

# Budget 2026 – Unlocking Private Assets to Drive Ireland's Long-Term Competitiveness & Growth



## Introduction

Ireland's funds and asset management industry supports over **37,500 jobs** across the country and plays a central role in the EU's financial system, managing over **€5 trillion** in assets. More than **€1 trillion** of this is directed into European companies and projects, including those driving the green transition, digital innovation, and critical infrastructure.

**Private assets** – private equity, private credit, real estate, and infrastructure – are one of the fastest-growing segments of the global investment market. They provide essential, long-term capital for SMEs, renewable energy projects, housing, and transport, directly supporting sustainable economic growth and resilience.

The global private assets market was valued at **\$24.4 trillion in 2023** and is projected to almost double by 2026. The European market is expected to exceed **€4.9 trillion** by 2026. If Ireland can position itself as the **premier EU hub for private asset fund management**, billions in long-term capital can be mobilised into national priorities – strengthening competitiveness, creating high-value employment, and diversifying the economy beyond traditional FDI.

To achieve this, **Budget 2026 must deliver targeted, pragmatic reforms to eliminate frictions, modernise tax treatment, and align Ireland's framework with leading jurisdictions.**

## Our Five Key Asks for Budget 2026

### 1. Exempt Investment Limited Partnerships (ILPs) from Dividend Withholding Tax (DWT)

Extend the DWT exemption to ILPs so they are treated on a par with all other Irish regulated funds. At present, ILPs are excluded, **meaning dividends paid into these structures are subject to withholding tax** – even though most or all of this tax is typically refunded to investors. This unnecessary friction reduces the net asset value of portfolios, erodes returns, and puts Ireland at a competitive disadvantage to other leading jurisdictions.

A targeted exemption would **streamline operations, enhance fund performance, and strengthen Ireland's appeal** as a base for private equity, private credit, and infrastructure investment.

Crucially, this would support the unlocking of long-term, patient capital for SMEs, housing, and renewable energy projects in Ireland, helping to **diversify our economic model beyond traditional FDI** and build a more resilient, self-sustaining investment ecosystem.

### 2. Broaden Anti-Reverse Hybrid Rules for Tax Transparency

Amend the scope of the anti-reverse hybrid exemption to include private assets, enabling private assets funds to hold more than 10% in a single issuer while retaining its tax-transparent status.

The current rules, which prohibit this, are **incompatible with the nature of private asset strategies** – particularly infrastructure and real asset funds – where investments are often concentrated.

Without reform, funds are more likely to **locate elsewhere**. Updating the rules would offer greater flexibility, **enable more private asset fund management business in Ireland**, and **increase tax revenues** from elevated associated corporate and employer activity.

### 3. Expand the Dividend Participation Exemption

Broaden the regime to apply to dividends from companies beyond EU/treaty countries, excluding only zero-tax territories and jurisdictions on the EU non-cooperative list. The existing restriction narrows the scope for holding companies in Ireland and can **deter global investment platforms** from basing operations here. Other jurisdictions have already adapted to capture this activity.

Expansion would **align Ireland with competitor fund hubs**, reinforce its role as a preferred holding company location for private asset managers, and encourage more investment structures to establish here, **generating long-term economic activity**.

### 4. Extend the Substantial Shareholding Exemption

Expand the exemption to include gains on the sale of non-trading subsidiaries and on shares in companies regardless of location or activity.

Currently, capital gains on such disposals are taxable in Ireland unless the company is in an EU/treaty country and engaged in trading activity. This **limits Ireland's competitiveness** as a base for private asset funds which hold portfolios of international investments rather than operate trading businesses.

Reform would remove this barrier, **support Ireland as a viable location for cross-border investment** activities and enhance returns for investors.

## 5. Modernise Section 110 Regime

Update the special purpose vehicle (SPV) regime to maintain Ireland's position as a global securitisation and investment structuring hub. Proposed changes include rectifying unintended impacts of recent credit rule changes, modifying the "Day 1" €10m asset threshold, extending the 8-week election period, and consolidating duplicative interest deductibility rules. Section 110 SPVs are essential for private credit, infrastructure finance, and other alternative asset strategies.

Without modernisation, **Ireland risks losing new business** to jurisdictions with more responsive frameworks, leading to reduced tax revenues and economic activity.

## Why Now

Other leading jurisdictions are **already reshaping their regimes** to capture ongoing investor demand and the next wave investment in private assets. Without swift, targeted action, Ireland risks losing ground.

Implementing these measures in Budget 2026 would:

- Secure Ireland's position as the most competitive EU location for private asset funds.
- Mobilise significant private capital into housing, energy, transport, and innovation.
- Drive high-value employment, regional development, and economic diversification.
- Reinforce Ireland's fiscal resilience by expanding the tax base beyond multinational manufacturing FDI.

## Conclusion & Call to Action

**Ireland's funds and asset management industry will only retain and build on its economic contribution if it adapts to the changing competitive landscape.**

**The private assets opportunity is immediate, measurable, and aligned** with Government objectives for sustainable growth, competitiveness, and regional balance.

**By acting now, Budget 2026 can unlock the capital, expertise, and innovation needed to future-proof the Irish economy.**

These reforms are targeted, achievable, and designed to deliver lasting returns for the State, investors, and communities across the country.

We look forward to working with the Department of Finance to ensure that Ireland's tax and regulatory framework remains world-class and ready to capture this once-in-a-generation growth opportunity.

