



Irish Revenue announce formal APA program

Global Transfer Pricing Alert 2016-012

At the 2016 Global Tax Policy Conference held in Dublin in March 2016, a representative of the Irish Revenue Commissioners indicated that a formal bilateral advance pricing agreement (APA) program would be introduced in Ireland in the near future.

When Ireland's formal transfer pricing regime was introduced into Irish law in 2010, no formal bilateral APA program was in place. However, due to Ireland's network of double taxation treaties, the competent authority of Irish Revenue enters into bilateral APA discussions with other competent authorities on a case-by-case basis when an APA application has been accepted by the other competent authority. Cases are considered when they are deemed complex or likely to result in a mutual agreement procedure (MAP) request under Ireland's treaty network.

Guidelines in relation to Ireland's new bilateral APA program are expected later in 2016, and the program is likely to include APAs that will last three to five years, with a rollback facility. In addition, there will be an annual monitoring requirement in place. No APA filing fees will apply.

Commentary

In light of expected uncertainty on how tax authorities will deal with complex transfer pricing arrangements arising from the OECD base erosion and profit shifting (BEPS) project, taxpayers are increasingly seeking certainty on how such arrangements will be dealt with. The APA process offers taxpayers the opportunity to enter into transfer pricing arrangements with tax authorities, and the imminent introduction of a formal bilateral APA program by the Irish Revenue is a welcome development.

In October 2015, Irish Revenue issued a publication entitled [“The Role of The Competent Authority,”](#) which provides an overview of the function of the Irish competent authority and its role in MAP and APA programs in light of the BEPS project. In relation to APA cases, as of the date of publication in October 2015, there were six new requests for bilateral APAs and eight APAs in force. In the current challenging tax environment, the number of cases may be expected to increase in the years ahead, as taxpayers seek certainty regarding their transfer pricing arrangements with related parties.

Ireland does not have a unilateral APA program in place, and taxpayers seeking clarification on transfer pricing matters would have to follow the bilateral process within Irish Revenue.

Contacts

Gerard Feeney (Dublin)
Director
Deloitte Ireland
gfeeney@deloitte.ie

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