Your move in the right direction
Investing in Ireland
Over 1,000 multinational corporations have chosen Ireland as their strategic European base, attracted by our pro-business environment, low corporate tax rate, track record of success and a young, highly skilled workforce.

In recent times, Ireland has continued to attract significant high end Foreign Direct Investment (FDI) with total employment in Ireland at international companies at a record high in January 2017, just short of 200,000. FDI in Ireland comprises of both continued and first time investment, and many of the world’s leading companies regularly demonstrate their commitment to remaining established in Ireland by continuing to invest.

Ireland’s low corporate tax regime has been a vital part of Ireland’s industrial policy and despite the changing global tax landscape, the Irish Government remains committed to the 12.5% corporate tax rate.

The U.K.’s decision to leave the European Union along with a changing Global political landscape are likely to result in some economic impact in the near future. Despite this, Ireland remains well placed to ensure that the future of FDI in Ireland remains bright.

As the largest professional services firm in the world, our global reach and vast industry experience leave Deloitte Ireland ideally placed to assist you, whether you are considering a first time investment or continuing to invest.

We look forward to working with you.

Brendan Jennings
Managing Partner Deloitte Ireland
Ireland: Top of the class

1st for most competitive country in the Eurozone (Source: IMD World Competitiveness Yearbook, 2016)

1st for youngest population in Europe, with one third under 25 years old (Source: Eurostat, 2016)


Ireland also achieved first in a number of sub-factor rankings as part of the IMD World Competitiveness Yearbook, 2016 as follows:

1st for flexibility & adaptability of people are high when faced with new challenges

1st for the national culture is open to foreign ideas

1st for finance skills are readily available

1st for foreign investors are free to acquire control in domestic companies

1st for investment incentives are attractive to foreign investors
Why Deloitte?

Our teamwork approach
We draw from our global network of member firms located in 150 countries to offer you world-class capabilities and the insight you need for your most complex business challenges. We also ensure that your experience with us is seamless and consistent whether you talk to us in Dublin or Dubai.

Our experience and expertise
Our record speaks for itself. We serve 91% of the 53 FG500 TMT companies, 89% of the 119 FG500 Financial Services companies and 83% of the 23 FG500 Life Science and Health Care companies.

International Tax Review ranks Deloitte Ireland as TIER 1 Advisors.
Deloitte Ireland were recognised as Ireland Transfer Pricing Firm of the Year 2016 and European Transfer Pricing Firm of the Year 2016 by the International Tax Review.

Our breadth of services

<table>
<thead>
<tr>
<th>Audit</th>
<th>Enterprise Risk Services</th>
<th>Taxation Services</th>
<th>Corporate Finance Services</th>
<th>Management Consultancy Services</th>
<th>Corporate and Legal Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>External audit, accounting and financial reporting, compliance and regulatory audits, treasury and financial services, as well as accounting and assurance advisory services.</td>
<td>Risk management, corporate governance, internal audit, control assurance services including IT security related services.</td>
<td>Offers the full range of tax services, both direct and indirect taxes including specialisms in areas such as R&amp;D, M&amp;A and transfer pricing.</td>
<td>M&amp;A advisory, project finance and economic consulting, financial modelling, due diligence and post merger integration services.</td>
<td>Financial management technology consulting, human capital management, supply chain management, and enterprise resource planning.</td>
<td>Company law, advisory services, company secretarial as well as certain other legal services.</td>
</tr>
</tbody>
</table>
Companies based in Ireland

- 9 of the top 10 global software companies
- 10 of the top 10 global ICT companies
- 13 of the top 15 medical technology companies
- 14 of the top 15 global aviation lessors based in Ireland
- Second largest software exporter in the world
- 9 of the top 10 global pharmaceutical companies
- 15 of the top 25 financial services companies

5 of the top 10 companies on Forbes’ list of The World’s Most Innovative Companies have Irish operations.
## Recent investment

<table>
<thead>
<tr>
<th>New investment company</th>
<th>Irish operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Technologies Inc</td>
<td>European HQ</td>
</tr>
<tr>
<td>Allergen</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Looker</td>
<td>European HQ</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Global Inside Sales Centre</td>
</tr>
<tr>
<td>Indeed</td>
<td>EMEA HQ</td>
</tr>
<tr>
<td>BrowserStack</td>
<td>International HQ</td>
</tr>
<tr>
<td>NGINX Inc.</td>
<td>EMEA HQ</td>
</tr>
<tr>
<td>Red Hat</td>
<td>R&amp;D Centre</td>
</tr>
<tr>
<td>Aralez Pharmaceuticals</td>
<td>International office</td>
</tr>
<tr>
<td>Tobam</td>
<td>International office</td>
</tr>
<tr>
<td>EVO Payments</td>
<td>Irish HQ</td>
</tr>
<tr>
<td>Almac Group</td>
<td>International office</td>
</tr>
<tr>
<td>Aerie Pharmaceuticals</td>
<td>Manufacturing plant</td>
</tr>
<tr>
<td>Tech Mahindra</td>
<td>Centre of excellence</td>
</tr>
<tr>
<td>BD</td>
<td>R&amp;D facility</td>
</tr>
<tr>
<td>Acacia Communications</td>
<td>EMEA-APAC HQ</td>
</tr>
<tr>
<td>MetLife</td>
<td>Global Technology Campus</td>
</tr>
<tr>
<td>DocuSign</td>
<td>Cybersecurity Centre of Excellence</td>
</tr>
<tr>
<td>Cylance</td>
<td>International office</td>
</tr>
<tr>
<td>Takeda</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>MacStadium</td>
<td>International HQ and European Data Centre</td>
</tr>
<tr>
<td>Emergenetics</td>
<td>European HQ</td>
</tr>
<tr>
<td>Telnyx</td>
<td>International office</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New investment company</th>
<th>Irish operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compar AG</td>
<td>Engineering Development and Sales Centre</td>
</tr>
<tr>
<td>Paragon 28</td>
<td>International office</td>
</tr>
<tr>
<td>TPGS</td>
<td>International office</td>
</tr>
<tr>
<td>NetNeutrals EU</td>
<td>European HQ</td>
</tr>
<tr>
<td>Wrike</td>
<td>International office</td>
</tr>
<tr>
<td>ACI</td>
<td>European data centre</td>
</tr>
<tr>
<td>Trusource</td>
<td>International operations centre</td>
</tr>
<tr>
<td>Casa Systems Inc.</td>
<td>International operations</td>
</tr>
<tr>
<td>SMT</td>
<td>European HQ and R&amp;D and Innovation Centre</td>
</tr>
<tr>
<td>YapStone</td>
<td>International HQ</td>
</tr>
<tr>
<td>WP Engine</td>
<td>Innovation and Technical support centre</td>
</tr>
<tr>
<td>Fazzi Healthcare Services</td>
<td>Healthcare services and coding centre</td>
</tr>
<tr>
<td>GE</td>
<td>Biopharmaceutical manufacturing facility</td>
</tr>
<tr>
<td>MathWorks</td>
<td>Shared sale and services centre</td>
</tr>
<tr>
<td>Ortec Inc.</td>
<td>European HQ</td>
</tr>
<tr>
<td>Deutsche Bank</td>
<td>Data lab</td>
</tr>
<tr>
<td>Kaspersky Lab</td>
<td>European R&amp;D centre</td>
</tr>
<tr>
<td>Fitbit</td>
<td>EMEA HQ</td>
</tr>
<tr>
<td>Brown Bag Films</td>
<td>Flagship Studio</td>
</tr>
<tr>
<td>Eventbrite</td>
<td>Customer support centre</td>
</tr>
</tbody>
</table>

Source IDA
World class across a variety of industry sectors

**Life sciences - medical technologies, biotechnology and pharmaceuticals**
Ireland is counted among the global leaders in the life sciences industry and over four decades of ongoing investment has made Ireland the location of choice for many global life sciences companies. Ireland’s longstanding track record of attracting inward investment in the life sciences industry includes many of the major global players in the medical technologies and pharmaceutical sectors. Ireland is one of Europe’s largest medical technology hub spots with 13 of the world’s top 15 medical technologies companies having manufacturing operations in Ireland.

The activities carried out by these companies in Ireland ranges from research and development and high value manufacturing, to IP management and supply chain management. This range of operations bears witness to the educated, flexible and highly-skilled workforce available in Ireland. This is testament to the fact that, once established in Ireland, many companies expand their operations beyond their initial presence.

The constant commitment of Irish Governments in supporting and enhancing incentives for research and development, through tax benefits such as the recently enhanced R&D tax credit and grant aid, has resulted in a significant portion of the life science companies operating in Ireland also carrying out research and development here.

**Technology, media, telecommunications (TMT) and entertainment**
The availability of young, skilled technology and engineering employees has been a key factor in Ireland continuing to attract giants in the technology industry to Ireland.

The technology sector in Ireland incorporates the full range of high-tech activities including research and development, high value manufacturing, shared services, software development and supply chain management.

With the world’s top 10 ICT companies located here, along with a rich start-up scene, Ireland has rapidly established itself as a key technology hub in Europe.

The Irish Government’s steadfast commitment to positioning Ireland as a ‘knowledge economy’ through its continued promotion of research and development activities, and high value manufacturing, has paid dividends and has been fundamental in building Ireland’s reputation as the obvious location for technology companies.

The production of the National ICT Skills Strategy and Plan in 2014 and the creation of the Irish Centre for Cloud Computing and Commerce (IC4) are examples of how the Irish Government partners with the industry. Government backed incentives such as these have not only resulted in a rise in the talent pool from our third-level institutions in the areas of computing, software and electronic engineering but also ensures that Ireland continues to be seen as a key technology hub internationally.

**Why Ireland for life sciences?**
- World-class research institutes that are integrated with the industry
- Availability of labour with specific science and engineering skills
- Regulatory track record
- Close collaboration between companies in the Industry
- Grant aid and tax incentives for research and development activities
- Wide range of experienced support service providers
- Transparent tax regime and commitment to 12.5% corporation tax rate
- Special Assignment Relief Programme to attract key talent to Ireland

**Why Deloitte for life sciences?**
- Deloitte member firms serve 83% of the 23 FG500 Science & Health Care companies

**Over 40 years experience in life sciences has resulted in a dynamic, well serviced sector and a globally recognised centre of excellence**
Ireland is the second largest exporter of software in the world.

**Why Ireland for TMT and entertainment?**
- Availability of young, skilled labour with expertise in the areas of technology and software development.
- Cultural affinity with the US—understanding of multinational corporations (MNC) requirements and ethos.
- Promotion of research and development (R&D) activities through tax incentives and grant aid.
- Ease of doing business.
- Track record of success.
- English-speaking labour force with multilingual capabilities.
- Transparent tax regime and commitment to 12.5% corporation tax rate.
- Special Assignment Relief Programme to attract key talent to Ireland.

**Why Ireland for financial services?**
- Young, skilled and talented workforce with expertise across all areas of international financial services.
- Pro-business and pragmatic approach of the Irish Financial Regulator.
- Range of professional services and support services with specialist financial services expertise.
- Time zone—overlap with US and Asia.
- Ease of travel to New York and London.
- International profile of Irish Stock Exchange funds listings.
- Transparent tax regime and commitment to 12.5% corporation tax rate.
- Special Assignment Relief Programme to attract key talent to Ireland.

**Financial services—insurance, banking, investment management and leasing**

The Irish International Financial Services Centre (IFSC) is at the heart of Ireland’s success as a global centre of excellence for financial services. The IFSC now plays host to many of the world’s leading financial institutions along with a sophisticated support network including accountancy, legal, actuarial, taxation, regulatory, telecommunications and other service providers. In addition, many institutions have subsequently established and continue to establish operations outside the IFSC and across the country. Ireland is now home to more than 500 international financial institutions.

Through publication of the International Financial Services Strategy 2020 (IFS2020) framework, the Irish Government has set out its commitment to ensuring the further growth of this sector.

Within the banking sector, Ireland has attracted many of the world’s largest banks to establish operations in Ireland. The functions of their Irish operations range from corporate and wholesale banking; global business and transaction services; corporate and structured finance; treasury and cash management; securitisation and many more.

Ireland has also positioned itself as a centre of excellence in the international funds sector and has become the largest hedge fund administration centre in the world.

Attracted by the low corporation tax rate and the ease of doing business in Ireland, many of the world leaders in securitisation, insurance and leasing, in particular aircraft leasing, have established significant operations in Ireland.

Having a proven track record both in the Financial Services and Technology sectors, the availability of incentives to encourage research and development, together with having the youngest population in Europe ensure that Ireland is in a unique position to continue to excel in the area of financial services and become a leading player in the area of FinTech.

**Why Deloitte for financial services?**
- Deloitte member firms serve 89% of the 119 FG500 FSI companies.
High value-add operations based on knowledge and skills

At the cutting edge for high-value manufacturing

With constant developments in technology and communications and the dominance of low-cost competitors, the manufacturing industry continues to be challenged and evolve. Ireland has adapted to the changing landscape of multinational manufacturing and has become a global leader in high-value manufacturing. The availability of a highly-educated and adaptable labour force, in addition to world-class research institutes have pushed Irish manufacturing facilities up the value chain.

As a result, Ireland has become a strategic manufacturing site for many of the world’s top companies in the life sciences and technology sectors. In addition, the opportunity to collaborate with Irish universities and research facilities, coupled with generous government incentives for research and development, has resulted in many multinational companies expanding their manufacturing activities to incorporate research and development.

A location of choice for shared services

Ireland has always prided itself on being ahead of its global competitors in terms of facilitating shared services centres and is now well deserved of its reputation as a location of choice to implement a blended shared services model.

This includes senior management, technology development, HR and analytics expertise, in addition to the traditional financial skills. Typically these projects involve higher value added, multilingual, multijurisdictional activities across many business functions being managed in Ireland. Ireland’s ability to satisfy these criteria, combined with other factors such as a low corporation tax rate, has proved to be the winning formula for Ireland’s ongoing success in not only attracting new investment but also in encouraging reinvestment by incumbent investors in the shared services sector.

Why Deloitte for manufacturing?

- Deloitte member firms serve 84% of the 192 FG500 Consumer and Industrial products companies

Deloitte’s Global Shared Services Survey 2015 found that 71% of respondents stated they plan on growing the amount of functions in their shared services centres in the near future.

Ireland has always prided itself on being ahead of its global competitors in terms of facilitating shared services centres and is now well deserved of its reputation as a location of choice to implement a blended shared services model.
The winning formula for research and development
Ireland’s investment in the sciences and promotion of science and engineering related university programmes has produced generations of highly-skilled and highly-employable graduates. This, along with the 25% tax credit for qualifying research and development expenditure, and the potential for government grant assistance has proved to be a winning combination. This has been instrumental in pushing Ireland among the top research and development locations in the world. Companies benefiting from Ireland’s dynamic research and development environment represent all industries including pharmaceutical and technology companies, financial services and consumer business, with many now choosing Ireland as the location to house their global research and development centres.

Green Ireland – Clean Technology
Ireland has emerged as a major hub for investment in the rapidly developing Clean Technology sector. Ireland’s strategic location is a natural advantage for the generation of many renewable energy sources and is backed by a high level of relevant skills and experience, a thriving R&D environment, excellent infrastructure and supportive government policies.

We have continued to see a large growth in investment in this sector in recent years.

Taking the lead in intellectual property and supply chain management
Commitment to the 12.5% corporation tax rate together with the pro-business, pragmatic legal environment has made Ireland a global leader for IP management and supply chain management. Many household names in the technology and life sciences sector have centralised the management of their IP in Ireland. Further boosting Ireland’s offering as an IP management location, in 2009 a comprehensive onshore IP regime was introduced, allowing for capital allowances to be claimed on IP acquired by an Irish company for the purposes of its trade. Adding to this existing IP regime, the recent introduction of the first OECD approved patent box by the Irish Revenue in the form of the knowledge development box incentive aims to ensure that Ireland continues to take the lead and remain competitive in the area IP management. Many companies have successfully amalgamated their supply chain management, IP management and R&D functions in Ireland. This enables them to proactively manage their global effective tax rate while maximising cross-functional efficiencies.
Ireland’s cost competitiveness

During the recent economic downturn, there was realignment of labour and real estate costs in Ireland. Although an increase in such costs is understandable after a period of economic stagnation, Irish labour costs have remained relatively stable compared to a number of EU countries which have experienced significant increases in wages and salaries.

Ireland also continues to have one of the lowest rates of social security contributions, being 8th lowest in the OECD. Employers’ contributions are 10th lowest and employee contributions are the 5th lowest.

Given the importance of trade with the UK and US for Ireland, changes in the value of the euro impact significantly upon Irish competitiveness, with any depreciation of sterling and the dollar impacting the cost competitiveness of Irish exports, but equally making imports relatively cheaper.

With inflation below the EU average since 2008, as our economy continues to grow, Ireland is focused on ensuring that cost increases do not hamper our competitiveness as a location for inward investment and that Ireland continues to position itself favourably among the most competitive countries in the world in which to do business.

Ireland has one of the most educated workforces in the World. According to the OECD 52% of 25-34 year olds have a third level qualification; 10% higher than the OECD average.

Source: OECD - Education at a Glance 2015
**World cost of living 2016**

<table>
<thead>
<tr>
<th>Location</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>1</td>
</tr>
<tr>
<td>Luanda</td>
<td>2</td>
</tr>
<tr>
<td>Zurich</td>
<td>3</td>
</tr>
<tr>
<td>Singapore</td>
<td>4</td>
</tr>
<tr>
<td>Tokyo</td>
<td>5</td>
</tr>
<tr>
<td>Geneva</td>
<td>9</td>
</tr>
<tr>
<td>Bern</td>
<td>13</td>
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<tr>
<td>London</td>
<td>17</td>
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<tr>
<td>Paris</td>
<td>44</td>
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<tr>
<td>Dublin</td>
<td>47</td>
</tr>
<tr>
<td>Milan</td>
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</tr>
</tbody>
</table>

(Source: Mercer Cost of Living Survey, 2016)

**IMD World Competitiveness Yearbook 2016**

<table>
<thead>
<tr>
<th>Location</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>1</td>
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<td>Switzerland</td>
<td>2</td>
</tr>
<tr>
<td>United States</td>
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<tr>
<td>Singapore</td>
<td>4</td>
</tr>
<tr>
<td>Sweden</td>
<td>5</td>
</tr>
<tr>
<td>Denmark</td>
<td>6</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td>7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>8</td>
</tr>
<tr>
<td>Norway</td>
<td>9</td>
</tr>
<tr>
<td>Canada</td>
<td>10</td>
</tr>
</tbody>
</table>

(Source: IMD World Competitiveness Yearbook, 2016)

**Eurolabour Costs Per Hour 2015**

<table>
<thead>
<tr>
<th>Location</th>
<th>Per hour 2008</th>
<th>Per hour 2015</th>
<th>% Change 2008 / 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>37.80</td>
<td>51.20</td>
<td>35%</td>
</tr>
<tr>
<td>Austria</td>
<td>26.40</td>
<td>32.40</td>
<td>23%</td>
</tr>
<tr>
<td>Finland</td>
<td>27.10</td>
<td>33.00</td>
<td>22%</td>
</tr>
<tr>
<td>Denmark</td>
<td>34.60</td>
<td>41.30</td>
<td>19%</td>
</tr>
<tr>
<td>Belgium</td>
<td>32.90</td>
<td>39.10</td>
<td>19%</td>
</tr>
<tr>
<td>Sweden</td>
<td>31.60</td>
<td>37.40</td>
<td>18%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>31.00</td>
<td>36.20</td>
<td>17%</td>
</tr>
<tr>
<td>Germany</td>
<td>27.90</td>
<td>32.20</td>
<td>15%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>29.80</td>
<td>34.10</td>
<td>14%</td>
</tr>
<tr>
<td>France</td>
<td>31.20</td>
<td>35.10</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td><strong>28.90</strong></td>
<td><strong>30.00</strong></td>
<td><strong>4%</strong></td>
</tr>
</tbody>
</table>

(Source: Eurostat, 2016)

**World's tax wedge is one of the lowest in the OECD**

<table>
<thead>
<tr>
<th>Location</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>55.3</td>
</tr>
<tr>
<td>Austria</td>
<td>49.5</td>
</tr>
<tr>
<td>Germany</td>
<td>49.4</td>
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<tr>
<td>Hungary</td>
<td>49.0</td>
</tr>
<tr>
<td>Italy</td>
<td>49.0</td>
</tr>
<tr>
<td>France</td>
<td>48.5</td>
</tr>
<tr>
<td>Finland</td>
<td>43.9</td>
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<tr>
<td>Czech Republic</td>
<td>42.8</td>
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<tr>
<td>Sweden</td>
<td>42.7</td>
</tr>
<tr>
<td>Portugal</td>
<td>42.1</td>
</tr>
<tr>
<td>EU21</td>
<td>41.8</td>
</tr>
<tr>
<td>Spain</td>
<td>39.6</td>
</tr>
<tr>
<td>Greece</td>
<td>39.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>38.3</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>38.3</td>
</tr>
<tr>
<td>Norway</td>
<td>36.6</td>
</tr>
<tr>
<td>Denmark</td>
<td>36.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>36.2</td>
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<tr>
<td>Oecd Average</td>
<td>35.9</td>
</tr>
<tr>
<td>Poland</td>
<td>34.7</td>
</tr>
<tr>
<td>Iceland</td>
<td>34.0</td>
</tr>
<tr>
<td>Japan</td>
<td>32.2</td>
</tr>
<tr>
<td>USA</td>
<td>31.7</td>
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<tr>
<td>Canada</td>
<td>31.6</td>
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<tr>
<td>UK</td>
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<tr>
<td>Australia</td>
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<tr>
<td>Ireland</td>
<td><strong>27.5</strong></td>
</tr>
<tr>
<td>Switzerland</td>
<td>22.2</td>
</tr>
<tr>
<td>Korea</td>
<td>21.9</td>
</tr>
<tr>
<td>Israel</td>
<td>21.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>19.7</td>
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<tr>
<td>New Zealand</td>
<td>17.6</td>
</tr>
<tr>
<td>Chile</td>
<td>7.0</td>
</tr>
</tbody>
</table>

(Source: OECD, 2016)

Tax wedge is income tax plus employee and employer social security contributions 2015 as percentage of the labour costs.
The investment climate

Political background
Ireland is a parliamentary democracy. A constitutional president with largely ceremonial duties is elected by universal suffrage.

Economic structure
Industry accounts for a higher level of output than is the case in most other developed economies, and most manufacturing is foreign-owned and profitable, resulting in large amounts of profits repatriated abroad. However, as manufacturing output growth has slowed and services output has accelerated in many sectors, the structure of the Irish economy is becoming more like that of other developed economies. Agriculture remains relatively more important in Ireland than in other Western European economies.

Foreign trade
The Irish economy relies heavily on foreign trade. The UK and the US are Ireland’s largest trading partners.

Exchange controls
There are no exchange controls and approval is not required for foreign investment or capital importation.

Principal forms of doing business
The selection of a corporate structure for an investment in Ireland will be strongly influenced by tax considerations such as the Irish tax rate applying to operations, the group’s home country tax considerations, and the group’s future plans for repatriating profits earned in Ireland back to the home country.

Private and public limited liability companies are the two main forms of corporate organisation in Ireland. Most foreign investors choose the former, as they are less costly to set up and easier to operate. In a private limited company, the right to transfer shares is restricted, the number of non-employee shareholders may not exceed 99, and no shares or debentures may be offered to the public. A public limited company must have at least seven members and a minimum nominal capital of €38,092.14.

Foreign investors may also choose to set up a local operation by establishing a branch in Ireland. Such branch representative offices may sometimes not be taxable in Ireland, as a result of their activities or tax treaty relief.

Ease of setting up a company
Setting up an Irish company is straightforward and can be completed within two weeks generally if a standard Constitution is used.
Key features of Ireland's attractive regime

- Low corporate tax rate at 12.5%
- An effective zero tax for foreign dividends
- A refundable 25% R&D tax credit for relevant expenditure and tax relief for R&D employees
- Special Assignment Relief Programme for executives relocating to Ireland
- Extensive double taxation treaty network and EU Directives
- An attractive holding company regime
- First OECD compliant patent box regime
- 73 bilateral tax treaties
- An effective zero tax for foreign dividends

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A snapshot of Ireland’s competitive tax regime

<table>
<thead>
<tr>
<th>Tax Category</th>
<th>Rate/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate tax rate</strong></td>
<td>12.5% Trading income (including active financing, leasing, licensing, central entrepreneur, manufacturing, procurement and R&amp;D). Dividends from trading company in EU/DTA. Dividends from trading companies in non-DTA (where listed) and countries with which Ireland has ratified the Convention on Mutual Assistance on Tax Matters.</td>
</tr>
<tr>
<td></td>
<td>25% Passive income (33% for certain capital gains).</td>
</tr>
<tr>
<td><strong>Capital gains tax</strong></td>
<td>0% Where capital gains tax participation exemption applies.</td>
</tr>
<tr>
<td><strong>Capital duty</strong></td>
<td>0% No capital duty on the issue of shares.</td>
</tr>
<tr>
<td><strong>Stamp duty</strong></td>
<td>1% Applies to transfers of Irish registered shares (exemptions for group transfers and certain assets such as IP).</td>
</tr>
<tr>
<td></td>
<td>2% Applies to transfers of commercial property.</td>
</tr>
<tr>
<td><strong>Treaty network</strong></td>
<td>73 signed Treaties with all major business jurisdictions (including Canada, China, Japan, India, Hong Kong, Singapore, South Korea and the United States).</td>
</tr>
<tr>
<td><strong>Withholding taxes</strong></td>
<td>Broad range of domestic exemptions from dividend, interest and royalty withholding taxes.</td>
</tr>
<tr>
<td><strong>Value added tax (VAT)</strong></td>
<td>EU VAT regime.</td>
</tr>
<tr>
<td><strong>Individual rates</strong></td>
<td>20%/40% income tax rate bands plus USC at bands between 0.5% - 8% and 4% PRSI, but incentive for executives to relocate to Ireland - reduction in taxable income by 30% on remuneration over €75,000 subject to conditions. In certain instances a company’s R&amp;D tax credit may be surrendered against key employees’ income tax (subject to the credit not reducing the employees’ effective tax rate below 23%).</td>
</tr>
</tbody>
</table>
Tax overview

Despite changes in the global tax framework, the Irish Government has repeatedly committed itself to the retention of the EU approved 12.5% corporate tax rate for active trading companies. This rate applies to all active trading profits and contrasts with some other jurisdictions which offer full or partial tax holidays to select companies only. This 12.5% is the headline rate and so for some companies which can benefit from other reliefs/tax incentives, such as the R&D tax credit and IP regime, the effective tax rate can be lower than 12.5%.

Over recent years improvements to the Irish regime have continued to be implemented. The introduction of the first OECD compliant patent box regime, enhancements to the generous R&D tax credit regime, together with existing reliefs/tax incentives have enhanced Ireland’s attractiveness as an inward investment location when combined with the 12.5% tax rate.

In addition, Ireland has full transfer pricing legislation in place. The regime relies on OECD principles and applies only to trading transactions. The regime is seen as relatively benign, in applying only to trading transactions, and which allows companies to rely on contemporaneous documentation of other global group companies. Ireland has however introduced Country-by-Country Reporting (CbCR) legislation and regulations effective for accounting periods commencing on or after 1 January 2016. Under the new provisions, an Irish-resident ultimate parent entity of a multinational group (broadly, one with annual consolidated revenue in excess of €750 million in the immediate preceding accounting period) will be required to file a CbCR with Irish Revenue.

The Irish legislative provisions provide for a secondary filing mechanism, under which a multinational group can designate an Irish-resident constituent entity of the group to act as a “surrogate parent” entity and file a CbCR with Irish Revenue on behalf of the group. Further, if it is not possible for the ultimate parent entity or a surrogate parent entity to file a CbCR, there will be a requirement for a local country filing with Irish Revenue – known as “an equivalent CbCR”.

Ireland is also bound by the same rules on state aid and rulings of the Court of Justice as all EU Member States. In addition Ireland has committed to the OECD’s Base Erosion and Profit Shifting (BEPS) process and continues to engage with the European Union tax proposals. The various actions of BEPs and EU Anti-Tax Avoidance Directive are likely to result in certain changes being implemented into Irish taxation legislation in the coming years.

While the standard rate of corporation tax is 12.5%, passive income such as certain interest, rent and royalty income, is taxable at a higher rate of 25%. Income from certain trading activities (e.g. dealing in and developing land, the exploitation of oil, gas and mineral resources, and dealing in licences) is also taxable at the 25% rate.

In addition to corporation tax, companies in Ireland may be subject to capital gains tax, stamp duty, value added tax (VAT) and customs duties.

**Taxable income and rates**

A company which is tax resident in Ireland is subject to Irish corporate tax on its worldwide income and gains.
However, due to our holding company regime, in practical terms there is a de facto foreign dividend exemption in the majority of cases due to availability of pooled foreign tax credits and capital gains tax participation exemption which offers zero tax on disposals of qualifying shareholdings.

A company is resident in Ireland for tax purposes where:

- the company is incorporated in Ireland and is not treated as tax resident in another country by virtue of a double tax treaty to which Ireland is a party, or
- the company is centrally managed and controlled in Ireland.

A company incorporated or resident abroad may be liable for Irish corporate tax if it carries on a trade in Ireland through a branch or agency.

In cases where the company is resident in a country with which Ireland has a tax treaty, liability to corporation tax will depend on whether the company trades in Ireland through a permanent establishment (PE). Where a non-resident carries on a trade through an Irish branch (or a PE), it will be chargeable to corporation tax on profits attributable to the branch.

As Ireland has a wide tax treaty network any foreign taxes paid on profits and income streams taxable in Ireland are allowed as a deduction or credit. Credit is given either unilaterally or under the provisions of a relevant tax treaty. Where no such agreement exists or unilateral credit relief is not available, deductions are granted in calculating taxable profits.

**Deductions**

Income is generally calculated for corporate tax purposes by adjusting the net profit shown in the audited financial statements. Regular business expenditure type items are tax deductible subject to certain exemptions. Expenditure of a capital nature is not normally deductible, however, tax depreciation applies to a range of capital items including qualifying IP.

**Depreciation**

Depreciation charged in the financial statements of a corporation is non-deductible for tax purposes. Instead, a system of capital allowances or tax depreciation is used. Expenditure on qualifying plant and machinery incurred is usually subject to an annual 12.5% straight-line allowance for a period of eight years. Capital allowances for qualifying industrial buildings also apply.

A beneficial tax relief also exists for capital expenditure incurred by companies on the provision or acquisition of intangible assets (e.g. brands, trade names and copyrights) for the purposes of a trade which effectively allows tax depreciation for qualifying forms of IP.

**Losses and tax consolidation**

Trading losses may be offset against trading income in the accounting period in which they are incurred and in the accounting period immediately preceding the period in
which they are incurred. These losses are offset on a euro-for-euro basis.

Unused losses may be carried forward indefinitely against trading profits of the same trade, or they may be offset against non-trading income and capital (chargeable) gains in the current year, but only on a value basis. For example, a company will need trading losses equal to twice the amount of passive income to eliminate its tax liability on that income.

There is no provision in Irish tax legislation for consolidation of group profits and losses.

However, losses may be surrendered to a qualifying group company by way of group relief, provided certain conditions are met including a 75% relationship exists between the company surrendering the losses and the company claiming the losses.

Capital gains tax
Companies resident in Ireland for tax purposes are liable to tax on their worldwide gains. Non-resident companies are liable to capital gains tax only in respect of gains arising on the disposal of land, minerals or mineral rights in the state, or of assets used for purposes of a trade conducted through a branch or agency in Ireland. A non-resident company is also liable to capital gains tax for the disposal of shares not quoted on a stock exchange that derive most of their value directly or indirectly from Irish land, mineral or mineral rights.

Profits arising from the disposal of assets by companies are taxed as chargeable gains, at an effective rate of 33%.

Where the gain is on the sale of development land or where a non-resident disposes of a non-trading asset, capital gains tax applies at the rate of 33%.

Trading losses may be offset against chargeable gains for the current or previous year, except where the gain is in respect of development land. Development land losses can shelter both development and non development land gains.

Capital assets may be transferred between Irish resident group companies without liability for capital gains tax based on various group and restructuring relief provisions.

Participation exemption for share disposals
Gains derived from the sale of shareholdings in other companies are not taxable if the other company is an EU resident or resident in a country that has concluded a tax treaty with Ireland.

However, the holding in the target company must satisfy several conditions:
- It must have been held for at least 12 of the preceding 24 months
- It must be at least 5% of the company’s ordinary share capital
- It must be a trading entity or part of a defined trading group

These provisions make it attractive to set up holding companies and corporate headquarters in Ireland, particularly given that Ireland currently has no controlled foreign companies (CFC) legislation.

Relief for start-up companies
A three year relief from corporation tax is available for new start-up companies that are incorporated on or after 14 October 2008 and set up and commence a qualifying trade between 1 January 2009 and 31 December 2018, subject to certain conditions. In order to encourage job creation the value of the relief is linked to the amount of employers’ PRSI paid by a company in an accounting period, subject to a maximum of €5,000 per employee.

The relief allows any unused relief arising in the first 3 years of trading due to insufficiency of profits to be carried forward for use in subsequent years, subject to certain conditions.
Foreign investment incentives

The Irish Government is committed to maintaining an environment conducive to foreign investment and remains steadfastly committed to the maintenance of the 12.5% corporate tax regime as the cornerstone of industrial policy. The low corporate tax rate, an enhanced IP rate, generous exemptions from dividend, royalty and interest withholding tax, a participation exemption, the absence of controlled foreign company legislation, and the existence of incentive packages that maximise EU financial assistance and efficient use of EU funds, make Ireland an extremely attractive jurisdiction in Europe.

Government incentives target foreign investors offering sustained high-skilled jobs and net exports with significant local content. The manufacturing of pharmaceuticals and medical devices, financial services, the provision of information communications technology (ICT) and professional services are the key sectors in terms of foreign direct investment. The government also favours joint ventures between foreign and local investors with complementary skills, and it is increasingly focusing on strengthening Ireland’s indigenous technology base.

Non-tax incentive packages, which are sponsored by the Industrial Development Agency (IDA), may include capital grants, interest subsidies and loan guarantees, and grants for rent reduction, employment, training, R&D and technology acquisition. These incentives are chiefly determined by the location and the quality of employment created. The IDA monitors grant recipients closely, withholding or seeking repayment of grants if job commitments are not met.

IDA Ireland has a property portfolio of business and technology parks in major cities and is proactive in attracting and supporting investors. The IDA favours advanced manufacturing projects in information and communications technology, pharmaceuticals and biopharmaceuticals, medical technology, engineering and consumer products, and high value internationally traded service sectors such as software, financial services, shared services and customer support.

Foreign investment in Ireland is substantial in nature.

Foreign direct investment in Ireland has increasing importance in the current economic climate. In particular, large companies, as defined by Irish Revenue, account for around 80% of corporate tax revenue paid in Ireland.

IDA supported companies alone sustain over 200,000 jobs in Ireland.

US companies, in particular, account for a large proportion of foreign direct investment into Ireland. US firms have invested almost $290 billion in Ireland over the last decade. In 2015, US investment accounted for 74% of all foreign direct investment into Ireland. This is further evidence of the substantial nature of US investment in Ireland.

Incentives to create and acquire intellectual property (IP)

In today’s economic climate, the re-evaluation of a company’s global business model is paramount in order to remain competitive and maximise overall efficiency. The majority of companies centralise some or all of their key, high-value-added activities into a smaller number of global or regional headquarters. A centralised model can maximise the efficiency and profitability of the operation.

Over recent years we have seen an increasing number of multinationals use low taxed Irish central entrepreneur or principal companies to manage their group’s international business. Under these structures the Irish principal company is the entrepreneur which contracts with customers and bears all commercial risks. The entrepreneur also contracts with foreign subsidiaries (and third parties) for...
Ireland is the first country to introduce a patent box regime which is in full compliance with the OECD’s modified nexus approach.

**Generous research and development tax credits**

In addition to availing of the low rate of corporation tax of 12.5%, many opportunities exist for companies to optimise their R&D tax relief in Ireland. If a company has overcome technological challenges to develop new products, processes, materials or certain services for its own use or its customers’ use, then it may qualify for generous Irish R&D tax incentives.

Whereas in prior years the R&D tax credit was calculated as a percentage of incremental expenditure above “base year” expenditure i.e. the level of spend in 2003, for accounting periods beginning on or after 1 January 2015, this base year concept is no longer relevant.

For accounting periods commencing on or after 1 January 2015, the relief is calculated by allowing a tax credit of 25% of the qualifying incremental expenditure against

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Production, R&D, sales support etc via an arrangement that works on the basis of costs and commissions. In many cases the Irish principal company also owns the IP rights.

**Tax relief for capital expenditure on intangible assets**

Tax relief is available for capital expenditure incurred by companies on the provision or acquisition of intangible assets for the purposes of a trade.

- It matches tax deductions with the amortisation or depreciation charge in the accounts. Alternatively, a company may elect to claim tax deductions over a period of 15 years (this is particularly useful where brands are acquired as typically there would not be any accounting depreciation on brands).

- The deduction is made by way of capital allowance (tax depreciation). The capital allowances can only be offset against income from “relevant activities”, including the managing, developing and exploiting of specified intangible assets or the sale of goods deriving their value from the specified intangible asset acquired.

- Prior to 1 January 2015, the aggregate amount of any allowances and related interest expense in an accounting period could not exceed 80% of the trading income from the relevant trade. For accounting periods beginning on or after 1 January 2015, the above restriction was removed and all relevant income can be sheltered to further reduce the Irish effective tax rate. However, a loss can never be created or set against non-intellectual property income.

- For US multinationals, there may also be a book benefit on acquisition of intragroup intangible assets.
the corporation tax liability of the company. For example, qualifying expenditure of €100,000 in 2016, would give a corporation tax credit of €25,000.

The credit can be offset against a company’s corporation tax liability in the year in which it is incurred. The credit is available together with a deduction for the expenditure, resulting in a cumulative benefit of up to 37.5%, essentially a 300% trading deduction.

A credit of 25% is also available for the relevant expenditure incurred on a building/structure used for R&D activities.

Relevant expenditure is broadly defined as expenditure on the portion of the building used for qualifying R&D activities, provided at least 35% of the building is used for these activities over a four-year period. The credit available on the qualifying portion of the expenditure is deductible in full in the year the expenditure is incurred. The credit is available together with capital allowances/tax depreciation.

The credit is available for R&D carried out anywhere in the EEA, provided no relief has been claimed in another country. The R&D must be carried out in-house. However, where part of the R&D activities are outsourced, a credit will be allowed for an amount of the greater of (a) 5% of the total expenditure qualifying for the credit where the money was paid to a university or institute of higher education, and 15% of total expenditure where the money was paid to a third-party subcontractor or (b) €100,000.

The credit may be carried back to the previous year where there is insufficient current year corporate tax. If the credit is still not utilised after the carryback, the company may claim a cash payment from the tax authorities for the excess over a three-year period, subject to certain limits. A further benefit for companies who are in receipt of an R&D credit allows them in certain instances to reward key employees. In effect, the company may surrender a part of their R&D credit against employees’ income tax (subject to the credit not reducing the employees’ effective tax rate below 2.9%). The relief can only be awarded to key R&D employees e.g. typically those where 50% or more of their employment duties relate to relevant R&D.

The R&D tax credit regime, along with other incentives, in particular the IP tax relief for the acquisition of intangible assets, assists in making Ireland a very attractive location for companies to carry out R&D. This also helps Ireland retain existing activities in an increasingly competitive international environment.

Knowledge Development Box
Finance Act 2015 saw the introduction of the Knowledge Development Box (KDB) which is linked to the R&D tax credit and relief for intellectual property acquisitions referred to earlier.

Ireland is the first country to introduce a KDB which is in full compliance with the OECD’s modified nexus approach. This essentially means linking the relief to IP and R&D activities. The aim of the relief is to effectively tax qualifying income at a rate of 6.25%. It achieves this by deducting 50% of the qualifying income from taxable profits, therefore effectively halving the 12.5% rate.

In order to qualify for relief under the KDB the company must earn income from its IP assets, such as through their exploitation or management/licensing. In order to have income from IP assets it must incur qualifying expenditure on their development.

Ireland has an extensive double tax treaty network with 73 signed to date.

In essence therefore a company will incur qualifying expenditure (which in the legislation is identical to the definition of qualifying expenditure for R&D purposes) in creating an IP asset from which it will then earn qualifying income upon which it will then claim KDB relief.

The operation of the KDB will practice be more beneficial to Irish companies who carry on development activities in house rather than outsourcing elements to group companies. However, when integrated with existing reliefs available, the KDB is very attractive to companies that carry on a significant element of their R&D activities in Ireland.

Stamp duty exemption on acquisition of IP
A broad stamp duty exemption applies to the acquisition of intellectual property which ensures that stamp duty is not a barrier to centralising intellectual property in Ireland.

These rules enhance Ireland’s competitiveness as a location for centralisation, management and development of intellectual property.
Government grant aid and support

A range of services and incentives, including funding and grants, are available to those considering foreign direct investment in Ireland. These are offered by IDA Ireland, Ireland’s inward investment promotion agency, to both new and existing clients.

While investment from overseas manufacturing and internationally traded services are the broad focus of IDA Ireland, the agency continues to work with investors once in Ireland to encourage and assist in expanding and developing their businesses. This long term view of relationships with foreign direct investors in Ireland has proven very successful for all involved and is something IDA Ireland excels at.

IDA Ireland can offer the following assistance:

- Provide information and statistics on key business sectors and locations within Ireland
- Assist in setting up a business in Ireland
- Introduce potential investors to local industry, government, service providers and research institutions in Ireland
- Offer advice on property solutions for international investors

Potential levels of direct funding

Cash grant aid may also be available and the level of grant support awarded is determined by a scoring model that includes a strategic, commercial and technical assessment.

01. RD&I feasibility and training support up to €250,000 may be available and is designed to stimulate and develop RD&I initiatives up to a maximum of 50% of the total eligible project cost.

02. Companies successful in identifying a specific programme or project may apply for RD&I support:
   - Industrial research - funding available up to a maximum level of 40%
   - Experimental development - funding available up to a maximum level of 25%, typically grant rates are lower
   - Training - maximum level of 25% for company specific training and 50% for general training (capped at €2m over the lifetime of the project)

RD&I grant approval process

- Up to €7.5m of grant aid – approval from IDA Board, for a single project
- Up to 15m of grant aid - approval from IDA Board, for a multiple projects
- €7.5m - €15m of grant aid - requires IDA and Cabinet approval for a single project
- Above €15m of grant aid– EC approval required
Ireland as a holding company location

Ireland’s taxation regime contains the following key features which have enhanced Ireland’s position as a key holding company location:

- Irish tax relief is available for interest on borrowings which are used to acquire share capital of qualifying companies or to lend to qualifying companies
- No thin capitalisation rules (although certain interest paid to a 75% non-resident parent company can be reclassified as a non-deductible distribution)
- No Irish capital duty or net wealth taxes
- Capital gains tax participation exemption, such that capital gains on the disposal of qualifying shareholdings are exempt from Irish tax
- No controlled foreign corporation (CFC) legislation
- Member of the European Union since 1973 and Ireland has a wide tax treaty network – 73 treaties signed to date with all major trading partners (including favorable treaties with China, Hong Kong, Japan, Singapore and South Korea) and a number of other treaties are under negotiation
- Wide range of domestic withholding tax exemptions for interest, dividends and royalties
- Transfer pricing applies for accounting periods commencing on or after 1 January 2011, however, this regime will only apply to trading transactions
- 12.5% tax rate applies to dividends paid out of trading profits of an EU/DTA resident company and to non-EU/DTA if part of listed group (extended with effect from 1 January 2012, to include territories the government of which has ratified the Convention on Mutual Assistance in Tax Matters) but pooled tax credits are available for underlying taxes and withholding taxes - such that a “de facto” foreign dividend exemption in many instances
- Ireland is not designated as a tax haven
- Company accounts may be prepared under US GAAP, regardless of place of incorporation

Ireland has committed to the OECD’s BEPS process and continues to engage with the European Union tax proposals. The various actions of BEPs and EU Anti-Tax Avoidance Directive are likely to result in certain changes being implemented into Irish taxation legislation in the coming years. However, despite this, Ireland continues to be a very attractive location for holding companies.

**Foreign income and tax treaties**

Ireland has an extensive network of double tax treaties generally based on the OECD Model Treaty. Where there is no treaty or where relief under a treaty is less favorable than unilateral relief, unilateral relief may be available, particularly on dividends and interest.

| Countries with which Ireland has signed tax treaties (January 2017) |
|-------------------------|-------------------|-------------------|
| Albania                 | Greece            | Panama            |
| Armenia                 | Hong Kong         | Poland            |
| Australia               | Hungary           | Portugal          |
| Austria                 | Iceland           | Qatar             |
| Bahrain                 | India             | Romania           |
| Belarus                 | Italy             | Russia            |
| Belgium                 | Israel            | Saudi Arabia      |
| Bosnia-Herzegovina      | Japan             | Serbia            |
| Botswana                | Republic of Korea | Singapore         |
| Bulgaria                | Kuwait            | Slovak Republic   |
| Canada                  | Latvia            | Slovenia          |
| Chile                   | Lithuania         | South Africa      |
| China                   | Luxembourg        | Spain             |
| Croatia                 | Macedonia         | Sweden            |
| Cyprus                  | Malaysia          | Switzerland       |
| Czech Rep.              | Malta             | Thailand          |
| Denmark                 | Mexico            | Turkey            |
| Egypt                   | Morocco           | United States     |
| Estonia                 | Moldova           | United Arab Emirates |
| Ethiopia                | Montenegro        | United Kingdom    |
| Finland                 | Netherlands       | Uzbekistan        |
| France                  | New Zealand       | Vietnam           |
| Georgia                 | Norway            | Zambia            |
| Germany                 | Pakistan          |                   |

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Withholding taxes

Dividends
The domestic withholding rate on dividends is 20%, however in most instances the rate can be reduced to nil if an appropriate declaration is in place and (a) the recipient is an individual who is neither resident nor ordinarily resident in Ireland and is resident in the treaty country or an EU member state or (b) the recipient is a company and:
• It is ultimately controlled by persons resident in a treaty country or EU member state, or
• The principal class of shares of the company or of another company of which it is a 75% subsidiary is substantially or regularly traded on one or more stock exchanges in DTA countries, or
• It is resident in a treaty country or EU member state and is not under the control of person or persons who are Irish tax residents.

Interest
A 20% withholding tax is generally levied on annual interest payments made to non-resident companies. However, a lower rate may apply where there is an applicable tax treaty, the interest is paid to a qualifying company under the EU Interest and Royalties Directive, or the interest payment is specifically exempt under one of the various exemptions which are available under Ireland’s domestic legislation. In many instances, companies paying interest in the course of a business or trade in Ireland to EU and treaty corporate recipients can rely on an Irish domestic exemption so no withholding applies.

Royalties and fees
Most royalties are not subject to withholding tax. A 20% withholding tax is imposed on patent royalties and annual payments of pure income profit paid to non-resident companies, unless the rate is reduced by an applicable treaty or the EU Interest and Royalties Directive applies. Revenue have also issued guidance stating that they are prepared to grant permission to a company paying a royalty, out of which it would otherwise be required to deduct tax, to make the payment without deducting that tax where certain requirements are fulfilled. Thus there are numerous routes available to avoid an obligation to withhold tax on royalties.

Transfer pricing
Transfer pricing legislation took effect for accounting periods commencing after 1 January 2011 in Ireland. The legislation endorses the OECD Transfer Pricing Guidelines and the arm’s length principle. The main points to note in relation to the Irish regime are as follows:
• The regime is confined to related party dealings that are taxable at Ireland’s corporate tax rate of 12.5% (i.e. trading transactions).
• Non trading transactions fall outside the scope of the regime.
• The rules apply to domestic and international related party transactions, subject to an exemption for certain small and medium sized companies.
• As Ireland operates a self-assessment regime for corporation tax, the onus is on the Irish taxpayer when filing its tax return, to demonstrate that intercompany transactions with related parties is at arm’s length.
• The documentation requirement under the Irish regime may be satisfied by counterparty documentation prepared by the other related party to the transaction and therefore the regime should have little impact in terms of attracting or hindering new investment in Ireland.

• On 23 June 2016, Irish Revenue published the Bilateral Advance Pricing Agreement Guidelines relating to the operation of Ireland’s Advance Pricing Agreement (APA) programme. The formal bilateral APA programme is effective for applications received on or after 1 July 2016. The programme applies to transfer pricing issues (including the attribution of profits to a permanent establishment, or ‘PE’) and is conducted within the legal framework of the double tax treaty that Ireland has entered into with the other jurisdiction concerned.
• Ireland has introduced Country-by-Country Reporting (CbCR) legislation and regulations effective for accounting periods commencing on or after 1 January 2016. Under the new provisions, an Irish-resident ultimate parent entity of a multinational group (broadly, one with annual consolidated revenue in excess of €750 million in the immediate preceding accounting period) will be required to file a CbCR with Irish Revenue.
• An exemption from the transfer pricing legislation applies for small to medium enterprises (companies with fewer than 250 employees and with a turnover of less than €50m or assets of less than €43m globally).

Why Deloitte for transfer pricing?
Deloitte Ireland were recognised as Ireland Transfer Pricing Firm of the Year 2016 and European Transfer Pricing Firm of the Year 2016 by the International Tax Review.
Other taxes

**Personal tax**

The personal tax burden in Ireland is average when compared with other countries. There is no net wealth tax, but individuals are subject to a capital acquisitions tax of 33% on the receipt of gifts or inheritance above certain thresholds.

An individual who is self-employed or who is in receipt of personal investment income, falls within the scope of the self assessment system in Ireland and is obliged to file a tax return and pay tax by specified dates.

An individual who is employed in Ireland pays their income tax liability either on a weekly or monthly basis under the PAYE (Pay As You Earn) payroll tax system. Under this system, tax is calculated and withheld from earnings by the employer.

**Residency**

When determining an individual's liability to Irish tax, that individual's residence, ordinary residence and domicile are considered. The Irish income tax year is aligned with the calendar year and runs from 1 January to 31 December.

An individual is treated as being tax resident in Ireland if (a) in a tax year he/she is physically present in Ireland for 183 days or more or (b) he/she spends a combined total of 280 days or more in Ireland in both the current and preceding tax years, however he/she will not be treated as resident under the second test for any tax year during which he/she spends less than 30 days (any part of a day is counted) in Ireland.

An individual is regarded as ordinarily resident in Ireland in a tax year if he/she has been an Irish resident for each of the three preceding tax years. Once he/she becomes ordinarily resident in Ireland, he/she does not cease to be ordinarily resident for a tax year unless he/she has been non-resident in Ireland for each of the preceding three tax years.

Domicile is a legal concept and is not defined in the Irish tax code. Generally, an individual is domiciled in his country of nationality and in which the greater part of his life is spent, i.e. the domicile of origin.

**Taxable income and rates**

The rates of income tax in Ireland are 20% (standard rate) and 40% (marginal rate). Once an individual's income which is liable to Irish tax has been identified, the tax is calculated and any tax credits available are deducted from it. The amount of income taxed at each rate band will depend on the individual's personal circumstances.

**Universal Social Charge**

The Universal Social Charge is an additional tax on gross income, before relief for capital allowances, losses or pension contributions and ranges from 0.5-8%, depending on income levels.

**Consequences of residence, ordinary residence and domicile**

- An individual who is resident and domiciled (regardless of their ordinary residence status) in Ireland, will be liable to Irish income tax on world-wide income.

- An individual who is resident but not domiciled in Ireland is liable to Irish income tax in the following manner:
  - Employment income: such individuals will be liable to Irish income tax on Irish employment income in full and non-Irish employment income to the extent that their duties relate to Irish workdays and they remit their income relating to non-Irish workdays to Ireland.
  - Investment income: such individuals are liable to Irish income tax on investment income from Irish sources. Investment income from other countries will not be taxable as long as the income is not remitted into the State. The remittance
basis for a non-Irish domiciled individual continues regardless of residence/ordinary residence status.

- An individual who is not resident but who is ordinarily resident and domiciled in Ireland is liable to Irish income tax on worldwide income, including foreign investment income. However, income from an employment, trade or profession exercised wholly abroad and other foreign investment income up to a ceiling of €3,810 are not liable to Irish income tax. Relief may also be available under the terms of the relevant double taxation agreement.

- An individual who is non-resident and non-ordinarily resident in Ireland is normally taxable on income arising from Irish sources including employment income relating to duties performed in Ireland subject to relief under the terms of the relevant double taxation agreement.

There are significant advantages in retaining a foreign domicile such as:

- The remittance basis of taxation applies to foreign source investment income.
- The remittance basis of taxation applies to non-Irish employment income relating to duties performed outside Ireland.
- Gains from disposals of foreign assets also qualify for the remittance basis of taxation under Irish capital gains tax rules.

Benefits in kind
Benefits in kind received by an employee are usually taxable. In general, an employer must calculate the tax liability on the benefit in kind (including share awards) and deduct this through the Pay As You Earn system (PAYE).

Special rules apply regarding the taxation of share options and Revenue approved share plans.

Capital gains tax
An Irish resident or ordinarily resident and domiciled individual is liable to Irish capital gains tax on the gains arising on the disposal of worldwide chargeable assets.

A non-Irish domiciled individual who is resident or ordinarily resident in Ireland is liable to capital gains tax on gains arising from the disposal of Irish chargeable assets and on the gains from the sale of non-Irish assets to the extent that the proceeds are remitted into Ireland.

An individual who is not resident and not ordinarily resident in Ireland is liable to capital gains tax on gains arising on the disposal of Irish specified assets, i.e. land and buildings in the State.

The standard rate of capital gains tax is currently 33%.

Taxation of foreign employments
Business travellers to Ireland who are resident in a country with which Ireland has a tax treaty and who spend less than 60 working days in Ireland in a tax year (and in any event for a continuous period of not more than 60 working days), are exempt from PAYE and income tax and no application to the authorities is required.

However updated guidance issued by Irish Revenue in December 2016 provides that Revenue is not prepared to accept, for the purposes of granting a release from the obligation to operate PAYE, that the remuneration is paid by, or on behalf of, an employer who is not a resident of Ireland where the assignee is:

- Working for an Irish employer where the duties performed by the individual are an integral part of the business activities of the Irish employer, or
- Replacing a staff member of an Irish employer, or
- Gaining experience working for an Irish employer, or
- Supplied and paid by an agency (or other entity) outside the State to work for an Irish employer.

In addition, the release from the obligation to operate PAYE will not be granted by Revenue based on the following:

01. Simply because the remuneration is paid by a foreign employer and charged in the accounts of a foreign employer or
02. Where the remuneration is paid by a foreign employer and the cost is then recharged to an Irish employer.

The above changes in Revenue’s guidance from December 2016 also apply to non-Irish employers with temporary assignees

A company’s R&D tax credit may be surrendered against key employees’ income tax (subject to the credit not reducing the employees’ effective tax rate below 23%).

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With effect from 1 January 2015, no upper threshold applies where the conditions for SARP relief are satisfied

or short term business travellers who spend more than 60 workdays and less than 183 days in Ireland in a calendar tax year. Previously, a PAYE dispensation could be applied to Revenue for the release from the obligation to operate PAYE subject to fulfilling a number of conditions. One of these conditions was that the temporary assignee’s remuneration be paid by, or on behalf of, an employer who is not a resident in Ireland. However, as Revenue’s interpretation has changed in this regard, it now restricts the scenarios under which a PAYE dispensation will be granted. A PAYE dispensation is subject to the agreement of the Irish Revenue and a detailed application to the Irish Revenue is required to avail of the exemption from PAYE.

In their updated guidance, Revenue has, however, announced that non-Irish employers with short-term business travellers who spend 30 days or less working in Ireland will be exempt from the operation of PAYE as long as the duties they perform in Ireland are incidental in nature.

The remittance basis of taxation can allow an individual who is resident but not domiciled in Ireland, to be taxed on non-Irish employment income relating to non-Irish duties and foreign investment income, only to the extent that these types of income are remitted to Ireland.

Where an individual who is resident but not domiciled in Ireland, is employed under a foreign contract of employment and performs duties of that employment in Ireland, they are liable to income tax in Ireland on the foreign employment income referable to those duties. The foreign employment income relating to duties performed outside Ireland is only liable to Irish income tax if it is remitted to Ireland.

The income tax due on the foreign employment income relating to the duties performed in Ireland is collected through the PAYE system. The foreign employer is responsible for remitting the PAYE due to the authorities.

**Special Assignment Relief Programmes**

The Special Assignee Relief Programme (SARP) was introduced for new arrivals to Ireland from January 2012. Returning workers who have been outside Ireland for at least five tax years are also considered to be new arrivals for the purposes of this relief. Subject to conditions, the relief which was due to expire at the end of 2017, has recently been extended for another three years until the end of 2020.

The relief allows a relevant amount of compensation otherwise liable to tax in Ireland to be excluded from tax. For 2015, and subsequent years, the proportion is determined as 30% of an employee’s compensation over €75,000 (i.e. without any upper threshold). Prior to this an upper threshold of €500,000 applied. Therefore employees who qualified under SARP in 2012, 2013 and 2014 and who continue to qualify after 2014 are entitled to have their relief for 2015 and subsequent years calculated without reference to an upper threshold.

In determining whether an individual is entitled to the relief, the amount of compensation, excluding the following, must exceed €75,000;

- Benefits in kind including company cars and preferential loans
- Termination/ex-gratia payments
- Bonus payments whether contractual or otherwise
- Stock/equity options
- Other share based remuneration

However, once it is determined that the individual qualifies for the relief, these types of compensation can be included for purpose of calculating the relief.

Additional conditions apply for both the employee and the employer in order to obtain the relief and care will need to be taken to ensure that the detailed conditions are adhered to including the tax residence position of both the employee and the employer (or associated employer) at various points.

The benefit of this relief may be claimed through the PAYE system however such employees will automatically become chargeable persons for the year of the claim resulting in a tax filing obligation. In addition, the employee must submit an application SARP 1A, signed by the employer, within 30 days of the employee’s arrival in Ireland confirming that certain conditions to qualify for the relief are met.
Indirect taxes

Value added tax (VAT)
VAT is levied, with certain exceptions, on the value of all goods and services supplied in Ireland by a taxable business. VAT is also payable on imported goods and most services. The standard rate of VAT is currently 23%. A reduced rate of 13.5% or 9% is levied on certain goods and services. In most cases, credit is available for VAT paid on goods and services purchased. The net tax due or refundable on sales/purchases is normally settled bimonthly with the authorities, although agreement can be made to settle on an alternative calendar cycle in certain circumstances.

The main relief from VAT takes the form of either zero-rating, exemption or exclusion from taxation. The principal exempt and excluded items include the export of goods (except those to unregistered persons in the EU), the rendering of services outside of Ireland, and the provision of financial services. Zero-rated goods include children’s clothing and certain food items.

Customs duty
Goods imported from outside the EU are subject to customs duty at the appropriate rate specified by the EU’s common customs tariff. The rate of duty is based on an international harmonised classification system. The EU has preferential tariff agreements with certain countries and country groupings, which will result in the rates being reduced or eliminated.

Excise taxes
Excise duties and other taxes vary depending on the goods and are payable in addition to any customs duty. Excise duties are imposed on mineral oils, alcoholic beverages and tobacco products. A registration tax is payable on motor vehicles.

An environment levy is payable on plastic bags. An electricity tax is payable on non-domestic use of electricity. There are some arrangements under which goods may be imported without payment of duty. For example, approval may be obtained to import goods duty-free from outside the EU for processing and re-exportation to non-EU countries or retention within the EU.

Carbon Taxes
Carbon tax is a tax levied on the amount of carbon emitted on the combustion of certain fuels. The tax is based on a fixed price per unit measurement, the fixed price being dependent on the type of fuel. The carbon tax applies to kerosene, marked gas oil, liquid petroleum gas, fuel oil, natural gas and solid fuels.

Stamp duty
Stamp duty is payable on the transfer of property and most securities. Stamp duty on commercial property transfers is payable at 2%. Stamp duty on the grant of lease is payable at rates of between 1% and 12%. Stamp duty on the transfer of shares and marketable securities is payable at 1%. Stamp taxes may also apply to leases and the transfer of bonds.

However, relieving provisions may apply to certain types of securities and loan stock and Ireland also has a range of stamp duty reliefs and exemptions for qualifying restructuring and share exchange transactions, as well as an IP exemption. Transfers between qualifying 90% associated companies, no matter where they are located, can also benefit from a form of stamp duty group relief.

Companies that export 75% or more of their output can be authorised by the Revenue Commissioners to receive nearly all goods and services (except cars, entertainment, etc.) from Irish and foreign suppliers free of VAT.
Labour environment

Employees’ rights and remuneration
Much of Ireland’s labour legislation is driven by developments in the EU. Labour legislation should present no special difficulties to employers, but it is strictly enforced.

The contract between employer and employee in Ireland has traditionally been based on common law. There is a significant regulatory overlay, including a requirement to provide a written statement of terms and conditions of employment within two months of employment. There are also specific rules which apply to atypical employments such as part-time, fixed term employees and employment of persons under 18 years of age.

Social insurance
Irish social security contributions are referred to as Pay Related Social Insurance (PRSI) contributions. Both employee PRSI (4%) and employer (10.75%) contributions are payable. In general, employee/employer contributions are made through the PAYE system.

The Universal Social Charge is an additional social security charge on gross income and ranges from 0.5-8%, depending on income levels.

Other benefits
Employees are entitled by law to four paid weeks of holiday a year. There are nine paid statutory public holidays annually.

Employment of foreign nationals
A non-EEA national must not engage in employment without appropriate employment authorization and an employer must not engage a non-EEA national without appropriate employment authorization.

Generally, employment authorization is granted by way of an employment permit. Various types of employment permits exist (e.g. general employment permits and critical skills employment permits) and the type of permit required will depend on the salary offered to the employee and the employee’s role. Where an employee is seconded/assigned by his/her foreign employer to work or train in a related Irish entity, an application may be made for an Intra-Company Transfer permit.

Under a spousal scheme, the spouse of an individual with an Irish critical skills permit may apply for a spousal employment permit once he/she has obtained a job offer from an Irish employer.

Visas
Certain passport holders will require a visa in addition to an employment permit.
Ireland – not just for business

**Education**
Ireland has one of the most educated workforces in the world – 10% higher than the OECD average (OECD – Education at a Glance, 2015)

**Gaming**
Ireland is the Internet & Games capital of Europe (Enterprise Ireland, 2015)

**Relaxation**
Ireland boasts luxury spas including the 5 star, award winning ESPA at the Europe Hotel in Killarney and the multi-award winning Oasis Spa at the Lyrath Estate, Kilkenny

**Agrifood**
Ireland’s agrifood sector has a production capacity to feed in excess of 30 million people (Enterprise Ireland, 2015)

**Adventure**
The Wild Atlantic Way – ‘Revel & roam in this outdoor playground or dive into a sea of exhilarating experiences’ (www.wildatlanticway.com) – A beautiful 2,500km stretch of coast that boasts scenic views, spanning seven counties.
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