

Knowledge Development Box, (KDB)

Adding to Ireland's "best-in-class" tax offering

Can we claim KDB?

Is your company undertaking R&D that results in IP? Copyrighted software? Or have you been involved in new inventions that constitute value in the items you sell? Are profits realised in Ireland? Then yes, you can avail of KDB.

So what is the benefit?

For profits derived from "Qualifying assets", or families of Qualifying assets" a CT rate of 6.25% will apply.

Qualifying assets are certain intellectual property assets that are the result of qualifying R&D activities undertaken in Ireland.

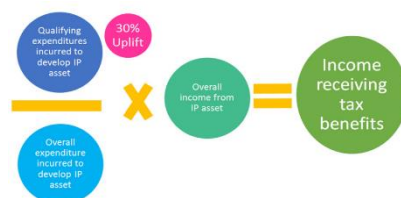
(Graphic) Inventions: IP: Software:

When is KDB Relevant?

Importantly the Knowledge Development box will be applicable to financial periods beginning January 1st 2016.

Now is an ideal time to build an understanding of its applicability to your business. The team at Deloitte can assist you in this.

How is KDB calculated?



As can be seen from the formula above, the amount of profits that are applicable to the KDB can be arrived at by determining the proportion that your companies qualifying R&D activities in Ireland bear on the total cost of R&D to developed the qualifying asset.

What should I do now?

Talk to us, we have a specialist team that are ready to assist you. We can assess the benefit and assist you in building a robust approach and methodology.

Considerations?

Some items to think about are:

- How do you manage and evidence your R&D activity that results in qualifying assets?
- Are there any transfer pricing issues arising from R&D activities that are geographically distributed?
- What are the implications for "Country by country reporting" (CbCR).
- Importantly, what systems and controls are required to be put in place now that will assist in identifying what profit results from each qualifying asset held?
- What changes can we make to our management of IP and R&D to assist in an accurate and robust KDB calculation?