Salary vs dividends: director remuneration memo

AIBN CHARTERED ACCOUNTANTS · MEMO · JULY 2026

> An owner-director of an Irish company has three ways to get value out of the company: salary, employer pension contributions and dividends. Salary is deductible for the company and taxed once in the director's hands, dividends are paid from profits that have already borne corporation tax and are then taxed again with no company deduction, and employer pension contributions are deductible for the company and are not a benefit in kind on the director. On the 2026 figures a euro of company profit paid as salary leaves a higher-rate director with about 48 cent, the same euro paid as a dividend leaves about 42 cent, and paid as an employer pension contribution the full euro goes into the fund with tax deferred until drawdown.

How salary is taxed, and why it is the cheaper cash route

A salary paid to a director is a deductible trading expense. It reduces the company's taxable profit and so takes that profit out of the charge to corporation tax entirely. It runs through payroll under PAYE in the same way as any other employee's pay. Revenue applies the PAYE system to proprietary and non-proprietary directors alike, but assesses a proprietary director on an earnings basis, meaning the income is taxed in the period in which it is earned rather than the period in which it is received. Pay made more than six months after the end of an accounting period is treated as paid on the last day of that earlier period, which means the payroll submission for the earlier period has to be amended.

In the director's hands the salary carries three separate charges. Income tax runs at 20% up to the standard rate cut-off point and 40% above it. For 2026 the cut-off is EUR 44,000 for a single person and EUR 53,000 for a married couple or civil partners with one income, with an increase of up to EUR 35,000 where the second spouse or civil partner has income of their own. Budget 2026 made no change to rates, bands or credits, so these are the same figures as 2025. USC is then charged on the whole of the income through four bands, and PRSI is charged on top of that.

PRSI class is where an owner-director differs from an ordinary employee, and it changes what the company pays. A director who owns or controls 50% or more of the company's share capital, directly or indirectly, is treated as self-employed and is insurable at Class S. There is no employer PRSI on Class S pay, so the company's cost of a euro of salary is a euro. A director below that 50% test is generally Class A, and the company then pays employer PRSI on top of the salary: from 1 January 2026 that is 9% on weekly pay up to EUR 552 and 11.25% on weekly pay above EUR 552, rising to 9.15% and 11.4% respectively on 1 October 2026. For a Class A owner-director the employer PRSI is a real additional cost that has to be weighed in the comparison below.

One further point on salary is favourable and often missed. The 3% USC surcharge on high self-employed income applies to non-PAYE income above EUR 100,000, not to Schedule E salary taxed under PAYE. A director's salary therefore tops out at 8% USC no matter how large it is.

- Income tax 2026: 20% to EUR 44,000 single, EUR 53,000 married or civil partners with one income, plus up to EUR 35,000 for a second income. 40% on the balance.
- USC 2026: 0.5% to EUR 12,012, 2% to EUR 28,700, 3% to EUR 70,044, 8% on the balance. No USC at all if total income for the year is EUR 13,000 or less.
- The USC 2% band ceiling moved from EUR 27,382 in 2025 to EUR 28,700 in 2026. That was the only USC change in Budget 2026.
- PRSI for a proprietary director owning 50% or more: Class S at 4.2% to 30 September 2026, then 4.35%. No employer PRSI.
- PRSI for a director below the 50% test: Class A, employee rate as above, plus employer PRSI at 9% or 11.25% depending on weekly pay.
- Salary is deductible for the company, so no corporation tax is paid on the profit used to fund it.

How dividends are taxed: two layers, plus withholding

A dividend is not a deduction. It is paid out of profit that has already been taxed in the company at 12.5% on trading income or 25% on passive income such as rent, interest and investment income. Declaring a dividend does nothing to reduce the company's corporation tax bill. This is the structural reason dividends come second to salary for a higher-rate director.

On paying the dividend the company must withhold Dividend Withholding Tax. The current rate is 25%. That rate has applied since 1 January 2020, when Finance Act 2019 increased it from 20%. The company files and pays through ROS by day 14 of the month following the month in which the distribution is paid, and must file a return even where no DWT was deducted. Each recipient has to be given a statement showing the distribution and the tax withheld.

DWT is not a final tax and it is not the end of the director's liability. The director is assessed on the gross dividend at their marginal income tax rate, plus USC, plus PRSI where the dividend is reckonable income for their class. The DWT already withheld is credited against that liability, and where it exceeds the liability it can be reclaimed. So DWT operates as a payment on account. The economic result is that the same slice of company profit is taxed twice: once in the company at 12.5%, and again in the director's hands at up to 52% or thereabouts.

There are situations where a dividend still makes sense: where the recipient is a lower-rate taxpayer, where shares are held by more than one family member with unused standard rate bands, or where the company needs to make a distribution to reduce a close company surcharge. But as a default route for the working owner-director's own remuneration, it is the most expensive of the three levers.

- Corporation tax 12.5% on trading income, 25% on passive and non-trading income.
- Dividend Withholding Tax 25%, withheld by the company, payable and returnable by day 14 of

the following month via ROS.

- DWT is creditable against the shareholder's income tax liability and refundable where it exceeds it.
- The dividend is then subject to income tax at the marginal rate, USC, and PRSI where reckonable.
- No corporation tax deduction is available for the dividend, unlike salary and employer pension contributions.
- USC surcharge: dividends are non-PAYE relevant income, so where the director's non-PAYE income exceeds EUR 100,000 the excess bears USC at 11%, not 8% (s531AN(2) TCA 1997).

Employer pension contributions: usually the most efficient third lever

An employer contribution to a Revenue-approved occupational pension scheme is allowed as a deduction for the company in the accounting period in which it is actually paid. Section 774(6) TCA 1997 gives the deduction by reference to payment, and no deduction is available for a provision for an amount that is due but unpaid. In practice this means the cash has to leave the company before the year end for the deduction to land in that year.

On the director's side, an employer contribution to an occupational pension scheme is not treated as a benefit in kind. That means no income tax, no USC and no PRSI at the point the contribution is made. Comparing like with like, a euro of company profit routed into the pension arrives in full, where the same euro routed through salary or dividend arrives roughly halved.

The age bands are frequently misapplied here, so it is worth being precise. The age-related percentage limits of 15% for those under 30, rising through 20%, 25%, 30% and 35% to 40% for those aged 60 or over, and the EUR 115,000 earnings cap, govern relief on contributions an individual makes from their own income. Revenue's guidance is explicit that employer contributions to an employee's scheme are not counted against the employee's own threshold. What limits the company's contribution instead is Revenue maximum funding rules for the scheme, and at the far end the Standard Fund Threshold, which is EUR 2.2 million for 2026, up from EUR 2 million in 2025, with fund value above the threshold attracting chargeable excess tax at 40%.

The choice of pension vehicle now matters more than it used to. From 1 January 2025 an employer contribution to an employee's PRSA or PEPP above 100% of that employee's pay for the year gives rise to a benefit in kind charge on the employee. Before that change, introduced by Finance Act 2024, employer PRSA contributions were not subject to that limit. A director planning a large employer contribution to a PRSA therefore needs enough salary in the same year to sit underneath it, whereas an occupational scheme is not constrained in that way.

One timing point. Where a contribution is not an ordinary annual contribution but a special contribution, for example to fund back service or make good an actuarial deficiency, Revenue may require the deduction to be spread forward, usually over a maximum of five years. Spreading is not normally required where the total special contributions in a period do not exceed the employer's ordinary annual contributions for the same period.

The pension is a deferral rather than an exemption. Benefits are taxed on drawdown, apart from the retirement lump sum, which is tax free up to a lifetime limit of EUR 200,000, taxed at the standard rate of 20% between EUR 200,001 and EUR 500,000, and taxed under PAYE at the higher rate above EUR 500,000.

- Deductible for the company in the period the contribution is paid, not the period it is accrued.
- Not a benefit in kind on the director where paid into an occupational pension scheme.
- Age bands of 15% to 40% and the EUR 115,000 earnings cap apply to the individual's own contributions, not to employer contributions to an occupational scheme.
- Standard Fund Threshold EUR 2.2 million for 2026, up from EUR 2 million in 2025. Chargeable excess tax at 40% above it.
- Employer contributions to a PRSA or PEPP above 100% of the employee's pay are a BIK on the employee, from 1 January 2025.
- Retirement lump sum: EUR 200,000 tax free lifetime, 20% on the next EUR 300,000, marginal rate above EUR 500,000.

Close company surcharges on retained income

Almost every owner-managed Irish company is a close company. Broadly, a close company is an Irish resident company controlled by five or fewer participators, or controlled by participators who are also directors. Two surcharges exist to stop profits being parked in the company to avoid personal tax rates, and both are relevant when deciding how much to leave undistributed.

Section 440 TCA 1997 imposes a surcharge at 20% on the excess of a close company's distributable investment and estate income over the distributions it makes for the accounting period. This catches rental income, interest and dividend income. There is no surcharge where that excess is EUR 2,000 or less. Marginal relief restricts the surcharge to 80% of the amount by which the excess exceeds EUR 2,000, and that relief runs out once the excess passes EUR 2,666. A trading company gets a further reduction: its after-tax distributable estate and investment income is reduced by 7.5% before the calculation. The EUR 2,000 limit is divided between associated companies and reduced proportionately for accounting periods shorter than twelve months.

Section 441 adds a second surcharge for professional service companies, at 15% on one half of undistributed professional and service income. This applies where the principal part of a close company's income comes from carrying on a profession, providing professional services, or holding an office or employment, and also catches companies providing services or facilities to such a company or to a professional individual or partnership. Revenue's guidance treats accountants, actuaries, architects, auctioneers and estate agents, barristers, computer programmers, dentists, doctors, engineers, journalists, opticians, quantity surveyors, solicitors and veterinary surgeons as within the section, among others, and treats advertising agents, insurance brokers, management consultants, public relations companies, stockbrokers and retail pharmacies as generally outside it.

The de minimis is again EUR 2,000, with marginal relief running out once the excess exceeds EUR 2,461. A service company can be exposed to both surcharges: 15% on half the undistributed professional income and 20% on undistributed investment and estate income.

The practical lever is the 18 month window. Distributions made within 18 months of the end of the accounting period in which the income arose reduce or eliminate the surcharge. That gives a planning window, but it is also a hard deadline that has to be diarised. It is equally important to be clear about what is not caught: ordinary trading income of a company that is not a service company carries no surcharge at all, so a normal trading company can retain trading profits indefinitely without triggering these charges.

- Close company: Irish resident and controlled by five or fewer participators, or by participators who are directors.
- Section 440: 20% surcharge on undistributed investment and estate income.
- Section 441: 15% surcharge on half of a professional service company's undistributed professional and service income.
- De minimis of EUR 2,000 for each, divided among associated companies. Marginal relief runs out above EUR 2,666 for section 440 and EUR 2,461 for section 441.
- Trading companies reduce after-tax distributable investment and estate income by 7.5% before applying the section 440 charge.
- Distributions within 18 months of the accounting period end reduce or remove the surcharge.
- Trading income of a non-service company is not surcharged.

Keeping enough salary: PRSI record, State Pension and the Earned Income Credit

There is a floor below which cutting salary starts to cost the director things that do not show up in this year's tax computation. Two of those are the social insurance record and a tax credit that is calculated by reference to earnings.

Class S liability arises once reckonable income reaches EUR 5,000 a year. The contribution is 4.2% of reckonable income for 2026, or an annual minimum of EUR 650, whichever is greater. Paying the annual Class S liability gives credit for the full contribution year. For the State Pension (Contributory), a minimum of 520 full rate paid contributions is needed to qualify at all, and 2,080 full rate contributions produce the maximum rate, which is EUR 299.30 per week from January 2026, up from EUR 289.30. From 2025 the yearly average method is being phased out over ten years in favour of the total contributions approach, which makes the count of actual paid contributions more important than it used to be.

Class S buys narrower cover than Class A, though not as narrow as is often assumed. It does not give entitlement to Illness Benefit, and Class S contributors are outside the Occupational Injuries Scheme. It does, however, give entitlement to Jobseeker's Benefit (Self-Employed), introduced in

November 2019, as well as the State Pension (Contributory), Invalidity Pension (open to Class S contributors since December 2017), Maternity, Paternity and Parent's Benefit, and Treatment Benefit. A director considering cutting salary to nothing should understand that they are not simply saving PRSI, they are also potentially standing outside benefits and, if the salary reduction takes reckonable income below the thresholds, breaking the contribution record that funds the State Pension.

The Earned Income Credit gives a second reason to hold a salary floor. A proprietary director, meaning a director who beneficially owns or can control more than 15% of the ordinary share capital, cannot claim the Employee Tax Credit at all. The Earned Income Credit applies instead, and it is the lower of EUR 2,000 or 20% of qualifying earned income. In round terms that means roughly EUR 10,000 of qualifying earned income is needed to secure the full EUR 2,000. Where an individual has income qualifying for both credits, the combined value cannot exceed the maximum of the Employee Tax Credit, so there is no double benefit.

- Class S PRSI arises at EUR 5,000 of reckonable income. Rate 4.2% for 2026 to 30 September, then 4.35%, subject to an annual minimum of EUR 650.
- State Pension (Contributory): 520 paid full rate contributions to qualify, 2,080 for the maximum rate of EUR 299.30 per week in 2026.
- Class S does not cover Illness Benefit or the Occupational Injuries Scheme, but it does cover Jobseeker's Benefit (Self-Employed), the State Pension (Contributory), Invalidity Pension, Maternity, Paternity and Parent's Benefit, and Treatment Benefit.
- Proprietary directors, meaning those with more than 15% of ordinary share capital, get the Earned Income Credit, not the Employee Tax Credit.
- Earned Income Credit is the lower of EUR 2,000 or 20% of qualifying earned income, so about EUR 10,000 of earned income secures the full credit.
- Employee Tax Credit and Earned Income Credit combined are capped at EUR 2,000.

Worked illustration: one extra EUR 10,000 of company profit

The comparison below takes a single owner-director aged 45 who owns 100% of an Irish trading company that is not a professional service company, is insurable at Class S, and whose income is already above EUR 70,044 so that the top slice attracts USC at 8% and income tax at 40%. The question is what happens to one further EUR 10,000 of company trading profit under each of the three routes. Figures are rounded and ignore the standard rate band and credits, which are already used up on lower slices of income.

Route one, extra salary of EUR 10,000. The salary is deductible so the company pays no corporation tax on that profit, and because the director is Class S there is no employer PRSI. The director pays income tax of EUR 4,000, USC of EUR 800 and PRSI of EUR 420, a total of EUR 5,220. The director keeps EUR 4,780, an effective rate of 52.2%.

Route two, corporation tax then a dividend. The company pays corporation tax at 12.5%, or EUR 1,250, leaving EUR 8,750 distributable. It declares a dividend of EUR 8,750 and withholds DWT at

25%, being EUR 2,187.50, which it pays to Revenue by day 14 of the following month. The director receives EUR 6,562.50 in cash but is assessed on the gross EUR 8,750: income tax EUR 3,500, USC EUR 700 and PRSI EUR 367.50, a total of EUR 4,567.50. Crediting the DWT already paid leaves a balance of EUR 2,380 due on the Form 11. The director ends up with EUR 4,182.50 out of the original EUR 10,000, an effective rate of 58.2% once the corporation tax is counted.

Route three, an employer pension contribution of EUR 10,000. The contribution is deductible for the company in the period paid, so again no corporation tax. It is not a benefit in kind, so there is no income tax, USC or PRSI. The full EUR 10,000 goes into the pension fund. Tax is deferred to drawdown, at which point up to 25% of the fund can be taken as a retirement lump sum, tax free within the EUR 200,000 lifetime limit, and the balance is taxed as income as it is drawn.

The ordering is therefore consistent for a higher-rate owner-director: employer pension contributions first, up to what the funding rules and commercial cash needs allow, then salary, then dividends. Where the director is Class A rather than Class S the salary route carries employer PRSI on top, which narrows but does not usually reverse the gap between salary and dividend. Where a family shareholder has an unused standard rate band, a dividend to that shareholder can beat both.

- Salary: company cost EUR 10,000, director keeps EUR 4,780, total tax EUR 5,220 or 52.2%.
- Dividend: corporation tax EUR 1,250, DWT EUR 2,187.50 withheld on a EUR 8,750 dividend, director's total liability EUR 4,567.50 with a Form 11 balance of EUR 2,380, director keeps EUR 4,182.50, total tax EUR 5,817.50 or 58.2%.
- Employer pension contribution: no corporation tax, no BIK, no income tax, USC or PRSI, full EUR 10,000 into the fund, taxed on drawdown.
- Salary beats a dividend by roughly EUR 600 per EUR 10,000 of company profit for a Class S director at the higher rate.
- A EUR 10,000 employer pension contribution puts more than twice as much to work for the director as either cash route.

Key figures at a glance

Item	2026 position	Notes
Income tax standard rate	20%	Budget 2026 Summary confirms no change to rates or bands for 2026.
Income tax higher rate	40%	
Standard rate cut-off, single person, 2026	EUR 44,000	Unchanged from 2025. Matches the firm's held figure.
Standard rate cut-off, married or civil partners, one income, 2026	EUR 53,000	Unchanged from 2025.

Item	2026 position	Notes
Increase to cut-off for a second income, 2026	up to EUR 35,000	Maximum combined band therefore EUR 88,000.
Personal tax credit, single, 2026	EUR 2,000	Budget 2026 Summary states there are no changes to tax credits for 2026.
Personal tax credit, married or civil partnership, 2026	EUR 4,000	
Employee (PAYE) Tax Credit, 2026	EUR 2,000	Not available to a proprietary director, meaning one owning or controlling more than 15% of ordinary share capital.
Earned Income Credit, 2026	lower of EUR 2,000 or 20% of qualifying earned income	Combined with the Employee Tax Credit it cannot exceed the Employee Tax Credit maximum of EUR 2,000.
USC 2026 band 1	0.5% on income up to EUR 12,012	
USC 2026 band 2	2% from EUR 12,012.01 to EUR 28,700	Increased from a 2025 ceiling of EUR 27,382. This was the only USC change in Budget 2026.
USC 2026 band 3	3% from EUR 28,700.01 to EUR 70,044	
USC 2026 top rate	8% on income above EUR 70,044	
USC exemption threshold, 2026	EUR 13,000 total income	If total income exceeds EUR 13,000, USC is charged on the whole of the income.
USC self-employed surcharge	3% on non-PAYE income above EUR 100,000	Applies to relevant, non-PAYE income. It does not apply to Schedule E salary taxed under PAYE, which is a point in favour of the salary route.
Class S PRSI rate, 1 January to 30 September 2026	4.2%	gov.ie blocks automated retrieval, so this was taken from search-indexed extracts of the official page rather than a direct fetch.
Class S PRSI rate from 1 October 2026	4.35%	An increase of 0.15 percentage points applying to all PRSI classes on 1 October 2026.
Blended Class S rate for self-assessed 2026 income	4.2375%	Applies to income returned through the Revenue self-assessed system for 2026 because the rate changes mid-year.
Class S minimum annual PRSI payment	EUR 650	The greater of the percentage charge or EUR 650 applies.

Item	2026 position	Notes
Class S PRSI income threshold	EUR 5,000 reckonable income per year	
Shareholding test for Class S director	50% or more of the shareholding, directly or indirectly	Applies from 1 July 2013. Below this test a director is generally Class A and the company pays employer PRSI.
Class A employer PRSI from 1 January 2026	9% on weekly pay up to EUR 552, 11.25% above EUR 552	The EUR 552 threshold rose from EUR 527 in line with the minimum wage increase to EUR 14.15 per hour. Rates become 9.15% and 11.4% from 1 October 2026.
Corporation tax, trading income	12.5%	
Corporation tax, passive and non-trading income	25%	Applies to rental and investment income and income from an excepted trade.
Dividend Withholding Tax rate	25%	In force since 1 January 2020, increased from 20% by Finance Act 2019. Confirmed independently in Revenue TDM Part 06-08A-01.
DWT filing and payment deadline	day 14 of the month following the month of the distribution	Filed through ROS. A return is required even where no DWT was deducted.
Pension relief age bands for individual contributions	15% under 30, 20% ages 30 to 39, 25% ages 40 to 49, 30% ages 50 to 54, 35% ages 55 to 59, 40% aged 60 and over	
Pension relief earnings cap	EUR 115,000	Revenue states that employer contributions to an employee's scheme are not taken into account when calculating the employee's earnings threshold, so the age bands and cap do not limit employer contributions to an occupational scheme.
Employer contribution to occupational pension scheme, BIK treatment	not a benefit in kind	
Employer PRSA or PEPP contribution limit before BIK	100% of the employee's pay for the year, from 1 January 2025	Introduced by Finance Act 2024. There was no such employer limit before 1 January 2025.
Timing of the company's pension deduction	deductible in the period the contribution is paid	Section 774(6) TCA 1997. No deduction is given for a provision for an amount due but not paid. Special contributions may be spread forward, usually over a maximum of

Item	2026 position	Notes
		five years.
Standard Fund Threshold, 2026	EUR 2.2 million	Up from EUR 2 million in 2025. Chargeable excess tax applies at 40% above the threshold.
Retirement lump sum thresholds	EUR 200,000 tax free lifetime, 20% from EUR 200,001 to EUR 500,000, higher rate above EUR 500,000	Taken from search-indexed content of the Revenue page rather than a direct fetch. Worth re-reading before quoting to a client.
Close company surcharge on undistributed investment and estate income	20%	Section 440 TCA 1997.
Professional service company surcharge	15% on one half of undistributed professional and service income	Section 441 TCA 1997. Applies in addition to the 20% charge on any investment and estate income.
Close company surcharge de minimis	EUR 2,000	Divided among associated companies and reduced pro rata for periods of less than 12 months. It was EUR 635 for periods ending on or before 31 December 2012.
Close company surcharge marginal relief	restricted to 80% of the excess over EUR 2,000	Relief runs out once the excess exceeds EUR 2,666 for section 440 and EUR 2,461 for section 441.
Trading company reduction before the section 440 surcharge	7.5% of after-tax distributable estate and investment income	
Close company surcharge distribution window	18 months from the end of the accounting period	
Close company control test	controlled by five or fewer participators, or by participators who are directors	
State Pension (Contributory) maximum weekly rate, 2026	EUR 299.30	Increased by EUR 10 from EUR 289.30, effective January 2026. Taken from search-indexed content, as citizensinformation.ie blocks automated retrieval.
PRSI contributions needed for State Pension (Contributory)	520 paid full rate contributions to qualify, 2,080 for the maximum rate	The yearly average method is being phased out from 2025 over ten years in favour of the total contributions approach.

Item	2026 position	Notes
Capital gains tax rate	33%	
CGT annual personal exemption	EUR 1,270	
R&D corporation tax credit	35%	Increased from 30% by Budget 2026. The year one payable amount also rose from EUR 75,000 to EUR 87,500.
Revised Entrepreneur Relief lifetime limit	EUR 1.5 million from 1 January 2026	Increased from EUR 1 million. Not central to this memo but relevant to any exit planning discussion that follows from it.

Before you rely on this

- Correction to a figure held in the firm's codebase. The codebase records PRSI as 4.1% in 2025 and 4.2% from the start of 2026. The rate actually rose to 4.2% on 1 October 2025, so 4.1% applied only to 30 September 2025 and 4.2% applied for the last quarter of 2025 as well as all of 2026 up to 30 September. The 2026 figure of 4.2% and the increase to 4.35% on 1 October 2026 are both confirmed. Any 2025 comparative computation using 4.1% for the full year will be slightly understated.
- Refinement to the pension figure held in the codebase. Recording pension relief as age-banded 15% to 40% on earnings capped at EUR 115,000 is correct for contributions the individual makes from their own income, but it must not be read as a limit on employer contributions to an occupational scheme. Revenue's guidance states employer contributions are not taken into account in calculating the employee's earnings threshold. Employer contributions are instead governed by maximum funding rules and the Standard Fund Threshold.
- Refinement to the credits figure held in the codebase. A proprietary director, meaning one owning or controlling more than 15% of ordinary share capital, is not entitled to the Employee (PAYE) Tax Credit at all. They claim the Earned Income Credit, which is the lower of EUR 2,000 or 20% of qualifying earned income, so a director on a very low salary will not get the full EUR 2,000. The shared EUR 2,000 cap noted in the codebase is correct.
- The worked illustration charges PRSI at 4.2% on the dividend. Two things need checking on the actual facts. First, whether the director's dividend income is reckonable for Class S in their circumstances, particularly if they are over 66. Second, that for self-assessed 2026 income the blended Class S rate is 4.2375% rather than 4.2%, so the dividend figure in the illustration is marginally favourable to the dividend route.
- Where a director's non-PAYE income exceeds EUR 100,000, dividend income carries the 3% USC surcharge, so the excess bears USC at 11% rather than 8%. That widens the gap between salary and dividends beyond the illustration used here, so model the actual position before deciding a mix.
- gov.ie and citizensinformation.ie both return HTTP 403 to automated retrieval, so the PRSI rates, the 50% director shareholding test, the State Pension rate and the contribution counts were taken from search-indexed extracts of those official pages rather than from a direct read of the page. Before publication, someone should open the 2026 SW14 PRSI Contribution Rates and User Guide and the gov.ie Class S and Class A rate pages and confirm each figure by eye.
- The Budget 2026 Summary is the Revenue summary of the Minister's statement of 7 October 2025.

Budget announcements are given effect by the Finance Act, and a small number of measures in that summary are stated to be subject to commencement orders or EU State Aid approval. The income tax, USC, corporation tax and credit figures used here were not in that category, but the enacted Finance Act 2025 text should be the reference for anything quoted to a client.

- Salary must be wholly and exclusively for the purposes of the trade to be deductible. Remuneration that is out of proportion to the work actually done can be challenged, which is a practical limit on simply voting a very large salary in a profitable year.
- Directors' remuneration carries timing rules that can catch people out. Pay made more than six months after the end of an accounting period is deemed paid on the last day of that period and requires the earlier payroll submission to be amended. Separately, section 996 TCA 1997 restricts the corporation tax deduction for remuneration that remains unpaid. The precise unpaid remuneration timing rule was not verified from source and should be checked in Revenue TDM Part 42-04-23 before the memo makes any statement about it.
- The memo does not address Revenue maximum funding rules for one-person pension arrangements, which are the real practical ceiling on how much a company can contribute for a director in a given year. That belongs in a separate note or an actuarial calculation.
- The illustration assumes the director is already above the standard rate cut-off and above the EUR 70,044 USC threshold. For a director whose total income sits below those points the arithmetic changes materially and salary becomes even more clearly the better cash route.
- Distributing profits to reduce a close company surcharge and minimising the director's own tax bill pull in opposite directions. Where a professional service company is involved, the two should be modelled together rather than in sequence.

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