INVESTING IN IRELAND

Global Business Hub

A guide to foreign direct investment in Ireland
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The Irish Government agency tasked with attracting overseas business to Ireland is the Industrial Development Agency (IDA Ireland). We commend its work in delivering investment and employment for this country. While some headline statistics on Ireland’s economy are provided in section one (FDI and the Irish economy), we leave the wider promotion of Ireland to the IDA. Instead, this guide provides information consistent with our position as a leading commentator on accounting, finance, tax and business matters in Ireland.

Ireland’s position as the gateway to the European market is unparalleled and has been further underlined by recent welcome investment decisions. The reasons for Ireland’s success are as compelling as they are well-documented. Ireland’s 12.5% corporate tax rate on trading profits is a major factor in attracting businesses to locate in Ireland. As a committed member of the European community, we are located within an open market of 500 million consumers.

In the wake of the Brexit decision, Chartered Accountants Ireland has established its credentials as the leading all-island business commentator in the Brexit debate, bringing considerable focus to the opportunities and challenges arising from the vote. Visit our website www.charteredaccountants.ie/brexit for regular updates on Brexit.

We would ask members at home and overseas to join us in the FDI project. You can do this by being conscious of every opportunity to promote Ireland as a great place to do business. Please contact us at FDI@charteredaccountants.ie and we would be pleased to support you.

Barry Dempsey
Chief Executive
Chartered Accountants Ireland
Chartered Accountants Ireland’s role in foreign direct investment

Chartered Accountants Ireland is the largest and longest established accountancy body in Ireland. It represents more than 26,000 members across the world and 6,300 students. It is the leading voice of the accountancy profession in Ireland. Our members, Chartered Accountants, are Ireland’s leading business advisors, represented in senior positions in every sector and industry.

The institute’s central purpose is to support and represent our members in every aspect of their profession. Increasingly, this role takes a more outward focus. Chartered Accountants Ireland has long been involved in the foreign direct investment (FDI) debate and has brought our technical skills and contacts to bear in supporting overseas investment in Ireland – serving Ireland as well as serving our members’ interests. This Institute has been to the fore in the campaign in Europe to protect Ireland’s 12.5% corporation tax rate, the cornerstone of Irish FDI policy, in the face of mooted tax harmonisation proposals.

Ours is an influential and powerful diaspora and the respect in which Irish chartered accountants are held extends across the globe. Some 4,000 Irish Chartered Accountants now hold senior financial and management positions in 93 countries worldwide, including more than 1,400 in Great Britain, 800 in Australia and 400 in the USA. Therefore, our members are ideally placed to positively influence overseas investment decisions. Moreover, our Ireland-based members are dealing with an increasingly globalised working environment. The harnessing of this important resource in a structured manner to support the good work of Government agencies is the core objective of this publication.

Our Institute, Chartered Accountants Ireland, enjoys a global profile in the accountancy profession and beyond. We play a central role in a number of international bodies that represent the interests of accountants at all levels. The Institute is a founding member of Chartered Accountants Worldwide, a new body that brings together the leading institutes from around the world to support, develop and promote the vital role that Chartered Accountants play throughout the global economy. We are also members of the Global Accounting Alliance and Accountancy Europe and IFAC (International Federation of Accountants).

This guide is only one aspect of a wider programme designed to support members with exposure to FDI. Chartered Accountants Ireland will deliver an integrated service including guides, online resources and events to assist members at home and overseas.
FDI and the Irish connection
FDI has been identified as one of the key drivers of Ireland’s return to economic prosperity. The Irish Government has continued to demonstrate its commitment to the FDI sector by establishing a business environment that is conducive to FDI activity and Ireland remains a location of choice for many of the world’s leading companies. Indeed, over 1,100 companies, including many of the world’s leading brands, have decided to place Ireland at the hub of their European operations. Ireland is regarded as the number one destination for attracting high-value FDI according to an IBM 2015 Global Locations Trends Report. The report tracks destination countries by average job value of investment projects in 2014. It is the fourth consecutive year that Ireland has topped the poll.

IBM 2015 Global Location Trends Report
Top ranking destination countries by average job value of investment projects, 2014.

<table>
<thead>
<tr>
<th>Country</th>
<th>2014 Rank</th>
<th>2013 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>6.00</td>
<td>1 (1)</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5.65</td>
<td>2 (13)</td>
</tr>
<tr>
<td>Sweden</td>
<td>5.57</td>
<td>3 (9)</td>
</tr>
<tr>
<td>Denmark</td>
<td>5.50</td>
<td>4 (2)</td>
</tr>
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<td>Lithuania</td>
<td>5.46</td>
<td>5 (34)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5.32</td>
<td>6 (8)</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>5.31</td>
<td>7 (11)</td>
</tr>
<tr>
<td>Finland</td>
<td>5.04</td>
<td>8 (19)</td>
</tr>
<tr>
<td>India</td>
<td>5.04</td>
<td>9 (36)</td>
</tr>
<tr>
<td>Germany</td>
<td>5.01</td>
<td>10 (12)</td>
</tr>
</tbody>
</table>

Factors that contribute to this include:
- a competitive economic and business environment that includes a low corporation tax regime and a well-educated and young workforce;
- improving productivity levels (the IMD World Competitiveness Yearbook 2014 places Ireland 3rd for GDP per capita ahead of Singapore, 18th, France, 6th, and the UK, 21st);
- membership of the European Union with consequent ease of access to EU markets;
- its strategic location, with easy access and excellent transport links.

In addition, Ireland’s education system enjoys a reputation to rival the world’s best, being ranked 5th in the world for meeting the needs of a competitive economy and 5th for the percentage of 25-34 year olds with tertiary education (IMD World Competitiveness Yearbook 2014).

Like most jurisdictions, Ireland experienced significant economic challenges during the financial crisis. However, this has also had a positive influence in helping Ireland regain much of the competitive advantages that had been eroded during the economic boom of the late 1990s and the first half of the 2000s. For the 4th year in a row, Ireland has increased its ranking in the IMD World Competitiveness Yearbook. The 2016 edition of the Yearbook places Ireland 7th out of 61 nations (up from 16th place in 2015) for overall competitiveness, and 1st for the following: real GDP growth, flexibility and adaptability of the workforce, availability of finance skilled workers and for investment incentives (attractive to foreign investors). Ireland is currently listed as 24th in the World Economic Forum Global Competitiveness Report. According to the World Bank’s Doing Business Report

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1 The Link to the IBM 2015 Global Locations Trends Report 2015 can be found here
2016, Ireland scores highly internationally for ease of doing business, with its ranking 13th in the OECD-32. In Forbes’ annual ranking of the Best Countries for Business 2015, Ireland grabs an impressive 4th place.

The key State agency with responsibility for driving Ireland’s FDI strategy is IDA Ireland. With more than 40 years’ experience in fostering and encouraging Ireland’s FDI activity, its track record in attracting and developing this sector in Ireland is significant, it secured 213 large inbound investments in 2015. In February 2015 the IDA launched their new strategy Winning: Foreign Direct Investment 2015-2019. This strategy includes ambitious targets to boost foreign direct investment in Ireland by over 40 per cent, securing 900 new investments and creating 80,000 new jobs in the economy over the next five years.

Today, Ireland hosts most of the significant players across a range of sectors including:

- information and communications technologies;
- life sciences;
- medical technology;
- international financial services;
- entertainment and media.

Government strategy and support – in particular for research, development and innovation (RD&I) – has been particularly successful in attracting significant FDI to Ireland in the above sectors.

In July 2014, the Irish Government issued its ‘Policy Statement on Foreign Direct Investment in Ireland’. In the Statement, the then Minister for Jobs, Enterprise and Innovation, Richard Bruton, acknowledges the significant role played by FDI in advancing Ireland’s economic development over past decades and that it will continue to do so in the coming decades.

Noting that FDI is ultimately a business decision and that international competition for mobile investment is intensifying he states that “Ireland is determined to be a location of choice for innovative activities and enterprises and to take the steps necessary to realise our ambition to be the best small country in the world in which to do business.” He notes the need to constantly review what Ireland has to offer and that the Statement “sets out the blueprint and steps we will take to truly differentiate Ireland’s offering”. “We will work in partnership with companies and potential investors, to listen and understand how we can maintain a globally competitive business environment. We will build viable clusters and ecosystems for key sectors, combining Irish owned and foreign firm activity, sub-supply, research and supportive regulations. We will maintain a focus on managing our relative cost competitiveness and we remain committed to maintaining an open, transparent, stable, and competitive corporate tax regime.”

The Statement is available on the Department of Jobs, Enterprise and Innovation website.°

Demonstrating further commitment to FDI the government has recently introduced new legislation reforming and modernising Ireland’s employment permits regime. The Employment Permits (Amendment) Act 2014 is available on the Oireachtas (the Irish Parliament) website.°° Included in the Act are provisions to provide clarity and certainty for potential

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2 http://www.cso.ie/en/releasesandpublications/er/na/quarterlynationalaccountsquarter22017/
4 The link on the website where the Act can be found is here http://www.oireachtas.ie/viewdoc.asp?fn=/documents/bills28/acts/2014/a2614d.pdf
investors and employers regarding circumstances surrounding the granting of a permit. It also makes the system more flexible to deal with changing labour markets, work patterns and economic developments. The Act was enacted into legislation 21 July 2014.

In addition, in March 2015 the Government published its IFS2020: A Strategy for Ireland’s International Financial Services sector 2015–2020. International Financial Services is a well-established and core area for Ireland. 35,000 people are currently employed in the sector and notably 200 of the 400 companies are international. Ireland is the 4th largest exporter of financial services in the EU, it ranks 1st for availability of skilled people and 2nd for the availability of people with financial skills. For example, 50% of the worlds leased commercial aircraft are owned or managed from Ireland. The goal of the strategy is to “create a globally recognised international financial services sector in Ireland based on world-class people, processes, products and technology across indigenous and multinational businesses”.

Ireland – statistical information

THE ECONOMY
Ireland is now the fastest growing economy in Europe for the third year in a row according to the IMF Economic Outlook and Ireland’s Central Statistics Office (CSO). The CSO estimates for first quarter of 2017⁶ that there was an increase of 5.8 per cent in GDP in real terms compared with Q2 in 2016.

REAL GDP GROWTH

<table>
<thead>
<tr>
<th>Country</th>
<th>2016 (F)</th>
<th>2017 (F)</th>
<th>2018 (F)</th>
</tr>
</thead>
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<tr>
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<td>4.9</td>
<td>3.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Sweden</td>
<td>3.6</td>
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<td>2.2</td>
</tr>
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<td>Luxembourg</td>
<td>3.5</td>
<td>3.1</td>
<td>3.3</td>
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<tr>
<td>Australia</td>
<td>2.9</td>
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<td>2.6</td>
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<td>Spain</td>
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<tr>
<td>Singapore</td>
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<td>Netherlands</td>
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<td>1.8</td>
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<tr>
<td>United States</td>
<td>1.6</td>
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<td>Belgium</td>
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<td>Hong Kong</td>
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<tr>
<td>Austria</td>
<td>1.4</td>
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<td>France</td>
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<td>1.2</td>
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<td>1.5</td>
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<td>Norway</td>
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<tr>
<td>Greece</td>
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<td>3.1</td>
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In May 2017, the CSO released the results of the Quarterly National Household Survey⁷ which shows an annual increase in employment of 3.5% or 68,600 in the year to the first quarter of 2017, bringing total employment to 2,045,100. This compares with an annual increase of 3.3% or 65,100 in employment in the previous quarter and an increase of 2.4% or 46,900 in the year to Q1 2016.

COMPOSITION OF EXPORTS

*Miscellaneous manufacture articles
Source: CSO 2013 Balance of Payments, External Trade Data, IDA calculations

Source: IMF Economic Outlook 2016 (IDA Facts about Ireland 2016)

⁶ http://www.cso.ie/en/releasesandpublications/er/na/quarterlynationalaccountsquarter22017/
⁷ http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter12017/
**POPULATION**
Results from Census 2016 released by the CSO show the population at 4,757,976, an increase of 169,727 compared to 2011. The appeal of Ireland as a destination for many multinationals has been its young and adaptable workforce with a 'can do' attitude.

**% POPULATION UNDER 25 YEARS**

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
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<tbody>
<tr>
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</tr>
<tr>
<td>Norway</td>
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<tr>
<td>Cyprus</td>
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</tr>
<tr>
<td>France</td>
<td>30.4</td>
</tr>
<tr>
<td>UK</td>
<td>30.3</td>
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<tr>
<td>Denmark</td>
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<td>Sweden</td>
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<td>Poland</td>
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<td>Switzerland</td>
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<td>Austria</td>
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<tr>
<td>Greece</td>
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<tr>
<td>Germany</td>
<td>23.9</td>
</tr>
<tr>
<td>Italy</td>
<td>23.6</td>
</tr>
</tbody>
</table>

Source: Eurostat, 2016 via IDA Facts about Ireland 2016

**Ireland is the most youthful nation in Europe**
Ireland is the most youthful nation in Europe according to ‘Being young in Europe today’ Eurostat 2015 report[^1]. This means that 4 out of every 10 people in Ireland are aged 30 or younger (40.1% population under 30). Indeed, one third of Ireland’s population is under 25 years of age, making Ireland the youngest population in Europe.

**IRELAND’S NATIONAL CULTURE IS RANKED NUMBER ONE FOR OPENNESS TO FOREIGN IDEAS**

Source: IMD World Competitiveness 2015 (IDA – Facts about Ireland 2015)

IRELAND IS RANKED NUMBER ONE FOR AVAILABILITY OF COMPETENT SENIOR MANAGERS

IRELAND IS RANKED NUMBER ONE FOR SUPPLY OF FLEXIBLE AND ADAPTABLE PEOPLE WHO CAN FACE NEW CHALLENGES

Source: IMD World Competitiveness 2015 (IDA – Facts about Ireland 2015)
EDUCATION
Ireland is regarded as having a world-class education system. According to the IMD World Competitiveness Yearbook 2015, it ranks in the top 10 for higher education achievement. To illustrate this, there are over 1 million people currently in full time education. In 2014 there were over 255,000 students participating in third level courses across Ireland’s universities and colleges. 26% of this group studied Social Sciences including Business and Law, while 28% studied Science and Engineering courses. A government ICT skills strategy is driving significant increases in ICT graduates with a total uplift of 70% to 110% of graduate output forecasted by 2018. (IDA – Facts about Ireland – 2015).
What business structures are available in Ireland?

The starting point for any commercial investment decision is the choice of investment vehicle. The choice of which structure to adopt is of a particular importance for filing and auditing requirements. There are a number of different business structures available in the Republic of Ireland and the principal forms are outlined below, starting with a company.

A company is a legal entity separate and distinct from those who run and invest in it. Company Law in the Republic of Ireland has been modernised and consolidated by the Companies Act 2014 (the “Companies Act”), and more recently by the Company (Accounting) Act 2017. The Companies Act and related statutory instruments regulate the formation, stewardship, management and dissolution of companies in the Republic of Ireland.

There are a number of different types of company structure provided for under the Companies Act, and they can be broadly classified as either private companies or public companies with limited or unlimited liability. These are as follows: Private Company Limited by Shares (LTD), Designated Activity Company (DAC), Company Limited by Guarantee (CLG), Public Limited Company (PLC), Public Unlimited Company (either a PUC or a PULC), Private Unlimited Company (ULC), and an External Company.

Generally one or more persons are permitted to form a company for any lawful purpose. The process of incorporation and registration of a company commences with the delivery of a constitution together with the relevant form, including a statement of consent and declaration in accordance with the Companies Act, to the Companies Registration Office (CRO). The signed declaration includes a statement to the effect that the purpose, or one of the purposes, for which the company is being formed is to carry on an activity in the State. Every company must have a constitution, in the format required. Once the Constitution is registered, the company will be issued with a certificate of incorporation.

All public statutory information on Irish companies is held by the CRO. For further information please refer to the CRO website at www.cro.ie. The different types of business structures available are outlined below.

**Limited companies**

All companies are fully liable for the debts they incur. In a limited liability company, the liability of the owners (members or shareholders) of the company for debts incurred by the company is limited to the amount that they have agreed to contribute to the company.

The **Private Company Limited by Shares (LTD)** is the most common form of business entity used in Ireland. This form of company has a single document constitution which sets out details of the company’s share capital and how it is regulated in accordance with the Companies Act. Such a company does not have a principal objects clause and will have no restriction on the type of trade or transaction it can enter into. It will also have similar legal capacity as a natural person.

A **Designated Activity Company (DAC)** is a company which is formed for a particular purpose or to carry on a specific activity. A DAC can be limited by shares or guarantee. It must have a minimum of two directors but can have a single member. A DAC’s constitution will contain a Memorandum and Articles of Association. The Memorandum of Association will contain an objects clause that sets out the principle activity of the company, together with ancillary objects outlining in general style the transactions the company can undertake. It is common for such objects to contain clauses around borrowing, providing security and such like.
A company may seek to register as a DAC for both legal and commercial reasons. For example, a company which wishes to raise finance by the issuance of debt, is a credit institution or an insurance undertaking will be legally required to register as a DAC. Another reason that a company may seek to register as a DAC, is because there is a commercial requirement to set out the purpose or the objective of the company (e.g. joint venture or SPV).

While most limited companies are limited by shares, some are limited by guarantee. A Company Limited by Guarantee (CLG) is commonly used for non-profit organisations that require legal personality, such as charities. They typically have a low commercial risk and may be formed with or without share capital. This type of company has one or more members, who in effect, are the guarantors. A guarantor agrees to contribute a nominal amount that typically is quite small upon the winding up of the company, in the event of a shortfall of assets at that time.

Public and private companies
One of the main differences between a public and a private company is how they raise capital. A Public Limited Company (PLC) may seek subscriptions from the public and apply to have its shares quoted on a stock exchange. Companies can raise funds on the Irish stock exchange provided they meet the criteria required prior to making a public offer. Listed companies are also required to comply with the listing rules. A private company is on the other hand prohibited from inviting the public to subscribe for shares in the company. As noted earlier, the majority of Irish companies are private companies limited by shares (LTD).

Unlimited companies
In an unlimited company there is no limit on the liability of the owners for the company’s debts. With such companies, recourse may be had by creditors to the company owner’s personal assets, in respect of any liabilities which the company had failed to pay. It is for this reason, that such companies are not generally used as trading companies. Unlimited companies can be in the form of a Private Unlimited Companies (ULC), a Public Unlimited Company (PUC) or a Public Unlimited Company without Capital (PULC).

External companies
An external or foreign company (a limited company incorporated outside of Ireland, either in an EEA (European Economic Area) state or a non-EEA state) may establish a branch in Ireland. Such companies must be registered with the CRO within 30 days of establishment of the branch. An external company setting up a branch in Ireland is required to submit basic information to the CRO, including the name and legal form of the company; the name, address and activities of the branch; and details regarding persons authorised to represent the company in dealings with third parties and legal proceedings. A certified copy of the company’s constitution, a copy of the company’s certificate of incorporation, and a copy of the latest accounting documents must also be filed.

Partnership
A partnership is an association of persons wishing to carry on business in common. They normally share both the management and profits of the business, in accordance with a written agreement. A partnership consists of at least 2 persons and a usual maximum of 20 (subject to some exceptions). It is not a separate legal entity, but it is possible to create a partnership in which some members have limited liability for the debts of the Partnership. Such a limited partnership must be registered with the CRO.
Financial services

Ireland is home to a large number of global financial institutions, many of whom are based in the International Financial Services Centre (IFSC) in Dublin. We have become a world leader in a broad range of global financial services such as banking, insurance, aircraft leasing, investment fund administration and management. The industry is supported by a sophisticated network of financial advisors such as lawyers, accountants, fund administration and regulatory specialists. For the most part, these financial institutions are licensed and regulated by the Central Bank of Ireland.

More than half of the world’s top twenty Insurance companies have a base in Ireland, making the country a global centre for the Industry. International activities carried out here include insurance underwriting, insurance broking, reinsurance, captive management, risk securitisations and back office administration.

Investment funds are entities that pool investors’ funds to provide the investors with professional investment management. A fund is established with the intention of selling shares, investing the proceeds and distributing profits back to shareholders. Ireland provides funds with an established network of expertise in the industry, making it a preferred location for the domiciliation and administration of funds. In 2017, the Irish funds industry surpassed €4 trillion in assets under administration, making Ireland the third largest global centre in this area.

Authorised investment funds in Ireland are established as either UCITS (undertakings for collective investment in transferable securities) or non-UCITS (AIFs - Alternative Investment Funds). There are a number of factors to consider when deciding on the fund structure including the location of target investors and the investment policy of the fund. The Central Bank of Ireland is responsible for the authorisation and supervision of all collective investment schemes.

Of the world’s top 50 banks, more than half have operations in the IFSC. The International Banking sector in Ireland includes a broad range of activities such as treasury, asset financing, international loan syndications, back-office activities, credit card operations, liquidity management and debt factoring. Under MiFID (the Markets in Financial Instruments Directive), banking entities are permitted to provide services throughout the EU, not just in the State in which they have their head offices.

Ireland is a Global Hub in Aviation Finance and Leasing, with nine of the world’s top 10 aircraft lessors either headquartered or present here. Indeed, half of the world’s leased aircraft fleet is managed out of Ireland, with an Irish leased aircraft estimated to take off somewhere in the world every two seconds.
What are my duties as a company director in Ireland?

The executive powers of a company lie with the directors who are responsible for the day-to-day running of the company. A director is defined as including ‘any person occupying the position of director by whatever name called’. The most common company type in Ireland, the private company limited by shares (LTD), is required to have at least one director (and a separate secretary), while other types of company are obliged to have a minimum of two directors (e.g. DAC & PLC). Except in limited circumstances, at least one director is required to be resident in a member State of the EEA. While no formal qualifications are required to become a director in Ireland, certain parties and persons are precluded from acting in this role, including: a body corporate, a person under the age of eighteen, an undischarged bankrupt and the statutory auditor of the company. There are also restrictions on the number of directorships a person may hold.

Company directors’ duties and responsibilities are wide and diverse. In addition to the existing statutory duties, the Companies Act introduced, for the first time in Irish law, the principal fiduciary duties of directors of an Irish company, setting out broad general principles based on common law and equitable principles developed by the Courts. These duties are owed by a director to the company and include: to act in good faith in the interests of the company; to act honestly and responsibly in conducting the affairs of the company; to act in accordance with the company’s constitution and exercise his or her powers only for the purposes allowed by law; etc.

It is the responsibility of each director to ensure that his or her company is not in breach of the Companies Act. The Act also contains extensive provisions detailing how the affairs of companies are to be conducted. For example, every company is obliged to keep adequate accounting records and directors must take all reasonable steps to ensure compliance with this requirement. The directors of Irish companies are obliged to prepare financial statements for the company in respect of each financial year and these financial statements (which may be required to be audited – see section ‘Does my company require an audit’) are required to give a true and fair view.

The Companies Act also lists a number of offences that may be committed where directors do not fulfill their obligations under this Act. It would be advisable for any potential new company directors to familiarise themselves with the legal responsibilities and obligations attaching to the position, prior to taking office.

1 Unless the company holds a bond in the prescribed form to the value of €25,000 or the company holds a certificate granted by the Registrar, stating that the company has a real and continuous link with one or more economic activities that are being carried on in the State.
What are a filing requirements for my company?

Most types of Irish companies, as well as external companies operating within the Republic of Ireland are required to file a return annually to the CRO. Depending on the type of company incorporated, financial statements may also be required to be filed with this annual return, as outlined below.

**Irish companies**

Annual returns are required to be filed with the CRO at least once every year for all Irish companies. The annual return contains details relating to the company including the company’s directors, secretary, registered office, shareholders and share capital. Normally, the annual return must be filed within twenty eight days of the statutory annual return date (ARD), which can be checked on the CRO website www.cro.ie.

As outlined below, certain different types of companies are subject to individual filing requirements. Unless availing of audit exemption, in most cases (e.g. a private company limited by shares (LTD) & a DAC) audited financial statements, and the directors’ report and statutory auditor’s report must be filed with the annual return (See section ‘Does my company require an audit?’).

As for particular issues to note in this area, a private unlimited company (“ULC”) incorporated in Ireland must file its financial statements with the CRO, if it is deemed to be a designated type under the Act. Non-designated ULCs are however not obliged to file financial statements with the CRO. It is important to note that the 2017 Company
(Accounting) Act however increases significantly the number of designated types of ULC and therefore makes it much more difficult for a ULC to avoid the filing obligation.

**Limited partnerships** where all the general partners are limited companies are obliged to file accounting documents for public record to the CRO.

**Unlimited partnerships** that are not subject to the accounting requirements of the Companies Act are not required to file accounts.

**Certain small and micro sized companies** (as defined in the ‘Financial Reporting’ Section) are permitted to abridge financial statements for filing purposes that provide less information than the annual financial statements prepared for the shareholders/members. It should be noted, that the ability to file abridged financial statements does not grant a company any exemption from the requirement to prepare statutory financial statements (unabridged) that give a true and fair view and to provide these financial statements to the members.

**External foreign/companies**

External or Foreign companies have separate filing requirements depending on whether the branch established in Ireland is that of an EEA company or non-EEA company.

- Where an **EEA company** has set up a branch in Ireland, accounting documents for the financial year that the company prepared and made public in the relevant EEA state in which it is incorporated must, within 30 days of it so doing, be filed with the CRO, on an annual basis.
- Where a **non-EEA company** has set up a branch in Ireland, accounting documents are also required to be delivered to the CRO annually and the form and timing of submission of these will depend on whether there is a requirement in the non-EEA state for accounting documents to be prepared by the company. It may also be necessary to provide the CRO with details of the company’s share capital at the same time.

If the company is a **holding company**, group accounts are also required.

Initial and annual information submitted to the CRO should be accompanied by the relevant filing form, available on the CRO website.

References above are to general requirements of Irish Company Law. Regulated entities may have additional requirements laid down in industry specific regulations as applicable and reference should be made by readers to these as required.
Does my company require an audit?

The requirement in company law for company financial statements to be audited is determined primarily by their size and nature. Audit exemption is available to certain categories of Irish companies, as discussed below, and others will require an audit by a statutory auditor. The statutory auditor will obtain evidence about the amounts and disclosures in the financial statements, sufficient to give an opinion on matters including as to whether the statutory financial statements give a true and fair view of the assets, liabilities and financial position of the company at the financial year end date and of its profit or loss for the financial year; and whether they have been properly prepared in accordance with the relevant financial reporting framework and the requirements of the Companies Act.

Statutory financial statements of all Irish companies must be audited by a statutory auditor, unless the company is entitled to, and avails of audit exemption. Unaudited financial statements must include a statement on the balance sheet, in the format laid down in the Companies Act, that an audit exemption has been availed of. Certain companies are excluded from availing of audit exemption, irrespective of their size, for example credit institutions and insurance undertakings. Companies that are not excluded from doing so will need to meet the conditions laid down in the Companies Act in order to avail of audit exemption. As an example, generally a private company limited by shares (LTD) that is not a parent or subsidiary may avail of audit exemption if:

- it qualifies as a small or micro company under the Companies Act for the financial year; (Applicable Threshold Criteria are noted in the ‘Financial Reporting’ Section)
- the company’s annual returns for the financial year and the preceding financial year are filed on time with the CRO;
- members with voting rights greater than 10% have not served a notice on the company requiring an audit; and
- the company is not a company that is excluded from availing of audit exemption (e.g. PLC or engaged in Financial Services)

It is important to note that the audit exemption does not grant a company any exemption from the requirement to prepare statutory financial statements that give a true and fair view and to provide these financial statements to the members, nor does it grant a company any exemption from the requirement to annex financial statements in the format laid down by the Companies Act to its annual return that is filed with the CRO (as outlined in ‘What are the filing requirements for my company?’) – the only exemption granted is from having these financial statements audited.

As a matter of law, no public company is eligible to avail of audit exemption.

It is also important to note that the statutory auditor of a company is required to report to the Director of Corporate Enforcement instances where he/she has reasonable grounds for believing that the company, or an officer of it, has committed certain offences under the Companies Act. This is in addition to the responsibility of accountants in practice to report any suspicions of theft, fraud or money laundering to the authorities.
Financial reporting

Company Law in Ireland requires that directors of companies incorporated in the country prepare financial statements for the company in respect of each financial year which give a “true and fair view”. Such financial statements are either:

- ‘Companies Act financial statements’, prepared in accordance with the accounting and disclosure requirements of company law and, principally but not exclusively, with the Financial Reporting Standards (FRSs) published by the Financial Reporting Council (FRC) in the UK, and promulgated by the Chartered Accountants Ireland in respect of their application in this jurisdiction (‘Irish and UK GAAP’); or
- ‘IFRS financial statements’, prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board (IASB), as adopted by the European Union (EU endorsed IFRS).

For most financial statements, the Companies Act 2014 permits a choice as to whether to prepare ‘Companies Act financial statements’ or ‘IFRS financial statements’. One notable exception to this is for consolidated financial statements of companies with debt or equity securities listed on a regulated EU market (e.g. the main market of the Irish Stock Exchange), which are required to be prepared in accordance with EU endorsed IFRS.

Irish and UK GAAP
The FRC in the UK is the accounting standard setter for both Ireland and the UK. A new suite of FRSs (FRS 100 to FRS 105) was published by the FRC in recent years, which simplified Irish financial reporting and further harmonised it with international standards.

FRS 102, the primary standard in the suite, was originally based on the IFRS for SMEs but tailored to make it fit for purpose and proportionate to Irish and UK business circumstances. Since June 2017, amendments to FRS 102 for small companies (primarily section 1A of that standard), as well as FRS 105, the simplified financial reporting standard for Micro-Entities are now in place in Ireland with the enactment of Companies (Accounting) Act 2017, as mentioned earlier. The key company size threshold criteria under Irish Company Law to consider when choosing the most appropriate financial reporting framework for your company are detailed below. While these criteria are a good initial guide to the applicable financial reporting framework for your company, the ultimate choice should be made in consultation with your accountant, taking into account the particular circumstances of your company.

Thresholds to Qualify for Different Company Sizes

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<th>SMALL - FRS 102 Section 1A</th>
<th>MEDIUM - FRS 102</th>
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<td>€12,000,000</td>
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<td>Balance Sheet Total</td>
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<tr>
<td>Employees</td>
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<td>50</td>
<td>250</td>
</tr>
</tbody>
</table>

Notes
- To qualify, a company must not exceed 2 of the 3 thresholds outlined above (broadly speaking in the current and previous year)
- In context of this presentation, it is also important to note that a PLC or Public Unlimited Company (PUC) cannot qualify as a small or micro company
- Large companies are those that exceed 2 of the 3 categories outlined above for medium companies
Use of alternative accounting standards e.g. US GAAP
Some companies are permitted under Irish company law to prepare their Companies Act financial statements under a financial reporting framework based on accounting standards other than those issued by the FRC. Specifically:

- Certain companies are permitted to prepare Companies Act individual financial statements and/or Companies Act group financial statements in accordance with US GAAP, as modified to ensure consistency with the EU Accounting Directives.
- Certain Investment companies may adopt an alternative body of accounting standards, being standards which apply in the United States of America, Canada or Japan in preparing Companies Act individual accounts.
Headline tax advantages of establishing an Irish company
There are some very compelling reasons to establish a company in Ireland. These include:

12.5% corporation tax rate for trading activities

Capital gains tax (CGT) exemption on disposals of subsidiaries by Irish holding companies

Tax relief for foreign dividends and expenditure on research and development (R&D)

Reduced tax on income arising from certain patents and other intellectual property

Reduced CGT rates on disposals by entrepreneurs

Relief from corporation tax for certain startup companies

Stamp duty exemption on intellectual property transfers

Extensive double-tax-treaty network

Industry standard transfer pricing rules

Full or partial exemption from withholding tax on interest payments to EU/treaty countries

Full or partial exemption from withholding tax on dividend payments to EU/treaty countries

Moderate income tax rates

Tax reliefs for workers assigned from abroad to take up a position in Ireland.

Tax deduction for employees who carry out part of their employment duties in a range of key Irish trading markets
How companies are taxed

Corporation tax
Irish corporation tax applies to all profits (income and gains) of an Irish tax-resident company. An Irish branch or agency of a foreign resident company is also liable to Irish corporation tax on profits derived from its Irish-based activity (including qualifying foreign dividends paid out of trading profits).

Rates of corporation tax
• A 12.5% rate of corporation tax applies to profits of a trading activity;
• A 25% rate of corporation tax applies to non-trading income, including non-qualifying foreign dividends, rental income and interest, patent royalties, and foreign income. Also included in this rate is income from activities consisting of working minerals, petroleum activities and dealing in or developing land.

Irish tax residency
The liability to corporation tax is primarily based on the concept of residence. Resident companies are taxable on their worldwide income. Non-resident companies may be subject to corporation tax if they have Irish source trading income. Non-resident companies that do not trade in Ireland are not subject to corporation tax but may be subject to Irish income tax on Irish source income, for example on rental income from Irish property.

Irish tax residency is based on a test of management and control and whether the company is incorporated in Ireland.

In determining whether an Irish incorporated company is tax resident in Ireland, one of two rules will apply. Which rule applies depends on when the company was incorporated.
Rule 1: Companies incorporated in Ireland on or before 31 December 2014 are regarded as tax resident in Ireland, unless one of two possible exceptions apply, known as the treaty exception and the trading exception. If one of these exceptions apply then the company’s tax residence is determined by a test based on management and control.

Rule 2: Companies incorporated in Ireland on or after 1 January 2015 will be regarded as resident in Ireland, unless the company is treated as resident elsewhere under the terms of a double tax treaty between Ireland and another state. From 1 January 2021, this rule will apply to all Irish incorporated companies.

The place of management and control is determined by a number of factors, including the location of directors’ meetings, where negotiation of major contracts is undertaken and where shareholders’ meetings are held.

A company whose central management and control is exercised in Ireland is regarded as Irish tax resident whether or not the company is Irish incorporated. Irish corporation tax residency rules also ensure that an Irish incorporated company cannot be ‘stateless’, in terms of its place of tax residence, as a result of a mismatch between Ireland’s company residence rules and those of a treaty partner country.

Qualifying for the 12.5% rate
The rate of corporation tax for trading activities is 12.5%. To avail of this rate, it is necessary to demonstrate that value-added activities are carried on in Ireland. While Ireland does not operate a formal ruling system, the Irish tax authorities (known as the Revenue Commissioners) may provide a view as to whether a particular transaction or operation amounts to a trade or qualifies for the 12.5% rate.

Taxable profits
In calculating taxable profits of a company, the profit in the statutory accounts (IFRS or GAAP) is adjusted for tax purposes. Expenses are generally tax deductible if they are not of a capital nature and are incurred wholly and exclusively for the purposes of the trade, broadly in line with international practice.

While depreciation in the accounts is not deductible for tax purposes, a form of tax depreciation (known as capital allowances) is available for certain assets used in the trade of a company. Plant and machinery is depreciated for tax purposes over an eight-year period on a straight-line basis. New industrial buildings are depreciated for tax purposes over a 25-year period. Generous capital allowances are also available on certain intangible assets such as patents, designs, trademarks and know-how.

Losses
Trading losses can be offset against trading income of the same and immediately preceding accounting period on a euro-for-euro basis. Any unused trading losses can then be offset against non-trading income, including chargeable gains on a ‘value basis’, i.e. by reference to the prevailing rate. Trading losses can be carried forward for offset against future accounting period profits of the same trade.

Trading losses can also be offset against profits of another company within the same tax group in the same accounting period.

Group of companies
Members of a group may surrender current year losses, excess charges on income, excess management expenses and excess capital allowances relating to rental activities. Two companies
will be members of a group if one is a 75% subsidiary of the other or both are 75% subsidiaries of a third company. A company is a 75% subsidiary of another company where not less than 75% of the ordinary share capital is owned directly/indirectly by that company. Group relief is available to Irish parent companies subject to certain conditions in respect of trading losses incurred by their non-Irish subsidiary companies where such a company is resident in an EU member state or EEA member state with whom Ireland holds a double-taxation agreement, or companies quoted on certain recognised stock exchanges.

Loss relief can also be surrendered by a trading company to members of a consortium. A company is owned by a consortium if 75% or more of its share capital is directly and beneficially owned by five or fewer companies.

The public sector can arrange for projects such as roads, public transport, waste management and water services to be undertaken by entering into a public-private partnership (PPP) arrangement. This involves a private sector company (or consortium) agreeing to design, build and, possibly, operate the project in return for annual service charges that are paid by the public sector body. While tax issues surrounding PPPs are often complex, Ireland has established tax practices in matters relating to PPPs.

**Dividends received**
Dividends received by an Irish company from another Irish company are exempt from Irish corporation tax.

Dividends received from a company located in the EU or in a country with which Ireland has a double-taxation agreement are subject to 12.5% corporation tax provided that the dividend is paid out of trading profits.

The 12.5% rate also applies to dividends paid out of trading profits of a quoted group or a company resident in a country with which Ireland has ratified the Convention on Mutual Assistance in Tax Matters.

Foreign dividends received by an Irish company holding not more than 5% of the share capital and voting rights in the foreign company are exempt from corporation tax. This exemption only applies where the dividend income is taxed as trading income of the Irish company.

Ireland also operates an on-shore pooling system that allows withholding taxes and underlying taxes from high and low tax jurisdictions to be pooled and reduces the overall level of Irish corporation tax on dividends from foreign companies.

**Dividends paid**
Dividends and other distributions (including certain types of interest) are not tax deductible in the calculation of taxable profits. Withholding tax of 20% of a gross dividend must be applied by a company paying a dividend. However, there are extensive exemptions from withholding tax so that, in general, withholding tax only applies to dividends paid to Irish resident individuals.

**Royalties**
Payments for patent royalties are tax deductible. A withholding tax of 20% prima facie applies to patent royalties and other forms of annual royalty payments. However, royalties can be paid free of withholding tax from Ireland to companies resident in the EU or double-tax-treaty countries where certain conditions are satisfied.

Payments between associated companies may also be exempt from withholding tax by virtue of the EU Interest and Royalties Directive.
Interest
Interest paid on loans used for the company’s trade is generally tax deductible. However, some restrictions are in place on the tax deductibility of interest, for example on loans used for non-trade purposes and on intra-group borrowings used to acquire certain assets.

Withholding tax of 20% is also capable of applying to all payments of annual interest. Extensive exemptions are again in place, which include an exemption from Irish withholding tax where the recipient is resident in the EU or a double-tax-treaty country, where certain conditions are fulfilled.

Interest payments from one Irish resident company to another Irish resident company in the same Irish tax group are generally not subject to withholding tax.

Payments between associated companies may also be exempt from withholding tax by virtue of the EU Interest and Royalties Directive.

Tax compliance
Ireland operates a self-assessment system for the payment and filing of tax returns for companies and branches. In general, there is one corporation tax return filing requirement per accounting year and two/three corporation tax payment requirements per accounting year.

Tax returns and payments for companies must be electronically filed using the Revenue’s Online Service (ROS) www.ros.ie.

An international survey on the ease of paying taxes for a small to medium-sized company in 190 economies placed Ireland in the top 5. The survey found that, on average, it takes a company in Ireland 82 hours to fulfil its tax obligations in respect of profit taxes, labour taxes and other taxes. This compares to 110 hours in the UK. (‘Paying Taxes 2017 – The Global Picture’ by the World Bank Group and PwC).
Tax incentives available for companies

CGT exemptions on share disposals
Irish CGT of 33% applies to gains arising on the disposal of shares. Ireland operates a participation exemption, which exempts gains arising to an Irish-based holding company on the disposal of shareholdings in EU/double-tax-treaty agreement resident companies. The exemption applies to shareholdings of at least 5% in trading companies or trading groups resident in Ireland, the EU or countries with which Ireland has a double-taxation agreement in place.

Research and development credit
In addition to a tax deduction, a 25% tax credit for qualifying R&D expenditure is available for companies engaged in in-house qualifying R&D undertaken within the EEA. The credit is also available to overseas companies with branches carrying on a trade in Ireland.

To qualify for the credit, the expenditure must be incurred on scientific or technical advancement that involves the resolution of a scientific or technological uncertainty.

The credit is used first to reduce a company’s corporation tax liability in the current period. Excess credits can be used to shelter corporation tax paid in the immediately preceding period. Any remaining excess can be carried forward for use against future corporation tax. Alternatively, the company may claim to have any remaining excess refunded to it by the Revenue Commissioners, subject to certain restrictions. A R&D tax credit of 25% is also available for expenditure incurred on buildings used for R&D purposes. Therefore, 100% of the cost of the building can be claimed as qualifying expenditure in the year of expenditure.

A company may also choose to use a portion of its R&D tax credit to make tax-free payments to key employees (subject to restrictions) involved in the Irish R&D activity.

Knowledge Development Box
The Knowledge Development Box is a regime introduced from 1 January 2016 which allows Irish companies with income arising from patents, copyrighted software and certain other intellectual property to tax such profits at 6.25% rather than 12.5%.

The amount of profit qualifying for relief will be determined by the proportion that the company’s R&D costs in Ireland bears to the total R&D costs incurred to develop the qualifying assets e.g. if the company performs 50% of the R&D that developed the asset in Ireland, then 50% of the income arising to that asset will qualify.

Tax relief for intellectual property
Tax relief in the form of a capital allowance is available to companies for capital expenditure incurred on specified intangible assets (SIA) which includes assets such as patents/registered designs, trademarks/brand names and know-how. A company can write off the capital expenditure over the life of the asset or fifteen years, against the income related to the management, development or exploitation of the intangible asset.

Entrepreneur Relief
A reduced capital gains tax rate of 10% or 20% can apply to net gains on certain sales of business assets by entrepreneurs. The relief, subject to a life time limit of €1 million, can apply where the entrepreneur owns the business assets for at least three years prior to a sale. It can also apply to the sale of shares in a company or group where a qualifying business takes place.

Corporation tax start-up relief
Corporation tax start-up relief exempts from corporation tax the profits of a new trade and gains on the disposal of assets
used in that trade. The relief exempts profits from tax up to a ceiling of €40,000, with some provision for marginal relief up to €60,000. This relief applies to trades which commence before 31 December 2018 and can apply to the first three years of trading.

**Extensive double-tax-treaty network**

Ireland has signed comprehensive double-taxation agreements with 73 countries, of which 72 treaties are fully ratified.

Ireland has double-tax treaties with the following countries (listed on right, as of October 2017). These agreements cover direct taxes, which in the case of Ireland are income tax, corporation tax and capital gains tax.

Ireland’s double-taxation agreements contain the following important mechanisms for avoiding double taxation:

- the elimination or reduction of withholding taxes;
- the reduction in territorial scope of taxation of certain forms of income and gains from taxation, in particular by reference to permanent establishments;
- credit for taxes;
- residence tie-breaker clauses;
- procedures for the resolution of disputes between two competing claims of tax authorities, typically in transfer pricing situations;
- non-discrimination provisions.

Where a double-taxation agreement is not in place with a particular country, domestic Irish tax law provides for unilateral relief against double taxation in respect of certain types of income.

- Albania
- Armenia
- Australia
- Austria
- Bahrain
- Belarus
- Belgium
- Bosnia & Herzegovina
- Botswana
- Bulgaria
- Canada
- Chile
- China
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Egypt
- Estonia
- Ethiopia
- Finland
- France
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- Norway
- Pakistan
- Panama
- Poland
- Portugal
- Qatar
- Romania
- Russia
- Saudi Arabia
- Serbia
- Singapore
- Slovak Republic
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Thailand
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- Uzbekistan
- Vietnam
- Zambia
How individuals are taxed

**Income tax**
Income tax is payable on Irish-source income and on income for services performed in Ireland. The most common form of income tax is PAYE (pay as you earn), which is a salary-withholding tax deducted by the employer from the employee’s pay. Income tax is operated under a progressive tax system that applies tax at rates of 20% and 40% depending on income levels.

Ireland retains the benefits of a remittance taxation basis so that non-Irish domiciled individuals are taxed only on foreign income and gains remitted to Ireland.

**Social security (PRSI) and universal social charge**
Employed persons are compulsorily insured under a State-administered scheme of pay-related social insurance (PRSI). Contributions are made by both the employee and the employer on all employment income, including benefits in kind. The PRSI contribution for employers is a maximum of 10.85% of the salary payments and is deductible in the calculation of taxable profits. A reduced rate of PRSI can apply.

Employees also pay PRSI but at lower rates to that payable by employers. Many foreign assignees are exempt from PRSI. The universal social charge (USC) is also payable by all employees who pay Irish income tax, and is applied at progressive rates of up to 8%.

An example of tax (income tax, PRSI and USC) payable by individuals with various income levels is as follows:
A single individual earning a salary of €30,000 will pay an effective rate of 15.4% in tax.

A single individual earning a salary of €75,000 will pay an effective rate of 34.4% in tax.

A single individual earning a salary of €150,000 will pay an effective rate of 43.2% in tax.

**Taxation of foreign workers in Ireland**

A foreign executive coming to work in Ireland will be tax resident in Ireland if he/she spends 183 days in Ireland in a tax year or 280 days over two tax years (ignoring a tax year where he spends less than 30 days in the State). The Irish tax year is aligned with the calendar year.

A foreign executive is subject to tax on Irish-sourced income in full, but the taxation of foreign income is restricted to remittances. Usually, Irish tax is payable on employments exercised in Ireland even where the employment is under a foreign contract of employment. However, relief is available on income from foreign contracts of employment under the Special Assignee Relief Programme (SARP) (see below). This relief applies to individuals assigned to work in Ireland between 2012 and 2020.

**Special Assignee Relief Programme**

SARP applies to an employee who:

1. takes up residence in Ireland in a tax year having not been tax resident in Ireland for five years preceding the date of arrival;
2. carries out employment duties for his foreign employer, who must be tax resident in a double tax-treaty state, or an associated company including an Irish-resident company;
3. was employed by his employer for 6 months before arriving in the State;
4. performs substantially all of his duties in Ireland for 12 consecutive months.

Relief operates by providing an exemption from income tax on 30% of salary over €75,000 for the first five years of an individual’s residency in Ireland. It should be noted that the income which is exempt from income tax is not exempt from the USC or PRSI.

A similar scheme with slightly more restrictive rules applied up to the end of 2014.
Foreign earnings deduction

Employees who carry out part of the duties of their employment in the following countries may claim the Foreign Earnings Deduction.

- Algeria
- Bahrain
- Brazil
- Chile
- China
- Columbia
- Democratic Republic of the Congo
- Egypt
- Ghana
- India
- Indonesia
- Japan
- Kenya
- Kuwait
- Malaysia
- Mexico
- Nigeria
- Oman
- Qatar
- Pakistan
- Russia
- Saudi Arabia
- Senegal
- Singapore
- South Africa
- South Korea
- Tanzania
- Thailand
- UAE
- Vietnam

The relief provides for a deduction from the employment income equivalent to the proportion of qualifying workdays in the year. The reduction is capped at €35,000 in any year. The basic condition is that, within a period of 12 months (that can span over two tax years) the employee has worked in one or more of the relevant states for a minimum period of 30 “qualifying days” classed as a day that is one of at least 3 consecutive days (including travel time, in certain situations) devoted substantially to carrying out the duties of the relevant employment where, throughout the whole of each such day, the individual is present in a “relevant state”. The relief applies up to 2020.

Transborder workers

Income tax relief is available to Irish resident individuals working outside Ireland and meeting the necessary conditions. The relief operates by excluding from Irish tax, income arising from a qualifying employment. Income from the qualifying employment must be fully taxed in that other country and the foreign tax paid.

In order to qualify for the relief, the individual must hold an employment (on which tax is paid) outside Ireland for a continuous period of at least 13 weeks in a country with which Ireland has a double tax treaty. The individual must also be present in Ireland for at least one day a week during the period of the qualifying employment.
Other taxes

**Capital gains tax**
CGT is chargeable on gains arising on the disposal of assets. Most forms of property, including an interest in property (for example, a lease), are assets for CGT purposes. The standard rate of CGT is 33%.

**Stamp duty**
Stamp duty is payable on the transfer of most forms of property where such a transfer is executed under a legal document. The transfer of commercial property is subject to stamp duty of 6%. Transfers of stocks and shares are subject to stamp duty of 1%.

Relief from stamp duty is available on transfers between associated companies (90% common shareholding) and on transfers of shares and assets under reconstructions and amalgamations where certain conditions are fulfilled.

An exemption exists for stamp duty on any instrument for the sale, transfer or disposition of intellectual property. The term intellectual property includes patents, trademarks, registered designs, design rights and inventions or domain names.

Written transfers of other types of property such as goodwill, book debts, cash on deposit and benefits of contracts attract stamp duty at the rate of 2%. Gifts are chargeable on their market value at the same rates as for other conveyances.

**Capital acquisitions tax**
Capital acquisitions tax (CAT) is a tax payable by the recipient of gifts and inheritances at a rate of 33% of the value of the benefit received. Tax-free thresholds are available to reduce the tax payable and these depend on the relationship between the donor and the recipient.

**Local Property Tax**
An annual self-assessed Local Property Tax (LPT) is charged on the market value of all residential properties in Ireland. LPT is payable by “liable persons” which broadly covers owners of Irish residential property, regardless of whether they live in Ireland or not.

**Value-added tax**
Value-added tax (VAT) is a tax on consumer spending. It is collected by VAT registered traders on their supplies of goods and services within the State to their customers. Generally, each trader in the chain of supply, from manufacturer to retailer, charges VAT on his or her sales. The trader is then entitled to deduct from this amount the VAT paid on his or her purchases. For the final consumer, VAT simply forms part of the purchase price. The Irish VAT system follows EU VAT directives.

The standard rate of VAT is 23% (this rate applies to most professional services) but lower rates of 13.5% (e.g. for the supply of electricity and heating), 9% (e.g. on meals in restaurants), 0% (e.g. goods exported), and the exempt rate (e.g. for financial services) also apply.
**Funding and incentives**

**IDA Ireland**
IDA Ireland is Ireland’s inward investment promotion agency. The agency works with foreign companies to secure new investment. It also collaborates with existing foreign investors in Ireland to help expand and develop their businesses.

A range of services and incentives, including funding and grants, are available to those considering FDI in Ireland. IDA Ireland continues to work with investors once they are in Ireland to encourage and assist them to expand and develop their businesses.

IDA Ireland services include:

- the provision of information and statistics on key business sectors and locations within Ireland;
- assistance in setting up a business in Ireland;
- an introduction to potential investors to local industry, government, service providers, and research institutions;
- advice on property solutions for international investors.

IDA Ireland works in collaboration with other State agencies such as Science Foundation Ireland (SFI), Sustainable Energy Ireland (SEI) and Enterprise Ireland (EI) to coordinate FDI developments.

A comprehensive range of RD&I programmes are also available:

- IDA Ireland has an RD&I programme of grant aid for RD&I projects, including grants for RD&I feasibility studies and training.
- IDA Ireland/EI competence centres finance industry-led collaborative research on commonly identified industry problems.
- EI’s Innovation Partnership Programme funds small-scale industry/academic research that provides fast pay back to companies.
- SFI centres for science, engineering and technology fund major university-based centres of collaborative research with industry.
- SFI also funds strategic research centres to conduct collaborative research in selected research themes deemed important for Ireland’s future economic growth.
Enterprise Ireland (EI) offers a comprehensive range of supports to high-potential, export-focused entrepreneurs and companies to make it as easy as possible to start a business in Ireland and to grow into global markets.

The supports include:

- funding business;
- advice, mentoring and introductions;
- practical help to enter overseas markets.

A key programme for funding investment in business is the €10m fund. The fund invests equity in ambitious, innovative start-ups, led by strong teams and focused on international markets. Launched in October 2011, this investment fund has been ring-fenced to attract entrepreneurs to relocate or establish their startups in Ireland.

A strong and growing network of local business angels, seed funds and venture capitalists is in place in Ireland. On a per-capita basis, the level of money available is high by international standards.

Ireland has a network of both State and privately owned start-up accelerator programmes. An independent study from Techcocktail.com has shown that Ireland has three of the top eight such programmes in Europe, despite accounting for less than 1% of the European population. Almost all of these provide some form of funding to participants in addition to mentoring, incubation space, workshops and more.

The potential to raise money from these sources is in addition to any funding secured from EI.
Get involved
4 Get involved

Chartered Accountants Ireland’s 3,500 members across the globe represent a unique network of experienced business people, each with their own contacts and resources. We have members in the Middle East, Brazil, China, Hong Kong to name a few, as well as more established locations such as USA, Canada, South Africa and Australia. As such, Irish Chartered Accountants are singularly well positioned to facilitate conversations between potential investors and institute members on the ground who share a common sector or industry.

The range of supports and resources within the remit of our FDI project are outlined below. For general inquiries and to start a conversation on investing in Ireland, please contact us below:

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Business Networks. On a more local level, institute members regularly meet in active networks in every part of Ireland and have an excellent insight into business supports and activity in their areas. Currently 30 such networks currently exist and more can be created abroad.

Virtual networks – LinkedIn. As with any diverse spread of professionals in our age of social media, the world is a smaller place and it’s easier than ever to stay connected. Chartered Accountants Ireland members communicate and debate using the prominent online platforms (LinkedIn, Facebook and Twitter). The institute utilises an online network in LinkedIn with 4,800 users. There is an extensive range of specialist discussion groups. As part of the Institute’s FDI project, we have created one sub-group with special emphasis on FDI and an online FDI LinkedIn network has been created. We will facilitate discussion and assistance on potential FDI projects and provide any support required.

Staying in contact. As you would expect from an institute representing members across the globe, Chartered Accountants Ireland is in regular communication with its 3,500 overseas members, using a range of communication platforms, and this can play a key role in driving inward investment projects to Ireland and answering queries or issues effectively. Members receive a weekly eNewsletter, Chartered Accountants News which issues to 26,000 members and students every Friday, and contains the main news for the institute community, news stories from the press and radio, professional technical updates, event details and regional messages. We will shortly include an update message from our overseas members in eNews. A suite of other newsletters are focused on tax, corporate governance, professional training and IT, to name a few.

Members or anyone interested in finding out more about investing in Ireland should email fdi@charteredaccountants.ie, and we will aim to find the best way to access our network of members.

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ConnectIreland

ConnectIreland offers everybody in Ireland and in the wider Irish diaspora an opportunity to contribute to Ireland’s economic growth.

ConnectIreland was appointed by IDA Ireland to deliver a new Government jobs initiative, Succeed in Ireland. This new initiative seeks to extend the marketing reach of IDA Ireland, in a new and novel way, to the small and medium enterprises sector. It aims to encourage and mobilise the broad Irish community, living at home or abroad, to use its connections to introduce companies to Ireland that are considering international expansion.

If a company introduced to ConnectIreland goes on to establish a qualifying business in Ireland, ConnectIreland will reward the introducer (or 'connector') with a finder’s fee of at least €1,500 per job created, subject to certain terms and conditions (which can be found on www.connectireland.com). This programme aims to attract small to medium companies, which would not typically be the focus of economic development agencies or their advisors, to establish operations in Ireland serving international markets. In this way, ConnectIreland complements the work of IDA Ireland with which it works closely.
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