FINANCE & TAX ESSENTIALS

A Practical Manual for Small Businesses in Ireland

Sole traders · the self-employed · small limited companies

Prepared for the PSA
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2026 EDITION

Figures reflect Budget 2026 and Revenue guidance current at time of writing.

Contents

1. How to use this manual

This manual gathers the numbers, deadlines and habits that matter most to a small Irish business into one reference you can keep and return to. Wherever a figure or rule comes from Revenue, a link is provided so you can check the current position yourself.

Two sets of **Excel templates** accompany this manual, one for a **non-VAT-registered** business and one for a **VAT-registered** business. Each has three linked sheets: a Profit & Loss account, Sales by category, and Purchases by category. The category sheets feed the P&L automatically.

> **A note before we start**
> This document is general information, not tax or legal advice. Every business is different. For decisions specific to your situation, speak to an accountant or tax adviser, and always confirm current figures on revenue.ie.

2. Getting started: structure & registration

The first decision is your business structure. It affects your paperwork, your legal liability and how you are taxed.

	Sole Trader	Partnership	Limited Company
Set-up	Simplest, register with Revenue (and CRO if using a business name).	Two or more people share a business; a partnership agreement is strongly advised.	A separate legal entity registered with the CRO; more admin and filing.
Liability	Unlimited, personal assets are exposed.	Unlimited and usually joint.	Limited to the company (subject to some director duties).
Taxed under	Income tax (self-assessment).	Each partner taxed individually on their share.	Corporation tax at 12.5% on trading profits.
Often suits	Most people starting out.	Family or professional practices.	Established, profitable trades (see the tips section).

Registering for tax

- Get a **PPSN** first, you cannot register for tax without one.
- Register as self-employed through Revenue's eRegistration / myAccount (sole traders use **Form TR1**; companies use **Form TR2**).
- File and pay online through ROS (Revenue Online Service), it also gives you the extended Pay & File deadline.

3. Understanding your numbers

The single most important idea in business finance is this: **you are taxed on profit, not on sales.** Your turnover (all your sales) is not your income. Subtract your allowable business costs and what remains, your net profit, is the figure your income tax, USC and PRSI are calculated on for Sole traders.

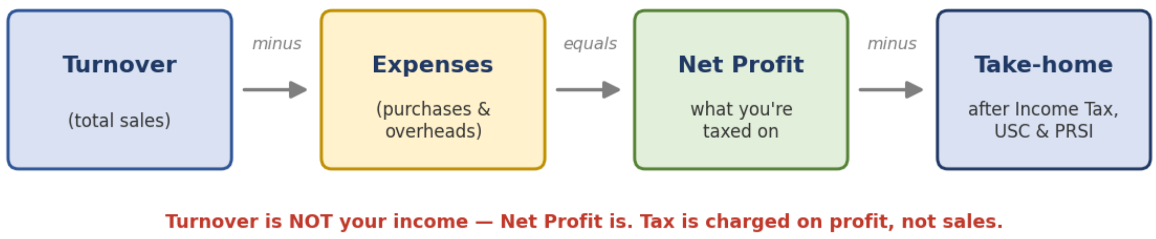


Figure 1 — From turnover to take-home pay.

This is exactly what the Excel templates do. On the **Sales by Category** sheet you record what you earned; on the **Purchases by Category** sheet you record what you spent under five headings; and the **P&L** sheet pulls both together to show your profit month by month.

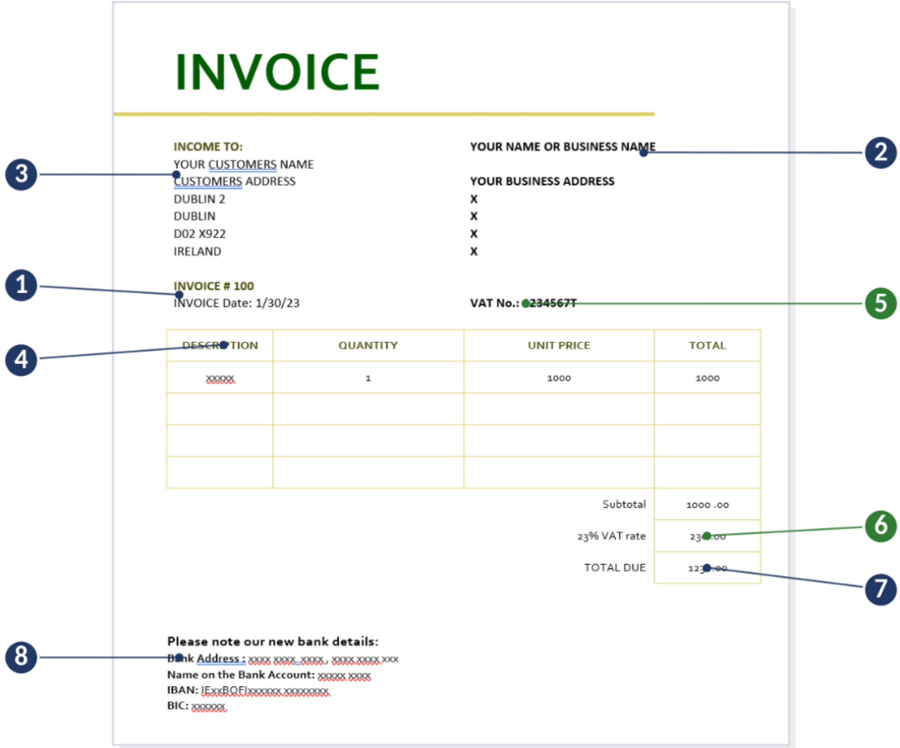
> **Why categorise?**
> Categorising sales tells you which parts of the business actually make money. Categorising purchases under a few clear headings makes your tax return faster, shows where cash leaks, and gives your accountant clean figures. Keep the same categories every year so you can compare.

4. Sales invoices — what to put on them

An invoice is the document that turns a piece of work into a sale you can record and get paid for. Every invoice you raise is the source figure behind the **Sales by Category** sheet, so getting them right keeps your books clean and keeps Revenue happy. What you must show depends on whether you are registered for VAT.

Anatomy of a Sales Invoice

What must appear on an Irish sales invoice — VAT-registered example shown



What each number means

1. Unique invoice number & date
2. Your name, address & business details
3. Customer's full name & address
4. Description, quantity, unit price & total
5. Your VAT registration number
6. VAT rate & amount (VAT-registered only)
7. Net, VAT & gross total due
8. How to pay you — IBAN / BIC / terms

NOT VAT REGISTERED Show your PPS number in place of a VAT number, and leave out the VAT line — items 5 and 6 do not apply.

Source: Revenue.ie — "What information is required on a VAT invoice?"
Figures and rules current at time of writing — always confirm on revenue.ie.

Finance & Tax Essentials 2026 · Prepared for the PSA

Figure 4 — Anatomy of a sales invoice (the same layout works VAT-registered or not).

Every invoice should show

- **A unique invoice number**, a simple running sequence (100, 101, 102…) with no gaps.
- **The date** the invoice is issued.
- **Your details**, your name or business name and address.
- **The customer's** full name and address.
- **A description** of the goods or service, the quantity, the unit price and the line total.
- **The total due**, and how to pay it (your IBAN/BIC and any payment terms).

If you are NOT registered for VAT

Keep it simple: list your services and the amount and show your **PPS number** as your tax reference. Because you are not registered you **must not charge or show VAT**, there is no VAT line and no VAT number. It is good practice to mark the invoice *'Not VAT registered'* so the customer knows there is no VAT to reclaim.

If you ARE registered for VAT

You must issue a proper **VAT invoice**. On top of the basics above, Revenue requires it to show the items below. Keep a copy of every invoice you issue and receive for six years.

A VAT invoice must show	
Your VAT registration number	Printed with your business details.
The VAT-exclusive (net) amount	The price before VAT is added.
The rate of VAT	e.g. 23%, 13.5%, 9%, 0% , see the VAT rates section.
The VAT amount	Shown as its own line.
A breakdown by VAT rate	If a single invoice mixes rates, show each rate's net and VAT separately.
The date of supply	The date the goods/service were supplied, if different from the invoice date.
Customer VAT number	Only for reverse-charge or intra-Community (cross-border EU) supplies, with the required note.

The full statutory list is on Revenue's page: [What information is required on a VAT invoice?]().

Quick rules that keep you right

Number every invoice in sequence and never reuse or skip a number, Revenue looks for gaps.

Issue promptly a VAT invoice should normally issue within about 15 days of the month-end in which you supplied the goods or service.

The VAT you charge is not yours, it is collected for Revenue and paid over on your VAT return. The VAT-registered Excel template keeps it separate automatically.

5. Income tax, USC & PRSI (2026)

Three separate charges apply to the income of a self-employed person. They are worked out differently, so it helps to see them side by side.

Income tax: rates & bands

Income tax has two rates: **20%** (the standard rate) up to your standard-rate cut-off point, and **40%** on the balance.

Your situation	Taxed at 20% up to	Then 40% above
Single / widowed	€44,000	the balance
Married / civil partner, one income	€53,000	the balance
Married / civil partner, two incomes	up to €88,000*	the balance

** The two-income band is €44,000 plus up to €44,000, but the increase is capped at the lower of €35,000 or the second earner's income. Source: Revenue / Budget 2026.*

Tax credits: they reduce the tax itself

Reliefs reduce your taxable income; **credits** reduce the tax you owe, euro for euro. The main ones for 2026:

Credit (2026)	Amount	Who
Personal Tax Credit	€2,000 single / €4,000 jointly assessed	Everyone
Employee (PAYE) Credit	€2,000	Those with PAYE employment income
Earned Income Credit	€2,000	Self-employed & proprietary directors

If you have both PAYE and self-employed income, the combined PAYE + Earned Income credit is capped at €2,000. Check your Tax Credit Certificate each year and claim any credit you are entitled to (rent, medical, tuition, etc.).

USC (Universal Social Charge)

USC is charged on **gross income**, tax credits do not reduce it. If your total income is €13,000 or less you are exempt; above that, it applies from the first euro.

Band of income (2026)	USC rate
First €12,012	0.5%
€12,013 – €28,700	2%
€28,701 – €70,044	3%
Balance above €70,044	8%
Self-employed income over €100,000	extra 3% surcharge (11% on that slice)

PRSI — Class S

- Self-employed people pay **Class S PRSI at 4.2%** of income (rising to **4.35% from 1 October 2026**), with a **minimum €650** per year.
- If your income is under €5,000 you are exempt from PRSI.
- Class S counts towards the State Pension (Contributory) but **does not** give Jobseeker's Benefit.

> **Worked example — single sole trader, €45,000 net profit (2026)**
>
> **Income tax:** €44,000 × 20% = €8,800, plus €1,000 × 40% = €400 → €9,200 gross, less Personal €2,000 and Earned Income €2,000 credits = **€5,200**
>
> **USC:** 0.5% + 2% + 3% bands ≈ **€900**
>
> **PRSI:** 4.2% (blended) ≈ **€1,900**
>
> **Rough total charges ≈ €8,000** — i.e. set aside roughly a quarter to a third of profit. Figures are illustrative; use ROS or an accountant for exact numbers.

6. Self-assessment: Pay & File

Self-employed people are **chargeable persons** under self-assessment. Once a year you file a return, pay any balance owed for the previous year, and pay preliminary tax for the current year, all on the same day.

Who must file a Form 11?

- Anyone self-employed — sole traders, freelancers, contractors.
- Proprietary directors (owning more than 15% of a company).
- Anyone with non-PAYE income over **€5,000** (rental, investment, foreign income, etc.).

The key dates

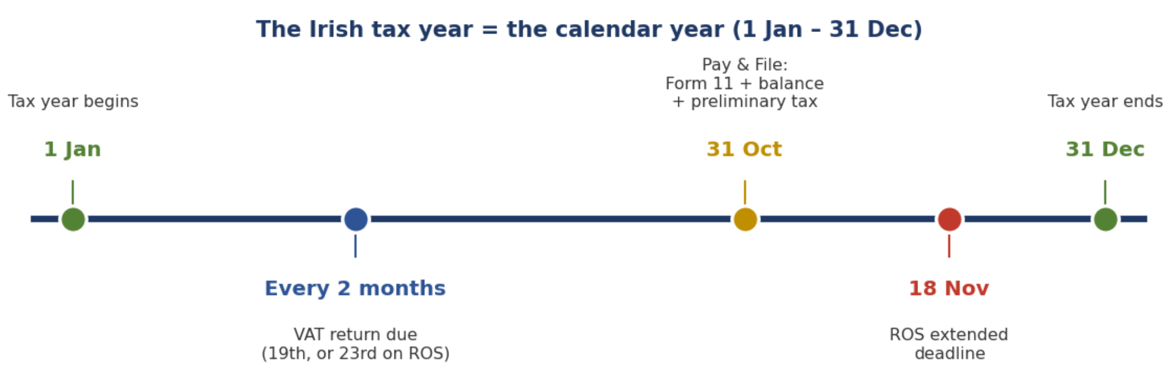


Figure 2 — The self-assessment year at a glance.

Deadline for 2025 return	Date
Paper Form 11 (file & pay)	31 October 2026
ROS extended deadline (file AND pay via ROS)	18 November 2026

The ROS extension only applies if BOTH the return and the payment go through ROS. Source: Revenue eBrief No. 034/26.

Preliminary tax — the part that catches people out

On the same day you settle last year, you must also pay **preliminary tax** for the current year. To avoid interest, pay at least the lowest of:

- **90%** of your final liability for the current year, or
- **100%** of last year's liability, or
- **105%** of the pre-preceding year's liability (direct-debit payers only).

Revenue — What is preliminary tax?

> **Tip — use the 100% rule for certainty**
> Most people simply pay 100% of last year's bill as this year's preliminary tax. It is the safest option: even if this year turns out higher, you will not be charged interest. Example: if your 2025 liability was €5,000, pay €5,000 as 2026 preliminary tax by the deadline.
>
> **Especially in your first-year trading, get ahead of it.** Every time a sales invoice is paid, immediately set aside **a little over 30%** of that money for Revenue. Do this all year and, when your first income tax bill for 2026 falls due on **31 October 2027** (or mid-November if you file and pay on ROS), the tax is already sitting there and that same pot will usually cover most or all of your **2027 preliminary tax** at the same time, so you stay a full year ahead from the start,
>
> **Two ways to do it:** either pay the money over to Revenue as you go (monthly works well, and clears the balance gradually) or hold it in a separate **high-yield deposit account** so it earns interest for you right up until the deadline, the tax is Revenue's, but the interest it earns until you pay is yours.

If you file or pay late

How late	Surcharge on the tax	Cap
Less than 2 months	5% of the tax due	up to €12,695
More than 2 months	10% of the tax due	up to €63,485

Interest of roughly **0.0219% per day (about 8% a year)** also runs on late **payments**. Crucial point: **always file on time even if you can't pay in full**, filing late triggers the surcharge, whereas paying late only costs interest.

7. VAT: do you need to register?

You must register for VAT once your turnover crosses the relevant threshold in any **rolling 12-month period** (not the calendar year), or once you expect to cross it in the next 12 months.

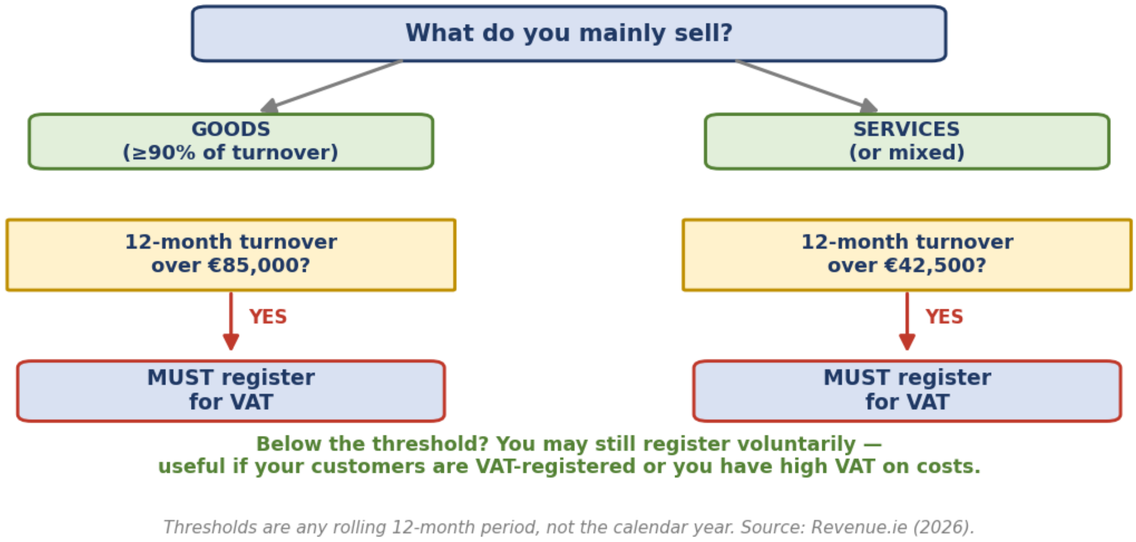


Figure 3 — Which VAT threshold applies to you.

Threshold (2026)	Amount	Applies to
Goods	€85,000	Turnover ≥90% from the supply of goods
Services	€42,500	Services, or mixed where services predominate
Distance selling (into IE)	€10,000	EU-wide OSS threshold for cross-border B2C
Intra-EU acquisitions	€41,000	Buying goods from other EU states

Revenue — VAT thresholds

VAT rates

Rate	Applies to (examples)
23% (standard)	Most goods and services, professional services, most retail
13.5% (reduced)	Building & construction, fuel, certain repairs and services
9% (second reduced)	Gas & electricity; food/catering in hospitality (from 1 July 2026)
0% (zero-rated)	Most food, children's clothing, oral medicines, exports
Exempt	Financial services, medical services, education, insurance

Always confirm the correct rate for your specific product or service on Revenue's VAT rates lookup, as rates change. Source: Revenue.ie (2026).

Filing VAT returns

- Most businesses file **bi-monthly** (Jan/Feb, Mar/Apr, …) on the **VAT3** return.
- The return and payment are due by the **19th** of the following month — extended to the **23rd** if you file and pay via ROS.
- Lower-turnover businesses may be allowed to file quarterly or annually (Revenue decides).

> **Should you register voluntarily?**
>
> **Yes, if…** your customers are mostly VAT-registered businesses (they reclaim the VAT you charge), or you have heavy VAT on your costs that you'd like to reclaim.
>
> **Probably not, if…** you sell mainly to the public and your competitors aren't registered — registering effectively raises your prices by the VAT rate.
>
> Remember: the VAT you collect is not your money. It is held on behalf of Revenue and paid over on each return. The VAT-registered Excel template keeps this separate for you.

8. Form 46G — third-party returns

Form 46G is an easily-missed return. It tells Revenue about the **payments you made to other people for services**, so Revenue can cross-check that those providers declared the income.

Form 46G — the essentials	
Who files	Self-employed individuals, partnerships and companies.
What to report	Each person/business you paid more than €6,000 (in total for the period) for services.
Details needed	Name, address, tax reference (PPSN/VAT), amount, and a short description of the service.
When	With your annual return, individuals by 31 Oct / 18 Nov; companies within 9 months of period end.
Penalty	Up to €3,000 for failing to file or for an incorrect return.

Revenue — Form 46G

> **Tip**
>
> Capture each supplier's tax reference number as you go, not at deadline time. The €6,000 test is the total paid to one supplier across the whole period — not per invoice — so keep a running total.

9. Record keeping & allowable expenses

Keep full records of all sales and purchases, invoices, receipts, bank statements, mileage logs, for **six years**. They can be kept electronically. Good records are the difference between a quick return and a stressful one, and they protect you if Revenue ever asks.

What you can and can't claim

Usually allowable (business portion)	Not allowable / restricted
Stock, materials & cost of sales	Private or domestic expenses
Rent, rates, light & heat of business premises	Your own wages / drawings
Motor & travel (business use), subsistence	Client entertainment
Accountancy & professional fees	Most everyday clothing
Insurance, phone & internet (business share)	Fines and penalties
Advertising, software & subscriptions	Capital items — claim via capital allowances instead

Bigger assets (equipment, fit-out, vehicles) are not expensed in one go. Instead, you claim **capital allowances**, generally 12.5% of the cost each year over 8 years (special limits apply to cars).

10. Money habits: tips & tricks

A handful of simple habits keep a small business out of trouble and quietly build wealth.

1 · Pay Revenue as you get paid

Every time a customer pays you, immediately move a slice into a separate tax-reserve account — as a rule of thumb 25–35% of profit for most, more if you're a higher earner. When the Pay & File deadline arrives, the money is already there. You never 'find' a tax bill you've been setting aside for all year.

2 · Let the tax money earn its keep

Park that reserve in a high-yield deposit or notice account rather than your current account. It's Revenue's money until October/November, but the interest it earns until then is yours.

3 · Separate the business from you

Open a dedicated business bank account. It makes bookkeeping, the P&L template and your tax return dramatically easier and keeps your figures clean if you're ever reviewed.

4 · Use a pension to cut your tax bill

Pension contributions get tax relief at your marginal rate (20% or 40%), within age-based limits of your earnings (capped at €115,000 of earnings). It's one of the few ways to legitimately reduce a tax bill while paying your future self. Get advice on the right product.

5 · Plan preliminary tax; invoice promptly

Use the 100%-of-last-year rule so preliminary tax never surprises you. Invoice the day the work is done, and chase late payers, cashflow, not profit, is what sinks small businesses.

6 · Know when to incorporate

Once profits are stable and comfortably above your living needs (often around €50,000+), a limited company taxed at 12.5% can be more efficient, but it brings more admin and duties. Treat it as an accountant conversation, not a DIY decision.

11. Key thresholds & dates at a glance

Item (2026)	Figure / date
VAT threshold — services	€42,500 (rolling 12 months)
VAT threshold — goods	€85,000 (rolling 12 months)
Standard VAT rate	23% (reduced 13.5%; second reduced 9%)
Income tax rates	20% then 40%
Standard-rate cut-off (single)	€44,000
Personal / PAYE / Earned Income credit	€2,000 each
USC exemption	Total income ≤ €13,000
PRSI Class S	4.2% → 4.35% (1 Oct 2026); min €650
Form 11 Pay & File (2025 return)	31 Oct 2026 (paper) / 18 Nov 2026 (ROS)
Form 46G reporting threshold	> €6,000 per supplier
Record retention	6 years

12. Useful Revenue links

Bookmark these. When in doubt, the Revenue page is the authority, figures in any guide (including this one) can change at Budget time.

Topic	Link
Starting a business & registering for tax	www.revenue.ie/en/starting-a-business/index.aspx
Self-assessment & self-employment	www.revenue.ie/en/self-assessment-and-self-employment/index.aspx
Guide to self-assessment	www.revenue.ie/en/self-assessment-and-self-employment/guide-to-self-assessment/index.aspx

Topic	Link
Preliminary tax	www.revenue.ie/en/self-assessment-and-self-employment/guide-to-self-assessment/preliminary-tax.aspx
VAT (overview)	www.revenue.ie/en/vat/index.aspx
VAT registration	www.revenue.ie/en/vat/vat-registration/index.aspx
VAT thresholds	www.revenue.ie/en/vat/vat-registration/who-should-register-for-vat/vat-thresholds.aspx
VAT rates lookup	www.revenue.ie/en/vat/vat-rates/index.aspx
Universal Social Charge (USC)	www.revenue.ie/en/jobs-and-pensions/usc/index.aspx
Tax credits, reliefs & exemptions	www.revenue.ie/en/personal-tax-credits-reliefs-and-exemptions/index.aspx
Form 46G — third-party returns	www.revenue.ie/en/companies-and-charities/corporation-tax-for-companies/third-party-returns/form-46g.aspx
ROS — Revenue Online Service	www.ros.ie

Disclaimer

This manual is provided for general information and education only and does not constitute tax, legal, financial or accounting advice. While care has been taken to reflect Budget 2026 and Revenue guidance current at the time of writing, tax rules, rates and thresholds change and errors can occur. Always verify current figures on revenue.ie and seek professional advice for your own circumstances before acting.