

Relief for Investment in Innovative Enterprises

Qualifying Company (Certificates of Qualification)

Part 19-06A-01

This document should be read in conjunction with Chapter 6A of Part 19 of the Taxes Consolidation Act 1997

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1 Introduction

Relief for investment in innovative enterprises (hereafter referred to as the “relief”) was introduced by section 54 of Finance Act 2024, which inserted Chapter 6A into Part 19 of the Taxes Consolidation Act 1997 (TCA 1997). The relief was commenced by Ministerial order on 1 March 2025. The purpose of this Tax and Duty Manual (TDM) is to provide an overview of the relief from the perspective of the qualifying company, being the company which qualifies for certificates of qualification. Tax and Duty Manual 19-06A-02 provides detailed guidance in relation to a qualifying investor.

The relief is designed to encourage investors to acquire significant minority shareholdings in early-stage innovative enterprises which are less than 7 years old. The relief allows investors that are unconnected to the company to avail of a reduced effective rate of Capital Gains Tax (CGT) of 16% (or 18% in the case of investments made via a partnership) on the sale of a qualifying investment. For a qualifying investment to be made, the company must hold certificates of qualification and provide a copy of these certificates to the investor at the time of investment. Where the conditions of the relief are met, a reduced rate of CGT may apply on a gain of up to twice the value of the investor’s initial investment on the sale of those shares. There is a lifetime limit of €10 million on the amount of gains of an individual investor that can avail of the reduced rate of CGT.

The relief is a permitted form of State aid within 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 Treaty¹ (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.

1.1 Overview

The relief is a permissible form of State aid and operates within the parameters of GBER.

The relief is available to individuals and allows a qualifying investor to avail of a reduced CGT rate of 16% (or 18% in the case of investments made via a partnership) on a gain arising on the sale of a qualifying investment in a qualifying company subject to certain conditions.

¹ [Commission Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty](#)

The qualifying investment must be made before 31 December 2026. The shares must be held by the investor for at least 3 years before the disposal. There are conditions which must be met by the company, by the investor, and in respect of the shares, at the time the investment is made, while the investment is held, and when there is a disposal of the investment.

Prior to a qualifying investment being made a company must ascertain that it is a qualifying company. A qualifying company is one that holds certificates of qualification which consist of:

- a certificate of going concern, and
- a certificate of commercial innovation.

A company may make an application to Revenue for certificates of qualification. Revenue will assess the company's application including supporting documentation such as the business plan in respect of which the company is seeking investment. Revenue will generally consult with Enterprise Ireland, who may in turn consult with a third-party consultant, as part of the certification process. Revenue will issue certificates of qualification to the company where the company has demonstrated it satisfies the necessary conditions. Details of the certificates of qualification issued will be published on a publicly available register.

The company must provide a copy of its certificates of qualification to investors on the date of their investment.²

² Tax and Duty manual 19-06A-02 contains details on how a qualifying investor may make a claim for relief in respect of a qualifying investment, in a qualifying company.

2 Qualifying Company

For a company to raise funding to which relief under Chapter 6A, Part 19 of the TCA 1997 may apply, it must be a “qualifying company”. A qualifying company is one that holds certificates of qualification.³

Certificates of qualification are comprised of:

- a certificate of going concern, and
- a certificate of commercial innovation.

A company that is seeking to raise investments from qualifying investors or qualifying partnerships may make an application to Revenue for certificates of qualification, where the company meets certain eligibility criteria.

3 Who is eligible to make an application to be a Qualifying Company

3.1 Eligibility criteria relevant to a company to make an application

A company making an application to Revenue for certificates of qualification is known as an “applicant company”.

An applicant company:

- must be incorporated in the State, another European Economic Area (EEA) state or the United Kingdom (UK).
- 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 3.2.1.1).
- must hold a valid tax clearance certificate.
- 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, unless such control is exercised by NAMA.
 - no arrangements can be in place which would cause the company to fall within either of these conditions during the 3-years following the issue of a certificate of commercial innovation (see 3.2.2).

³ Section 600C TCA 1997

- 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 3.2.1).
- or one or more than one of its qualifying subsidiaries, must be an innovative enterprise within the meaning of GBER (see 8.2.1).
- must have a business plan for the investment sought, or must have such a business plan in conjunction with one of more of its qualifying subsidiaries. It must also be reasonable to consider that the company or its qualifying subsidiary intend to, and have sufficient expertise and experience, to implement that business plan (see 8.2).

3.2 Eligibility criteria relevant to a company and its relief group to make an application

While details of the eligibility criteria in respect of the applicant company are outlined above, both the applicant company and its relief group (refer to section 6 for further details) must also satisfy a number of criteria. Broadly, a relief group in relation to a company is a group made up of the company and all of its partner businesses and linked businesses (see 6 for more details). Each company in the relief group (including the applicant company):

1. 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.
2. 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 applies to aids granted by any Member State.
3. must have all of its issued shares fully paid up.
4. must be less than 7 years at the date of application for the certificates of qualification (see 7.3).
5. must be an SME (see 7.1), and cannot be an undertaking in difficulty (see 7.2).

3.2.1 Purpose test for the company

The company in which the investment is being made 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.

Where the company is not carrying on relevant trading activities, it may qualify as a holding company. The holding company may either exist wholly for the purpose of being a holding company (that is, it must exist to hold shares in qualifying subsidiaries, and 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. If the holding company exists for dual purposes, the company may use the amounts raised in its own trade, or it may subscribe for shares in a “qualifying subsidiary”, which then utilises the amounts raised for the purposes of its trade.

3.2.1.1 What are relevant trading activities for the purposes of the relief?

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 (within the meaning of section 128F(1)),
- (e) dealing in or developing land,
- (f) the occupation of woodlands within the meaning of section 232,
- (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 (within the meaning of section 491),
- (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).

Example 1

Company W is a newly established company developing a new form of dental implants. Company W is also providing dental services.

As Company W is engaged in professional services, the company exists for two purposes: carrying on of dental services and the carrying on of the development of dental implants. This is not permitted, and it will not be a qualifying company.

Example 2

Company B is a newly established biotechnology company. Company B is raising funds for investment in a new research project. Company B is raising the funds in tranches and will begin the project once the company has raised €5 million of investment. Company B temporarily places the funds raised in a bank account and earns interest income on that amount. The interest income is purely incidental and will not be taken as evidence that the company does not exist wholly for the purposes of carrying on a relevant trading activity.

Example 3

Company A is a holding company. It holds shares in Company B which is an IT development company.

Company A owns a building from which Company B operates. Company B rents the building from Company A. As Company A is renting property, it does not satisfy the type of activities of a holding company for the purposes of this relief.

3.2.2 Control test for the company

The company may 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, unless such control is exercised by NAMA. A “person” refers to both an individual and a body corporate.

No arrangements can be in place which would cause the company to fall within either of these conditions during the 3 years following the issue of a certificate of commercial innovation.

Control, for this purpose, has a broad meaning, and will apply where a person exercises or is able to exercise control, 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 under the control of those two or more companies.

Example 4

Devices Limited intends to apply for certificates of qualification.

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

Those 8 companies have no connections other than their individual shareholdings in Devices Limited.

Devices Limited will not be deemed to be under the control of those 8 companies for the purposes of the relief.

Example 5

Devices Limited intends to apply for certificates of qualification.

Machines Limited holds 40% of the shareholding in Devices Limited.

Robot Limited holds 75% of the shareholding in Machines Limited and also holds 40% of the shareholding in Devices Limited.

Robot Limited and Machines Limited are connected.

Devices Limited will be deemed to be under the control of these companies for the purposes of the relief and therefore may not apply for certificates of qualification.

Example 6

Yellow Limited intends to apply for certificates of qualification.

Alice owns 35% of the shares directly in Yellow Limited.

Red Limited owns 40% of the shares in Yellow Limited.

Alice owns 100% of the shares in Red Limited.

As Alice and Red Limited are connected, together, they control Yellow Limited and therefore Yellow Limited may not apply for certificates of qualification.

4 Qualifying Subsidiary

A holding company may raise investments under the relief provided it does not control, (or together with any person connected with the company does not control), any company other than a qualifying subsidiary.

A qualifying subsidiary⁴ is a company that:

1. 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,
2. holds a current valid tax clearance certificate,
3. is at least 51% owned by the applicant company (i.e. the company applying to Revenue for the certificates of qualification) or the qualifying company,
4. no other person has control of, and
5. in respect of which no arrangements exist whereby the conditions at 3 and 4 above could cease to apply.

Further, where a company, which has one or more than one qualifying subsidiary, applies to Revenue for certificates of qualification, certain conditions that are required to be satisfied in order that the company is considered a qualifying company may be satisfied by a subsidiary of the company rather than the company itself. For example, the qualifying subsidiary may be the innovative enterprise, or may have the experience and expertise necessary to carry out the business plan.

Example 7

Vision Limited is a medical device development company and intends to apply for certificates of qualification. Vision Limited is resident in Ireland and has 2 subsidiaries of which it holds 100% of the shares in each.

Subsidiary A is established in Germany and develops and sells pacemakers. Subsidiary A is carrying on a trade in its own right and is established within the EU and therefore, subsidiary A may be a qualifying subsidiary once it meets the other relevant conditions.

Subsidiary B is established in India and sells pacemakers. Subsidiary B is resident outside of Ireland, the EU or the EEA and the company does not carry on relevant trading activities in Ireland through a fixed place of business. Therefore, it is not a qualifying subsidiary.

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

⁴ As defined in section 600D TCA 1997

5 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,
- the investment is not expansion risk finance investment or a follow-on risk finance investment, and
- the qualifying company provides a copy of the certificates of qualification to the investor at the time of investment.

5.1 Initial risk Financing

The eligible shares on which relief may be claimed must be initial risk financing and cannot be part of expansion risk financing⁵ or follow-on risk financing⁶. An initial risk finance investment will be the initial round of fund raising by a relief group. Many companies who seek to raise risk financing do so in tranches over several months. Shares are usually issued at the end of the fund raising round, but there may be occasions where the shares are issued as the amounts are invested.

⁵ Section 493 TCA 1997 defines “expansion risk finance investment” as the issue of eligible shares to fund a new economic activity.

⁶ Section 493 TCA 1997 defines “follow-on risk finance investment” as the issue of eligible shares subsequent to an initial risk finance investment or an expansion risk finance investment.

6 What is a relief group?

Relief group means⁷ a group made up of a company and all of its partner businesses and linked businesses and any businesses that were its partner or linked businesses at any time. When determining what is a relief group, consideration must be given as to whether it is engaged in an economic activity. An individual or company (any natural or legal person) with the intention 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 applicant company. The identification of the relief group, and confirmation that it meets the conditions of the relief is distinct from the 'control' conditions that apply to companies applying for certificates of qualification set out in 3.2.2.

6.1 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,
- (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.

6.2 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.

⁷ See section 600B TCA 1997

Example 8

Computer Limited is seeking to raise initial risk finance investment on which investors may claim the relief.

Tea Limited holds 35% of the shares in Computer Limited.

An individual, Pawel Gorski, holds the balance of the shares in Computer Limited.

Computer Limited is an IT software development company. Tea Limited is a tea leaf distribution company.

As Tea Limited's shareholding in Computer Limited is a direct shareholding, it does not matter what market they operate in. They will form part of the same relief group.

Pawel Gorski is not a sole trader or carrying on an enterprise in his own right and accordingly he is not part of the relief group.

Example 9

Knife Computers Limited is a newly incorporated company and it intends to raise initial risk finance investment by means of the relief.

The company intends to develop IT software. The company is held 25% by Bella Brown, 30% by Rusty Ryan, 15% by Fork Limited and 30% by Spoon Limited. There are no other shareholdings held by any of the mentioned shareholders.

The group have no links to each other aside from through Knife Computers Limited. The relief group is made up of Knife Computers Limited and Spoon Limited. Fork Limited is not part of the relief group as its shareholding in Knife Computers Limited is less than 25%.

Bella Brown and Rusty Ryan are not sole traders or carrying on any enterprise in their own right and accordingly they are not part of the relief group.

6.3 Natural Persons Test

Where a relationship is traced through a natural person, or a group of natural persons acting jointly, the businesses may be linked. 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. They do not have to have a direct customer/supplier relationship but the potential that such a relationship could exist will render the businesses to be linked. The 'Natural Persons Test' is only applicable to 'linked' businesses and does not apply to 'partner' businesses.

Example 10

Optics Limited is seeking to raise initial finance investment. Optics Limited intends to develop a new type of spectacles.

Pippa holds 100% of the shareholding in Optics Limited. Pippa also operates as a sole trader distributing spectacles to opticians.

As the market in which Pippa operates is downstream of Optics Limited, Pippa's sole trade would be deemed to operate in the same market as Optics Limited. Therefore, the relief group is made up of Optics Limited and Pippa's sole trade business.

Optics Limited is linked to Pippa's sole trade business through Pippa, a natural person.

Example 11

Brian and Jean are siblings.

Brian operates Smart Buy Limited, which carries on a business activity consisting of the design and supply of automated purchasing systems for pharmacies. He is the 100% shareholder.

Jean operates a stationary distribution company, Pens & Pencils Limited.

Brian intends to raise initial risk financing investment. For the purposes of the relief, Jean and Pens & Pencils Limited will not form part of the relief group of Smart Buy Limited because the two businesses do not operate in the same or adjacent markets.

Example 12

Susie owns Printing Limited, a printing press company.

Susie also owns Ink Limited, an ink distribution company.

Printing Limited and Ink Limited operate in adjacent markets. The companies are linked through Susie, a natural person. The relief group is made up of Susie, Printing Limited and Ink Limited.

6.4 Exception

Where a shareholder is not involved directly or indirectly in the management of the company seeking to raise investment and is not linked (individually or jointly) to the enterprise, and it can be shown that the shareholder does not have a dominant influence over that business, the shareholder will not be regarded as a partner business even where their shareholding in the relevant company exceeds the 25% threshold.

7 What is the significance of a relief group?

In order for a company to apply for certificates of qualification, the relief group of which it is a member must meet certain conditions (see section 3 for further information). The relevant conditions must be applied to that relief group of which the applicant company is a member in totality. These include:

- the relief group must be an SME.
- the relief group must not be an undertaking in difficulty.
- all the relief group members must be established for less than 7 years.
- the maximum amount of risk financing that may be raised is based on total risk finance raised by the relief group.

7.1 The relief group must be an SME

The relief group must be an SME (a Micro, Small or Medium-sized Enterprise)⁸. 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 ⁹	< 50	≤ 10million	≤ 10million
Micro ¹⁰	< 10	≤ 2million	≤ 2million

7.2 The relief group must not be an Undertaking in Difficulty

GBER¹¹ defines an undertaking in difficulty as an entity that without intervention would almost certainly be condemned to going out of business in the short or medium term.

⁸ Articles 2 of Annex I of GBER

⁹ The annual turnover and/or annual balance sheet total may not exceed €10 million

¹⁰ The annual turnover and/or annual balance sheet total may not exceed €2 million

¹¹ Article 2(18) of GBER.

An undertaking is in difficulty if one or more of the following circumstances occurs:

- (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, (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.

7.2.1 Accounting Treatment and the Undertaking in Difficulty test

Irish generally accepted accounting principles ('GAAP') sometimes allow companies 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 an applicant 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 7.2 above, companies should consider any conservative accounting choices made and whether a less conservative treatment could have been adopted.

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.

Examples of such treatment might include:

- The company chooses to treat R&D expenditure as an expense rather than capitalising it but 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.

7.3 The relief group must be less than 7 years old

A company applying for the certificates of qualification, along with its relief group members, must be less than 7 years old. This is referred to as "the establishment test". For the purposes of the establishment test, the 7-year period starts from when any member of the relief group first commences any business activity which leads to that member being included in the relief group. Generally this means that the age of the relief group runs from the earliest date on which a member of the relief group begins in business:

- for a member of the relief group that is a company, the age of a company is determined by the date of registration of the company.
- for a member of the relief group that is a company that was formed by way of acquisition or merger, the age of a company is determined by the age of the entities that were party to that acquisition or merger.
- for a member of a relief group that is not a company, the age of the unincorporated member is determined by the date on which it commenced the business activity that makes it part of the relief group.

Each applicant company will need to consider the facts and circumstances applicable to the company and its relief group, the 7-year period may start from when any member of the relief group first engages in the economic activity that establishes the relief group.

Example 13

Jane is a make-up artist by trade.

On 1 May 2023 Jane discovered that certain compounds when blended together create a serum that has anti-aging properties.

On 1 January 2024 Jane intends to set up her own business to commercialise this new serum as a product.

On 1 May 2024 Jane incurs expenditure of €100,000 relating to the research of ingredients to create an optimum mixture for a new serum.

On 1 October 2024 Jane creates an optimal mixture for a new serum, "Anti-age Serum" that Jane intends to bring to market.

On 1 January 2025 Jane incorporates her sole trade in respect of the new serum into a company, Serum Limited.

For the purposes of the establishment test, Jane is considered to be carrying on the business activity from 1 May 2024, as this is the date that Jane (as a member of the relief group) was first engaged in the economic activity.

Example 14

Pencil Limited intends to apply for certificates of qualification in July 2025.

Pencil Limited was registered on 3 March 2022 following the merger of Marker Limited and Highlighter Limited. Marker Limited was registered on 1 June 2018 and Highlighter Limited was registered on 31 December 2022.

As Marker Limited was registered more than 7 years ago, Pencil Limited may not apply for certificates of qualification.

Example 15

Star Limited intends to apply for certificates of qualification in June 2025.

Star Limited was registered on 8 June 2022 and has no subsidiaries. Star Limited has a linked business, Moon Limited.

Moon Limited was registered on 8 March 2016.

As both Star Limited and Moon Limited are in a relief group and Moon Limited was registered more than 7 years ago, Star Limited may not apply for certificates of qualification.

7.4 GBER maximum amount of risk finance that may be raised

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 million¹². Investor Relief and the Reliefs for Investment in Corporate Trades (“RICT”)¹³ are all state aid measures under the risk financing measure. A company may qualify to incentivise investments 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 under:

- Investor Relief,
- Employment Investment Incentive (‘EII’),
- Start-up Capital Incentive (‘SCI’) and
- Start-Up Relief for Entrepreneurs (‘SURE’).

The limits apply to all undertakings in the relief group and the RICT group¹⁴.

As noted in 14.2 of this manual, details of the investments made under this scheme will be published by Revenue, as are details of the investments made under the RICT schemes.

¹² Article 21a(2) of GBER

¹³ See Part 16 TCA 1997

¹⁴ A RICT group is defined in Part 16 TCA 1997. Further information on what constitutes a RICT group is available in Tax and Duty Manual [Part 16-00-02](#).

Example 16

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 the relief on their investment.

Parallel Limited is in Perpendicular Limited's relief group and 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 relief groups lifetime limit, Perpendicular Limited is limited to raising €1.5 million of initial risk financing on which investor relief may be claimed.

8 Certificates of Qualification

Certificates of qualification are defined¹⁵ as meaning –

- a certificate of going concern, and
- a certificate of commercial innovation.

A company must hold valid certificates of qualification at the time the investor makes the investment, in order for the investment to be a qualifying investment.

On making the application to Revenue for the certificates of qualification, the company must provide a completed application form along with supporting documentation.

8.1 Certificate of Going Concern

Revenue may issue a certificate of going concern to a company where the company has demonstrated to Revenue that the company and the relief group of which it is a member is:

- an SME (see 7.1), and
- not an undertaking in difficulty (see 7.2).

A company and its relief group that is less than 3 years old cannot be an undertaking in difficulty¹⁶. Where the company or any member of its relief group is more than 3 years, the applicant company must establish that neither it nor any member of the relief group is an undertaking in difficulty.

When assessing whether a company should be issued a certificate of going concern, Revenue may consult with Enterprise Ireland and take into account any recommendation made by Enterprise Ireland. Enterprise Ireland may engage a third-party provider to assist in preparing the recommendation (see 8.3).

Where Revenue determine that an applicant company has not demonstrated that it satisfies the conditions necessary to be issued a certificate of going concern, Revenue must issue a notice of determination and set out the reasons for that determination. An applicant company may appeal this determination to the Appeal Commissioners within 30 days of the date of the notice of the determination (see section 12).

¹⁵ As defined in section 600B TCA 1997

¹⁶ Article 2(18) of GBER

8.1.1 Validity period of the Certificate of Going Concern

A certificate of going concern will initially be valid until the day that is 3 years from the date the oldest member of the relief group is established. As outlined in 7.3, the establishment test considers the time from when any member of the relief group first engages in the economic activity that establishes the relief group. Thus, the initial certificate of going concern that has been issued will be valid until a member of the relief group reaches 3 years.

Thereafter once a company applies for a renewal of the certificate of going concern the validity period will be the earlier of:

- the end of the accounting period the certificate of going concern was issued,
- nine months after the date the certificate of going concern issued, where that date is later than the end of the accounting period the certificate is issued, or
- up to the date of validity of the certificate of commercial innovation.

If the company's certificate of commercial innovation expires during an accounting period, then the certificate of going concern shall expire on the same day as the day the certificate of commercial innovation expires.

Where a certificate of going concern is issued in an accounting period, it is generally valid for the accounting period in which it is issued. A certificate of going concern may expire during the accounting period where:

- any member of the relief group is established for 3 years during that accounting period.
- the certificate of going concern was issued in the previous accounting period, and the certificate was valid until nine months post the end of the previous accounting period.
- Revenue withdraws the certificate of going concern or the certificate of commercial innovation.
- the company's certificate of commercial innovation expires during that period.

The certificates of qualification will be invalid where Revenue withdraws the certificate of commercial innovation or the certificate of going concern.

Example 17

Oak Limited was incorporated on 1 August 2024. The economic activity of Oak Limited began on this date. There are no other members of the relief group of Oak Limited. Accounts are made up to 31 July.

Oak Limited applied for certificates of qualification, which are issued to the company on 1 June 2025.

The certificate of going concern issued in 2025 will be valid until 1 August 2027 as that is the day that a member of the relief group is 3 years old.

Example 18

Clara commenced an automated business activity on 1 June 2023. On 1 December 2023 Clara incorporated and transferred the sole trade to Pine Limited. Accounts are made up to 31 December.

Pine Limited applied for certificates of qualification, which are issued to the company on 1 July 2025.

The certificate of going concern issued in 2025 will be valid until 1 June 2026, as that is the day that a member of the relief group is 3 years old.

8.1.2 Renewal of a Certificate of Going Concern

A certificate of going concern may be renewed. The company applying for the certificate of going concern, along with its relief group members, must satisfy the conditions applicable in order for a company to apply for the certificates of qualification.

Applications for a renewal of a certificate of going concern may be made in advance of the expiry of an existing certificate of going concern.

Example 19 (continuation of Example 18)

Pine Limited applies for a renewal of a certificate of going concern which is issued to the company on 31 May 2026. The certificate of going concern will be valid until 28 February 2027 as the day that is the earlier of:

(1) the day that is the later of:

- 31 December 2026 as this is the last day of the 2026 accounting period, being the period in which the certificate of going concern was issued to Pine Limited, or
- 28 February 2027 as this is 9 months after the day the certificate of going concern is issued to Pine Limited in the 2026 accounting period and is later than 31 December 2026,

or

(2) 1 June 2030, being the day on which the certificate of commercial innovation will remain valid to.

8.2 Certificate of Commercial Innovation

Revenue may issue a certificate of commercial innovation where an applicant company has demonstrated that:

- the company, or a qualifying subsidiary of the company, is an innovative enterprise (see **Error! Reference source not found.**), and
- the company has a business plan that it is reasonable to consider the company has the expertise and experience to implement. Or alternatively the company and a qualifying subsidiary have a business plan that it is reasonable to consider the company and its qualifying subsidiary have the expertise and experience to implement their respective business plan(s) (see 8.2.2).

When assessing whether a company should be issued a certificate of commercial innovation, Revenue will generally consult with Enterprise Ireland and take into account Enterprise Ireland's recommendation on whether or not the company has demonstrated that it meets the criteria necessary to be issued a certificate of commercial innovation. In certain circumstances, Enterprise Ireland may engage a third-party provider to assist in preparing the recommendation (see 8.3).

Where Revenue determine that a company has not demonstrated that it meets the requirements for a certificate of commercial innovation, Revenue must issue a determination to the company and set out the reasons for that determination. A company may appeal that determination to the Tax Appeal Commission within 30 days of the date of the notice of the determination (see section 12).

8.2.1 Innovative Enterprise

A company seeking to raise investments under the relief must be an innovative enterprise within the meaning of GBER. Article 2(80) of GBER sets out the meaning of an innovative enterprise which is an enterprise that meets one of the following conditions:

- (a) it can demonstrate, by means of an evaluation carried out by an external expert, that it will in the foreseeable future develop products, services or processes which are new or substantially improved compared to the state of the art in its industry, and which carry a risk of technological or industrial failure;
- (b) its research and development costs represent at least 10 % of its total operating costs in at least one of the 3 years preceding the application or, in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor;
- (c) in the 3 years preceding the application for a certificate of commercial innovation:
 - (i) it has been awarded a Seal of Excellence quality label by the European Innovation Council in accordance with the Horizon 2020 work programme 2018-2020 adopted by Commission Implementing Decision C(2017)7124 or with Article 2(23) and Article 15(2) of Regulation (EU) 2021/695 of the European Parliament and of the Council, or

- (ii) it has received an investment by the European Innovation Council Fund, such as an investment in the context of the Accelerator Programme as referred to in Article 48(7) of Regulation (EU) 2021/695;
- (d) in the 3 years preceding the granting of the aid:
- (i) it has participated in any action of the Commissions space initiative 'CASSINI (such as the Business Accelerator or the Matchmaking),
 - (ii) it has received investment from the CASSINI Seed and Growth Funding Facility, or the InnovFin Space Equity Pilot,
 - (iii) it has been awarded a CASSINI Prize,
 - (iv) it has been granted funding in accordance with Regulation (EU) 2021/695 in the space research area resulting in the creation of a start-up,
 - (v) it has been granted funding as a beneficiary of a research and development action under the European Defence Fund in accordance with Regulation (EU) 2021/697 of the European Parliament and of the Council, or
 - (vi) it has been granted funding under the European Defence Industrial Development Programme in accordance with Regulation (EU) 2018/1092 of the European Parliament and of the Council.

Example 20

Magenta Limited intends to apply for certificates of qualification.

Magenta Limited's total operating costs in 2023 were €250,000. Magenta Limited spent €40,000 on R&D in 2023.

Since Magenta Limited spent more than 10% of its total operating costs in 2023 on R&D, it will be an innovative enterprise.

Example 21

Green Limited is a newly registered company. Green Limited intends to apply for certificates of qualification.

Green Limited is developing a new form of remote patient monitoring system which is substantially better than that which is currently available to the market.

Green Limited will be an innovative enterprise.

Example 22

Orange Limited is a newly registered company. Orange Limited intends to apply for certificates of qualification.

Orange Limited is developing a skin moisturiser. The skin moisturiser has a similar formula to products that already exist in the market.

Orange Limited is not an innovative enterprise.

8.2.2 Business Plan

GBER¹⁷ requires that an undertaking seeking to raise risk finance must have a viable business plan.

The RIIIE Form 1 (application form) includes a template for a business plan which has been devised with the assistance of Enterprise Ireland.

In the context of the relief, a business plan which the company is seeking to rely on to support its application 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, with specific reference to the following:

- the business plan must be in writing. It must contain details of the products, sales and profitability development, and it must establish the financial viability of the investment.
- the business plan should reflect the need to spend money on a particular purpose in order to carry on the business. It should demonstrate the necessity for the investment sought.
- the business plan must include a description of how the money raised is to be used, and it should include cash flow projections showing the receipt of any funding and how that funding is to be spent.
- the business plan must demonstrate that the company intends and has sufficient expertise and experience to implement the business plan. This may include indicating what expertise the company will acquire in the future.

A copy of the business plan forms part of the applicant's submission for certificates of qualification.

¹⁷ Article 21(15)(b) of GBER

Example 23

Heart Limited is a newly established company. Heart Limited's business plan sets out its intention to develop cardiac implantable electric devices. Aine and Sean are the directors and sole employees of Heart Limited. Sean is a painter and Aine is a secondary school teacher.

The business plan of Heart Limited does not provide for the acquisition of any additional expertise.

Given the technical experience of Heart Limited employees, it would not be reasonable to consider that the company has sufficient expertise and experience to implement its business plan.

Example 24

Dog Limited is a newly established company. Dog Limited's business plan sets out its intention to develop a new form of veterinary ultrasound machine. Alice-Kate, a vet, is a director of Dog Limited. Bruce, who is a medical devices engineer, is also an employee of Dog Limited.

The business plan of Dog Limited envisages the addition of an experienced salesperson.

Given the experience of Dog Limited's current and proposed employees, it would be reasonable to consider that Dog Limited will have sufficient expertise and experience to implement its business plan.

8.2.3 Validity period of the Certificate of Commercial Innovation

A certificate of commercial innovation will be valid until the oldest member of the relief group is established for 7 years. As outlined in 7.3, the establishment test considers the 7-year period from when any member of the relief group first engages in the economic activity that establishes the relief group. Thus, a certificate of commercial innovation that has been issued will expire when the age of any enterprise that forms part of the relief group of which the applicant company is a member reaches 7 years.

The certificates of qualification will be invalid where Revenue withdraws the certificate of commercial innovation or the certificate of going concern.

Example 25 (continuation of Example 19)

The certificate of commercial innovation issued to Pine Limited will expire on 1 June 2030, as this is the day a member of the relief group is 7 years old.

8.3 Consultation and disclosure of information to Enterprise Ireland

Revenue may consult Enterprise Ireland for the purposes of the relief.

- Revenue may request a recommendation for the purposes of a **certificate of going concern**, or the renewal of a certificate, that the applicant company and its relief group:
 - are an SME, and
 - are not an undertaking in difficulty.
- Revenue may request a recommendation for the purposes of a **certificate of commercial innovation** that the applicant company or a qualifying subsidiary:
 - is an innovative enterprise, and
 - intends to, and has sufficient expertise and experience to, carry out the business plan.
- Revenue may request a recommendation for the purposes of withdrawing certificates of qualification, and
- Revenue may consult with Enterprise Ireland for the purposes of an appeal against a determination issued by Revenue in relation to the above matters.

Revenue may share the application form and related documentation made in support of an application for certificates of qualification with Enterprise Ireland to enable Enterprise Ireland to prepare a recommendation.

When preparing such a recommendation, Enterprise Ireland may engage and consult with a third-party consultant as provided for in section 600F(5) TCA 1997. Enterprise Ireland may share the application form and related documentation made in support of an application with that consultant.

Where Enterprise Ireland intends to engage a third-party consultant for the purposes of the certification process, Enterprise Ireland must notify Revenue.

Enterprise Ireland must inform Revenue of the following:

- the identity of the consultant,
- the information it is proposed to share with the consultant, and
- the purpose of the consultation.

Revenue must notify the applicant company of the intention of Enterprise Ireland to appoint a third-party consultant for the purposes of the certification process.

Revenue will inform the company:

- of the purpose of the consultation,
- of the intention to disclose information,
- of the information to be disclosed, and
- to whom the information will be disclosed.

Revenue may approve the sharing of the data with the consultant, following notification to the company.

The company may object to the appointment of the consultant where it shows to the satisfaction of Revenue that the appointment of a consultant could prejudice the company's business. Where no objection has been made within 30 days, or where the company has not demonstrated to Revenue's satisfaction that the appointment of a consultant and the sharing of their information will be prejudicial, Revenue will give notice to the company of its decision to authorise Enterprise Ireland to engage the consultant and share the information with the consultant.

The company may, within 30 days of the issue of a notice, appeal that decision to the Tax Appeal Commission (see section 12).

9 Making an application for Certificates of Qualification

A company may make an application for certificates of qualification by submitting a completed RIIE Form 1 along with the supporting documentation to Revenue. For a company to make an application it must meet the relevant criteria, please refer to section 3.

The supporting documentation may include:

- documentation to demonstrate the company is an innovative enterprise, including where applicable evidence of awards/grants/funding awarded (see 8.2.1),
- evaluation by an external expert that the company is an innovative enterprise and the supporting evidence provided to the external expert,
- a business plan (see **Error! Reference source not found.**),
- documentation to demonstrate the company or its qualifying subsidiary intends to, and has sufficient expertise and experience, to implement the business plan,
- certificate of incorporation,
- financial statements,
- full and detailed working copy (spreadsheets) of the financial projection model, including details of assumptions underpinning the projections, sales pipeline,
- register of beneficial ownership,
- names and address of each of the shareholders,
- details of shareholders' ownership interests or shareholdings in linked and partner businesses,
- details of the relief group.

Incomplete applications may not be processed.

Revenue may request further information in support of an application.

As noted in 8.3, Revenue may refer an application to Enterprise Ireland for recommendation as to whether the company satisfies the relevant criteria in order to be issued certificates of qualification. Enterprise Ireland may engage a third-party consultant to assist in making a recommendation.

Where the relevant conditions are satisfied, Revenue will issue the appropriate certificate to the applicant company and publish the details of the certificate on the register (see section 13).

Where Revenue determines that an applicant company has not demonstrated that it satisfies the relevant conditions, Revenue must issue a notice of determination and set out the reasons for that determination. A company aggrieved by a notice of determination may appeal the determination to the Tax Appeals Commission (see section 12).

10 Withdrawal of Certificates of Qualification

Certain conditions must continue to be met throughout the validity period of the certificate of going concern and the certificate of commercial innovation.

Where due to a change in circumstances, a qualifying company or its relief group ceases to satisfy the relevant conditions:

- the company must inform Revenue of the change in circumstance which results in the company ceasing to qualify for the certificates.
- the company must return the certificates of qualification in the company's possession to Revenue.
- the company must not provide certificates of qualification to any further investors.

Where information comes to the attention of Revenue which causes Revenue to form the opinion that there has been a change in a material fact or at the date of application that a condition was not met, then Revenue will give notice in writing to the company of the intention to withdraw the certificates of qualification.

Revenue will update the register of certificates of qualification where a certificate is withdrawn.

A company which does not return certificates of qualification following a change of circumstance and which then receives investment on foot of those certificates of qualification will be liable for a clawback of relief (see section 11).

Example 26

Daffodil Limited is issued with certificates of qualification which are valid until June 2028.

In December 2025, Daffodil Limited established Crocus Limited, a wholly owned subsidiary which is engaged in relevant trading activities.

As Crocus Limited is a qualifying subsidiary, Daffodil Limited may continue to provide potential investors with copies of the company's certificates of qualification.

Example 27

Tulip Limited is issued with certificates of qualification which are valid until November 2026.

In November 2024, Tulip Limited established Hydrangea Limited a wholly owned subsidiary. Hydrangea Limited acquires a commercial premises which is leased partially to Tulip Limited and partially to a third party.

As Hydrangea Limited is a rental company it is not a qualifying subsidiary. Tulip Limited no longer satisfies the conditions necessary to hold certificates of qualification and must return the certificates to Revenue for withdrawal.

Tulip Limited may not provide potential investors with copies of the company's certificates of qualification.

11 Clawback of the Relief

The company must satisfy certain conditions throughout the validity period of the certificates of qualification. Where there is a change in circumstance which results in a company or its relief group ceasing to satisfy these conditions, the company shall return the certificates of qualification. Revenue will withdraw those certificates and update the register of certificates of qualification accordingly.

The company, its officers and its agents are required to report to Revenue any change in the material facts which is relevant to the company or its relief group meeting the requirements of the relief. Failure to comply with this requirement within a 30-day period will render the company liable to a penalty of €4,000, and the company secretary and other officers or agents of the company liable to a penalty of €3,000.

A company which does not comply with these requirements, and which receives investment on foot of those certificates of qualification will be liable to a clawback of relief.

Where a company becomes liable to a clawback of relief in respect of an investment, the amount of the clawback will be calculated based on the maximum amount of relief that could potentially be claimed on that investment. This applies irrespective of the amount of relief, if any, claimed by a qualifying investor in respect of that investment.

The company will be charged to corporation tax under Case IV of Schedule D for the accounting period in which the qualifying investment was made.

Example 28

Heather Limited is issued with certificates of qualification in September 2025 which are valid until June 2027. Heather Limited establishes a subsidiary which is not a qualifying subsidiary in December 2025.

Heather Limited does not comply with the requirement to inform Revenue of the change of circumstances and the certificates of qualification are not withdrawn. In January 2026, Heather Limited provides John with copies of its certificates of qualification. On foot of these certificates of qualification, John invests €100,000 in Heather Limited.

It becomes known in 2027 that Heather Limited ought not to have provided John with the certificates of qualification. Heather Limited will be subject to a clawback of relief in its 2026 accounting period.

The maximum relief John could potentially have claimed was on an amount equal to twice the value of his investment, €200,000. Availing of relief on this amount would have resulted in a CGT liability of €32,000 (€200,000 @16%). Without relief, this would have been €66,000 (€200,000 @33%). The relief could potentially have resulted in a saving of €34,000.

Heather Limited is charged to corporation tax under Case IV on €136,000. This is calculated using the following formula:

$(I \times 2 \times 17 \text{ per cent}) \times 4$ where I is the value of John's investment.

$(€100,000 \times 2 \times 17 \text{ per cent}) \times 4 = €136,000$.

This charged to tax @ 25% resulting in a liability of €34,000. Interest and penalties may also apply.

The qualifying investor is not liable to a clawback of relief. The investor should check the publicly available register at the date of investment to verify the certificates of qualification valid on the date of investment.

Example 29 (continuation of Example 28)

John sells his shares in Heather Limited in March 2029. John makes a chargeable gain of €30,000 and claims relief. As John is a qualifying investor who made a qualifying investment and he held valid certificates of qualification at the date of his investment, John is eligible for the relief. Availing of relief, John is liable to CGT of €4,800 (€30,000 @16%).

Example 30

Anneka was provided with copies of certificates of qualification from Cup Limited in December 2025.

In February 2026, Cup Limited ceased to satisfy the conditions necessary to hold certificates of qualification. Cup Limited returned the certificates of qualification to Revenue and they were withdrawn.

The publicly available register of certificates of qualification was updated and the certificates of qualification for Cup Limited ceased to be valid in February 2026. Cup Limited will cease to be a qualifying company in February 2026.

Anneka invested €200,000 in Cup Limited in May 2026. Anneka did not check the register of certificates of qualification and was not aware that the certificates had been invalidated. Anneka sold her shares in Cup Limited 4 years later realising a gain of €50,000. Anneka may not claim relief as although she has copies of certificates of qualification, they were not valid at the date of investment.

Cup Limited is not liable to a clawback of relief as Anneka's investment was not made on foot of valid certificates of qualification.

12 Appeals

An applicant company may appeal certain matters to the Tax Appeals Commission within 30 days of the date of the notice of the determination.

Revenue may issue a determination:

- that the company has not demonstrated to the satisfaction of Revenue that the company and its relief group are an SME and not an undertaking in difficulty,
- that the company has not demonstrated to the satisfaction of Revenue that the company or its qualifying subsidiary are an innovative enterprise, and intend to and have sufficient experience and expertise to carry out the business plan,
- that Revenue has reason to believe that the conditions in section 600F(2)(a)(i) to (v), section 600F(2)(b), and section 600F(2)(c) are not satisfied or are no longer satisfied. These include conditions referred to in section 3.1 and 3.2,
- that Revenue intends to withdraw the certificates of qualification.

As outlined in 8.3, where Revenue has notified the company that it intends to provide the authorisation to Enterprise Ireland to engage a third party consultant and share information with that consultant for the purpose of the certification process, and the company considers that the appointment of the consultant is prejudicial to its business, the company may appeal this notice to the Tax Appeals Commission within 30 days of the date of the notice.

Details of how to appeal a determination are available on the website of the [Tax Appeal Commissioners](#).

13 Register of Certificates of Qualification

Revenue is required to establish and maintain a publicly available register of companies¹⁸ to which certificates of qualification have been issued. The register includes the following information:

- the type of certificate,
- the name and address of the qualifying company,
- Companies Registration Office (CRO) number of the qualifying company (or equivalent where the company is registered outside of the State),
- a unique sequential identification number for the certificate, and
- the date and validity period of the certificates.

¹⁸ Section 600F(7) TCA 1997

14 Administration

14.1 Reporting Obligations

When an investment is made under this scheme, the company becomes the beneficiary of State aid equal to the amount of finance raised.

Qualifying companies that issue eligible shares as part of a qualifying investment must provide Revenue with certain information on that investment. The information required is set out in Form RICT and Investor Relief 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, and
- the date of the share issue.

14.2 Publication

As the relief is 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 includes:

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