and any companies or individuals which own shares in it or those companies. The group structure should include all companies, whether dormant or otherwise, with details of place of incorporation and tax residence.

Example 45

Where Company A is the qualifying company: (Provide details of all parties in the structure)

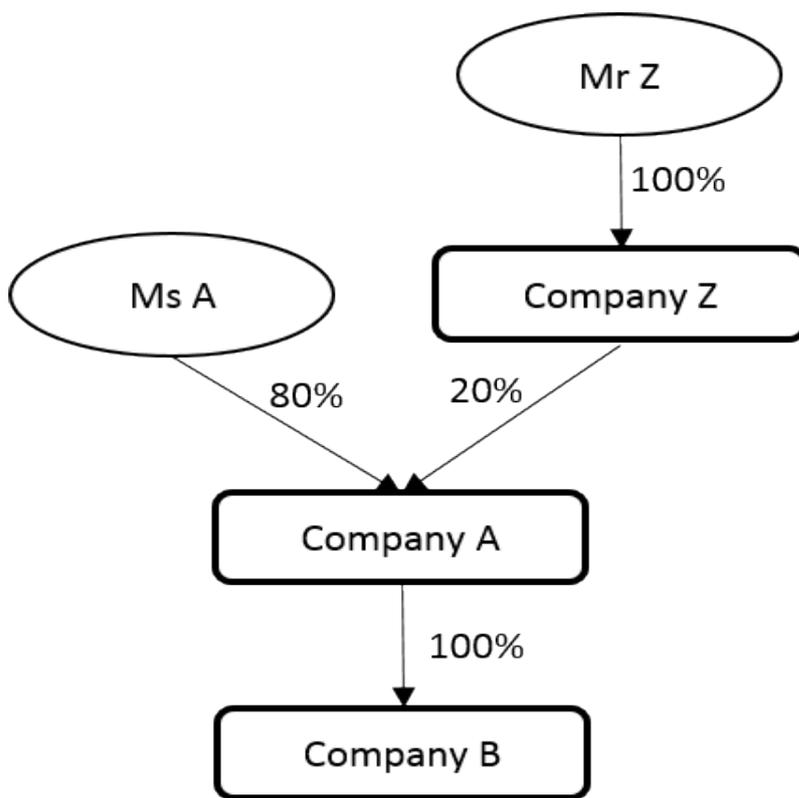
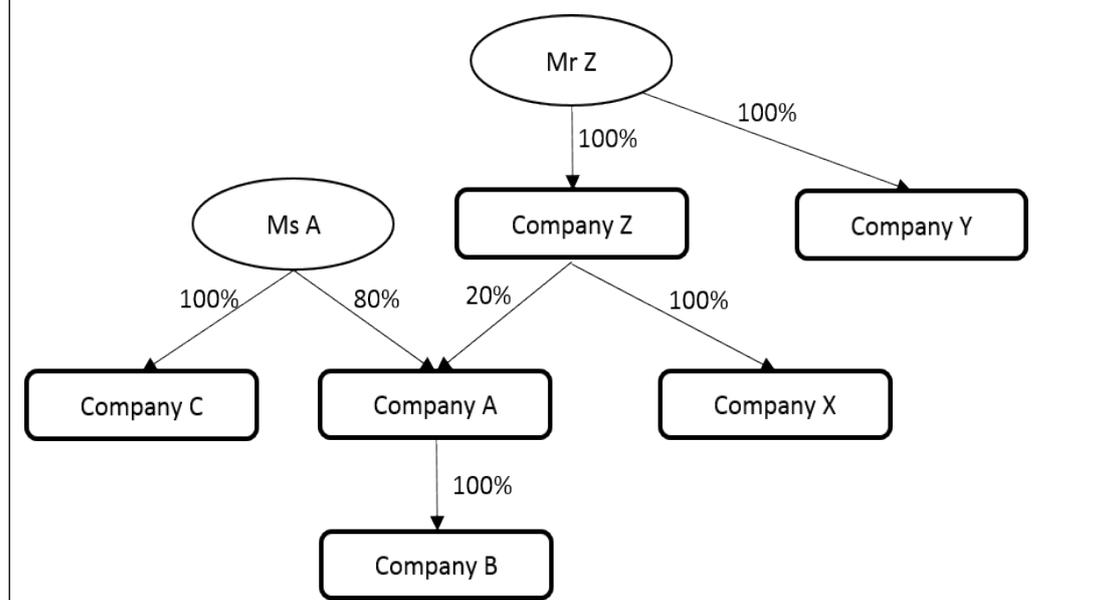


Figure 1 Example 45

Any other companies in which any of those companies or individuals own shares should be included (see Example 46 below).

Example 46**Figure 2 Example 46**

- details of any shareholdings in the qualifying company. It is not necessary to include shareholdings held as an investment (e.g. as part of a quoted share portfolio). In most cases, shareholdings of less than 5% can also be excluded. However, they must be included where they are necessary to understand the control relationship between the parties. For example, a number of family members each holding 4% of the shares should all be included. A shareholder who holds 4% of the shares and who also has a right to acquire 20% of the shares in the future should be included. A shareholder who holds 4% of the shares but who has the ability to appoint the board of the company should be included.
- any trades carried on by the individuals in their own right (e.g. as a sole trade or through a partnership) should be included.
- details of the control relationship between the parties, where this differs to the position based on their shareholding, either because of the rights attaching to shares, or a contract, or something in the company's constitution or a shareholders' agreement.
- a copy of the company's constitution, the shareholders' agreements and details of the rights attaching to shares.
- any other relevant agreements or documents. For example, where there are any future rights over shares, such as an option agreement, a copy of any such agreement and details of same should be included.
- details of any changes in shareholdings in the company in the year prior to the application, including details of any changes in shares held by controlling shareholders.
- details of any loans between any of the parties in the group structure.

In general, the RICT Group will comprise all businesses in the structure either under common corporate ownership or control, or under common individual ownership or control operating in customer/supplier markets.

For each company or sole trade, the following details must be provided:

- Where the company or trade is located (e.g. Ireland, France etc.)
- A PPSN/Tax Reference Number (as applicable)
- The date of incorporation in respect of a company
- A short description of the nature of the activities carried on (e.g. green energy generation, dormant company, holding company etc.)
- The date on which those activities commenced
- If the activities were acquired from any other person, details of that acquisition (including the name, address, relationship of that person to the company and a summary of the transaction)
- Details of the first commercial sale (in many cases this will coincide with the date of commencement to trade)

A table, as follows, detailing the above can be provided:

Name	Location	TRN	Incorporated	Activity	Commence	First Sale	Acq.

2. Undertaking in difficulty

Where the company is seeking confirmation as to whether it is, or is part of, an undertaking in difficulty, a table setting out the financial position of all businesses in the RICT group must be included. A sample table is set out below.

					Total
Name of business					
(a) Subscribed share capital per accounts					
(b) Share capital shown as a financial liability					
(c) Share premium					

(d) Sub-total (a) + (b) + (c)					
(e) 50% of (d)					
(f) Retained earnings / loss per accounts					
(g) Other reserves					
(h) Adjustments per auditor's letter					
(i) Sub-total (f) + (g) + (h)					
(j) Total (d) – (i)					

If (j), in the total column, is a negative amount and greater than the figure at (e), the RICT group may be an undertaking in difficulty.

The most recent financial statements, and auditor's letter if appropriate, for each business in the RICT group must be provided.

If the company believes that it is not an undertaking in difficulty because the issue of its shares was facilitated by a financial intermediary, details of that financial intermediary should be included. For further guidance on undertakings in difficulty, see 8.2.

3. Business Plan

Where a confirmation in relation to a business plan is sought, a copy of the business plan used to raise funding, or that will be used to raise funding, must be attached to the application (see 6.1).

4. Initial risk finance investment

Where a confirmation in relation to an initial risk finance investment is sought, a copy of the business plan used to raise funding, or that will be used to raise funding, must be attached to the application.

5. Expansion risk finance investment

Where a confirmation in respect of an expansion risk finance investment is sought, in addition to the business plan showing the proposed expansion, a table showing the annual turnover for each business in the RICT group, and the accounts which support those figures should be provided. A sample table is provided below.

				Total
--	--	--	--	-------

Turnover 2024				
Turnover 2023				
Turnover 2022				
Turnover 2021				
Turnover 2020				
Total				
Average				
Investment sought per business plan				

6. Follow-on risk finance investment

The business plan which supported either the initial risk finance investment or the expansion risk finance investment and which provided for the follow-on risk finance investment must be submitted.

An up-to-date schedule of shares issued by the RICT group which qualified as risk finance investments for the purposes of relief under Part 16 should be included. The schedule should set out the date of the share issue, the amount raised, and the class of share issued. This should include details under all the relevant schemes i.e. BES or EII or SURE or SCI, relief for investment in innovative enterprise, as well as equivalent reliefs availed of in other Member States.