

BEPS Actions implementation by country

Ireland

On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines. The G20/OECD output broadly falls into the following categories:

| OECD categorisation | Definition |
|-------------------------------|---|
| Minimum standard | All G20/OECD members are committed to consistent implementation |
| Revision of existing standard | |
| Common approach | Common approaches to facilitate convergence of national practices |
| Best practice | Guidance drawing on best practices |

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected local country implementation and timing in Ireland.



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| Action | OECD categorisation | Notes on local country implementation | Expected timing |
|--|---------------------|---|----------------------------------|
| VAT on business to customers digital services (Action 1) | Common approach | The EU VAT directive applies and is already implemented into domestic law. | 1 January 2015 |
| Hybrids (Action 2) | Common approach | Ireland currently does not have anti-hybrid rules. However, anti-hybrid rules are included in the EU Anti-Tax Avoidance Directive (ATAD). As an EU member state, Ireland is required to adopt laws and regulations necessary to comply with the ATAD anti-hybrid rules by 31 December 2019 at the latest. | 1 January 2020 |
| CFCs (Action 3) | Best practice | Ireland currently does not have CFC rules. However, CFC rules are included in the EU ATAD. As an EU member state, Ireland is required to adopt laws and regulations necessary to comply with the rules by 31 December 2018 at the latest. | 1 January 2019 |
| Interest deductions (Action 4) | Common approach | <p>The EU ATAD contains interest restriction rules that must be implemented by EU member states. However, a transition period applies for member states that have national, targeted rules for preventing BEPS that are equally effective as Action 4. Ireland already has significantly complex interest rules, depending on the activity concerned (e.g. investment or trading activities).</p> <p>The Department of Finance has stated: "The provisions on interest deductions are deferred until 2024 for countries like Ireland, that already have strong targeted rules. There are also strong grandfathering provisions to provide certainty to investors." This position will have to be confirmed with the EU.</p> | 1 January 2020 or 1 January 2024 |

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| Harmful tax practices (Action 5) | Minimum standard | Patent box legislation was included in Finance Act 2015. | 1 January 2016 |
| Prevent treaty abuse (Action 6) | Minimum standard | Ireland is likely to include a principle purpose test (PPT) in tax treaties as a preferred option. This is expected to be included through the multilateral instrument (MLI) and in any future bilateral agreements entered into by Ireland. | Subject to implementation of the MLI and any future bilateral agreements |
| Permanent establishment (PE) status (Action 7) | Revision of existing standard | This may be implemented through the MLI. | Subject to implementation of the MLI |
| Transfer pricing (Actions 8-10) | Revision of existing standard | Historically, Ireland has followed OECD guidance with regard to transfer pricing. As such, it is expected that Ireland will adopt the revised OECD transfer pricing guidance. | Not yet known |
| Disclosure of aggressive tax planning (Action 12) | Best practice | Ireland already has a mandatory disclosure regime together with strong general anti-avoidance regulations. | Ongoing |
| Transfer pricing documentation (Action 13) | Common approach | Ireland has not introduced a requirement for an Action 13 master file and local file to be prepared, although this may be implemented in the future. However, Ireland does have transfer pricing documentation requirements. | Not yet known |
| CbC reporting (Action 13) | Minimum standard | CbC reporting legislation was included in the Finance Act 2015. Ireland is one of the countries that signed a multilateral competent authority agreement for the automatic exchange of CbC reports. | CbC reporting applies for accounting periods commencing on or after 1 January 2016 |
| Dispute resolution (Action 14) | Minimum standard Complemented by best practice | This is expected to be implemented through the multilateral instrument. | Subject to implementation of the multilateral instrument |

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| Multilateral Instrument (Action 15) | Applicable across all four categories | Ireland will adopt the MLI. The government's position on all articles within the MLI has not yet been made public. | Timing of the adoption of the MLI is to be determined. However, the MLI likely would be implemented by January 2018 at the earliest |
|-------------------------------------|---------------------------------------|---|---|

Unilateral BEPS Actions

Ireland had rules on the residence of incorporated companies that led to the use of the "double Irish" structure. The structure is not available as from 1 January 2015, although a grandfathering period of six years (up to 31 December 2020) is available for multinationals that had a double Irish structure in place on or before 31 December 2014.

The government is not expected to adopt any further unilateral measures.

Other Tax Developments

None



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