

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 2018, just short of 211,000. 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.

A handwritten signature in black ink that reads "Brendan Jennings". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brendan Jennings
CEO Deloitte Ireland

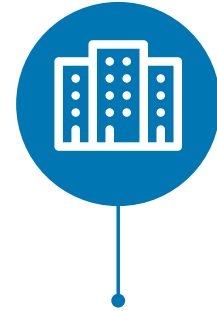
Ireland: Top of the class



1st for flexibility and adaptability in the Eurozone (Source: IMD World Competitiveness Yearbook, 2017)

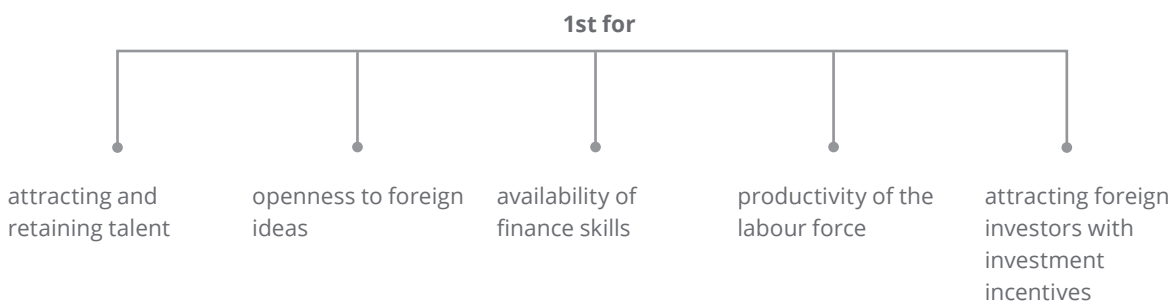


1st for youngest population in Europe, with one third under 25 years old (Source: Eurostat, 2016)



1st in Europe for ease of paying business taxes (Source: World Bank/PWC 'Paying Taxes 2017: The Global Picture')

Ireland also achieved first in a number of sub-factor rankings as part of the IMD World Competitiveness Yearbook, 2017 as follows:



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 92% of the 52 FG500 TMT companies, 87% of the 118 FG500 Financial Services companies and 71% of the 24 FG500 Life sciences and Health Care companies.



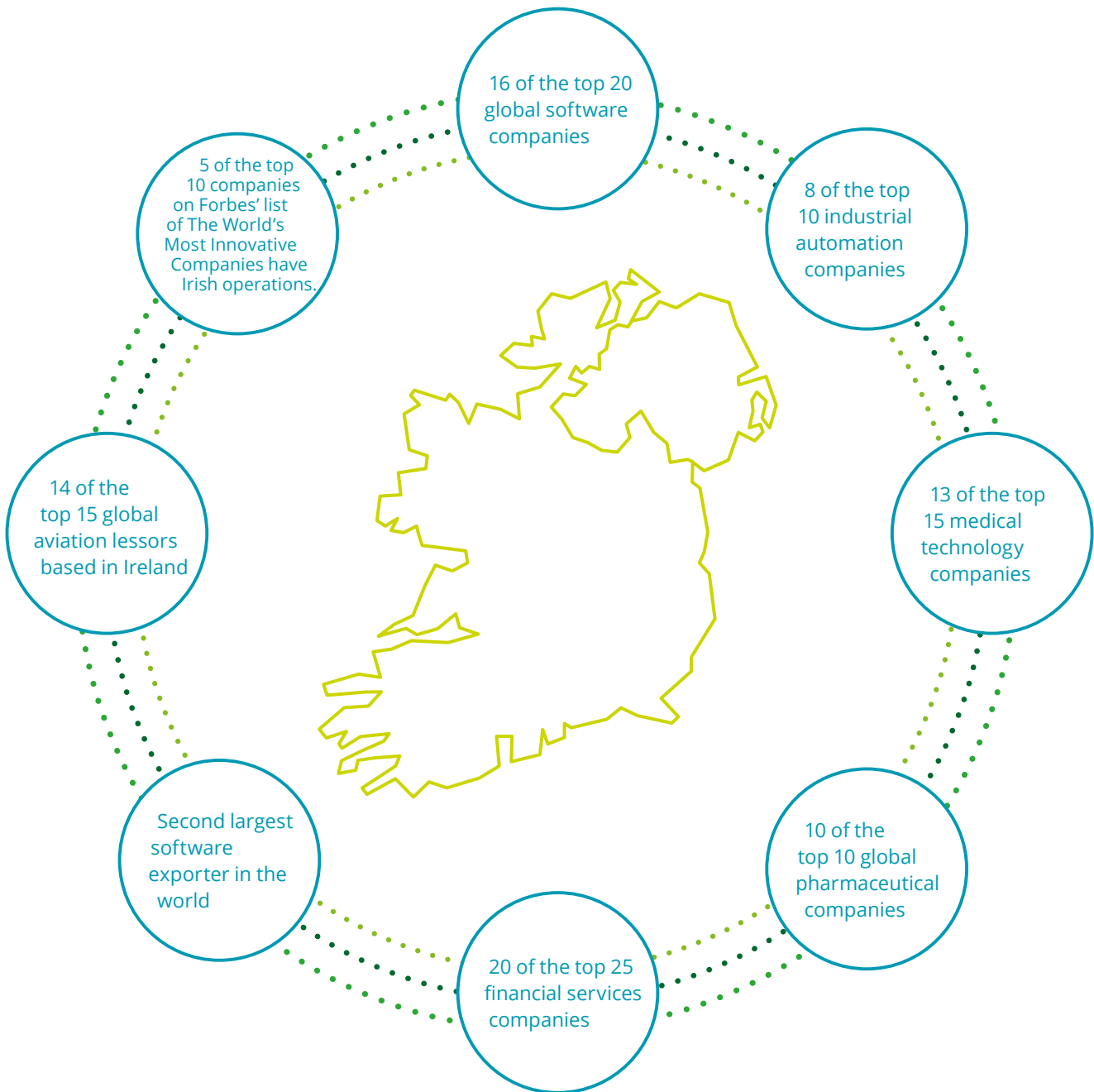
International Tax Review ranks Deloitte Ireland as TIER 1 Advisors.

Deloitte Ireland were recognised as Ireland **Transfer Pricing Firm of the Year 2017** and **European Transfer Pricing Firm of the Year 2017** by the International Tax Review.

Our breadth of services

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

Companies based in Ireland



Recent investment

Investment Company	Irish operations
LiveTiles	Innovation centre
Viasat	European software centre of excellence
Pinsent Masons	International office
Lewis Silkin	International office
Informatica	EMEA HQ
BRE Global	International office
Pilz	Software development centre
Edwards Life Sciences	Manufacturing facility
Takeda	Manufacturing facility
Deutsche Borse	International office
Aberdeen Standard Investments	European business hub
Microsoft	Innovation and Education campus
Quidel Corporation	Business services centre
Autodesk	EMEA site
MSD	Biotechnology facility
Bank of Ireland	FDI Hub
Stripe	Expansion of international engineering hub
SK Biotek	Manufacturing facility
Angelica Aircraft Assets	Aircraft leasing investment
N3	Expansion of International office
Almac Group	Expansion of European campus
AbbVie	Expansion of Manufacturing facility
Jaguar Land Rover	R&D Centre
Beckman Coulter	Expansion of Manufacturing plant
Pluralsight	EMEA HQ
Huawei	R&D partnership
Keeper Security	Expansion of International office
Antares Vision	Software development centre

Investment Company	Irish operations
SANNE	Expansion of International office
Equifax	Expansion of IT centre
Wasdell	Pharmaceutical facility
Md7	Expansion of International HQ
The Standard Club	EU subsidiary
North P&I Club	EU subsidiary
YapStone	Expansion of International HQ
CarGurus	Expansion of European HQ
MetLife	Global technology centre
Xilinx	Expansion of EMEA HQ
Twilio	Expansion of EMEA HQ
Theravance Biopharma	International office
Regeneron	Expansion of bioprocessing campus
Everest Re Group	European insurance platform
Fragomen	International office
STATS	Regional HQ
Veritas	R&D innovation centre
PepsiCo	R&D nutrition centre
PennEngineering	Manufacturing facility
Kroll Bond Rating Agency	International office
XL Group	EU HQ
Graebel Companies	EMEA Financial shared services centre
Synexa Life Sciences	International HQ
BioMarin Pharmaceuticals	Expansion of manufacturing facility
Bank of America	Principal EU legal entities
Beazley plc	European insurance company
Bank of China	International branch
Wood Group	Data analytics centre of excellence

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 sciences companies operating in Ireland also carrying out research and development here.

Why Ireland for life sciences?

- World-class research institutes that are intergrated 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 and Key Employee Engagement Programme to attract key talent to Ireland

Why Deloitte for life sciences?

- Deloitte member firms serve 71% of the 24 FG500 Life 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

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 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 initiatives 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 a key technology hub internationally.

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 and Key Employee Engagement 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.

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 and Key Employee Engagement Programme to attract key talent to Ireland

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 Financial Technology.

Why Deloitte for financial services?

- Deloitte member firms serve 87% of the 118 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 evolve and be challenged. 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 a 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.

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.

Why Deloitte for manufacturing?

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

Deloitte's Global Shared Services Survey 2017 found that 73% of respondents stated they plan on growing the amount of functions in their shared services centres in the near future.



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 placing 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 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 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 tax resident 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 of IP management. Many companies have successfully amalgamated their supply chain management, IP management and R&D functions in Ireland. This enables companies to proactively manage their global effective tax rate while maximising cross-functional efficiencies.

Ireland's cost competitiveness

During the 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 U.K. 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 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.



World cost of living 2016

Location	Rank
Luanda	1
Hong Kong	2
Tokyo	3
Zurich	4
Singapore	5
New York	9
Shenzhen	13
Tel Aviv	17
Perth	50
Dublin	66
Milan	71

(Source: Mercer Cost of Living Survey, 2017)

Best countries in the world to do business 2016

Location	Rank
United Kingdom	1
New Zealand	2
Netherlands	3
Sweden	4
Canada	5
Hong Kong	6
Denmark	7
*Ireland	8
Singapore	9
Switzerland	10

*Top ranked member of Eurozone
(Source: Forbes.com, 2017)

IMD World Competitiveness Yearbook 2017

Location	Rank
Hong Kong	1
Switzerland	2
Singapore	3
United States	4
Netherlands	5
Ireland	6
Denmark	7
Luxembourg	8
Sweden	9
UAE	10

(Source: IMD World Competitiveness Yearbook, 2017)

Euro Labour Costs Per Hour 2016 (Total Labour Costs)

	Per hour 2015	Per hour 2016	% Change 2015 / 2016
Belgium	39.10	39.20	0.2%
Bulgaria	4.10	4.40	7.8%
Czech Republic	9.80	10.20	3.8%
Denmark	41.20	42.00	2.10%
Germany	32.20	33.00	2.50%
Estonia	10.30	10.90	5.60%
Ireland	30.00	30.40	1.30%
Greece	14.10	14.20	0.80%
Spain	21.20	21.30	0.40%
France	35.10	35.60	1.50%
Croatia	9.60	10.00	4.80%

(Source: Eurostat, 2017)

Ireland's tax wedge is one of the lowest in the OECD

Location	2016
Belgium	54.0
Germany	49.4
Hungary	48.2
France	48.1
Italy	47.8
Austria	47.1
Finland	43.8
Czech Republic	43.0
Sweden	42.8
Slovenia	42.7
Latvia	42.6
Portugal	41.5
Slovak Republic	41.5
Greece	40.2
Spain	38.5
Estonia	38.9
Luxembourg	38.4
Turkey	38.1
Netherlands	37.5
Denmark	36.5
Norway	36.2
OECD Average	36.0
Poland	35.8
Iceland	34.0
Japan	32.4
USA	31.7
Canada	31.4
UK	30.8
Australia	28.6
Ireland	27.1
Korea	33.2
Israel	22.1
Switzerland	21.8

(Source: OECD, 2018)

Tax wedge is income tax plus employee and employer social security contributions 2016 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. 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

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. A private limited company has limited liability and has a share capital. It has a limit of a maximum of 149 members and can have only one director, if desired. A private limited company can claim eligibility for audit exemption. A public limited company must have a minimum nominal capital of €25,000 (at least 25% of which must be fully paid up). A public limited company must also have two directors, at a minimum, and cannot claim eligibility for audit exemption.

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.

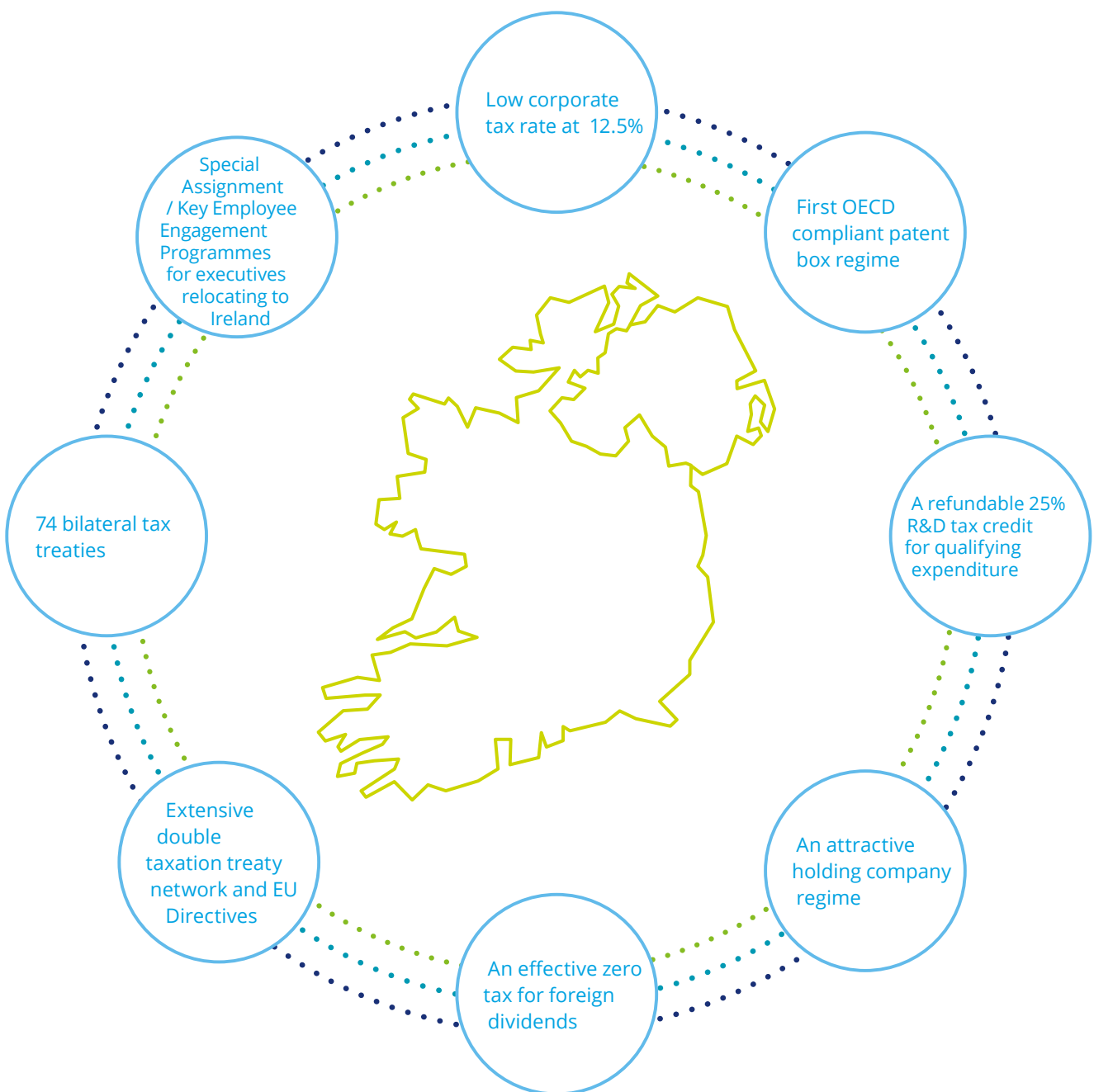
The selection of a corporate structure for an investment in Ireland may be strongly influenced by tax considerations such as the Irish tax rate applying to operations, the group's home country tax considerations, and the group's future plans for repatriating profits earned in Ireland back to the home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

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



A snapshot of Ireland's competitive tax regime

Corporate tax rate	12.5%	Trading income (including active financing, leasing, licensing, central entrepreneur, manufacturing, procurement and R&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.
	25%	Passive income (33% for certain capital gains).
Capital gains tax	0%	Where capital gains tax participation exemption applies.
Capital duty	0%	No capital duty on the issue of shares.
Stamp duty	1%	Applies to transfers of Irish registered shares (exemptions for group transfers and certain assets such as IP).
	6%	Applies to transfers of commercial property.
Treaty network	74 signed	Treaties with all major business jurisdictions (including Canada, China, Japan, India, Hong Kong, Singapore, South Korea and the United States).
Withholding taxes		Broad range of domestic exemptions from dividend, interest and royalty withholding taxes.
Value added tax (VAT)		EU VAT regime.
Personal rates		20%/40% income tax ('Pay As You Earn' (PAYE)) rate bands plus USC at bands between 0.5% - 8% (3% USC surcharge applies if non-PAYE income exceeds €100,000 in a tax year) 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&D tax credit may be surrendered against key employees' income tax (subject to the credit not reducing the employees' effective tax rate below 23%).

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 for some companies which can benefit from other reliefs/tax incentives, such as the R&D tax credit, Knowledge Development Box and IP regime, the effective tax rate can be lower than 12.5%.

Over recent years improvements to the Irish tax 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% corporate tax rate.

In addition, Ireland has full transfer pricing legislation in place. The regime relies on OECD principles and currently, 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.

The EU Anti-Tax Avoidance Directive ('ATAD') will have a significant impact on Irish tax law in the coming years. The ATAD must be transposed into law in Ireland by 1 January 2019 (with extensions allowed for certain provisions). The ATAD measures will include:

- Interest limitation rules which will deny a deduction for net interest exceeding 30% of EBITDA (subject to certain conditions),
- Controlled Foreign Corporation ('CFC') rules,
- Exit Tax on certain transactions,
- General Anti-Abuse Rules, and
- Anti-Hybrid Rules.

The Irish Government has repeatedly committed itself to the 12.5% corporation tax rate



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 Irish 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 exceptions. 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 and accelerated capital allowances for energy-efficient equipment 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 would 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 that 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 capital gains 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 on 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 various conditions including:

- 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.

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 current 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, 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

Ireland is an ideal place for companies to centralise their activities from both a business and tax perspective. In particular, companies based in Ireland can own and exploit intangible assets with a low effective tax rate.

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 211,000 jobs in Ireland.

US companies, in particular, account for a large proportion of foreign direct investment into Ireland. US firms have invested almost \$387 billion in Ireland over the last decade. In 2017, US investment accounted for 67% of all foreign direct investment into Ireland which further evidences 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

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.
- The aggregate amount of any allowances and related interest expense in an accounting period can 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 could be sheltered to further reduce the Irish effective tax rate. However, the restriction was reintroduced in Finance Act 2017 on foot of recommendations made in an independent review of Ireland's Corporation Tax Code ("the Coffey Report") published in September 2017.

- For US multinationals, there may also be a book benefit on acquisition of intragroup intangible assets.

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.

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 the corporation tax liability of the company. For example, qualifying expenditure of €100,000 in 2018, would give a corporation tax credit of €25,000.

Ireland is the first country to introduce a patent box regime which is in full compliance with the OECD's modified nexus approach



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 23%). 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. In order to have income from IP assets it must incur qualifying expenditure on their development.

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

Ireland has an extensive double tax treaty network with 74 signed to date.

will then claim KDB relief.

The operation of the KDB will in 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, 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.

Direct funding for Foreign Direct Investments

Overview

The Irish Government has a range of direct incentives that are designed to encourage foreign investments. These direct investments are compliant with the EU's state aid rules and are a combination of frameworks for regional aid, research and development and innovation and general block exemption regulations. These investments are typically administered by two state agencies; Industrial Development Agency (IDA) and Enterprise Ireland (EI). In addition as part of the European Union, companies located in Ireland can avail of EU research programmes.

Research and development and innovation grants

IDA Ireland offers a range of grants and incentives specifically targeted at R&D-performing companies including:

- Research Development and Innovation ('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.
- Companies successful in identifying a specific programme or project may apply for RD&I support for industrial research, with funding available up to a maximum level of 40%. The level and availability of support is dependent on quality of the proposal.
- Companies successful in identifying a specific programme or project may apply for RD&I support for experimental development, with funding available up to a maximum level of 25%. The level and availability of support is dependent on quality of the proposal. Grants for large scale R&D project are typically in the region of €1M to €12.5M for a multi-year project.

Enterprise Ireland also offer a range of incentives for start-ups locating in Ireland and for collaboration with local universities and third level institutions:

- High-potential start-ups (HPSUs): start-up businesses with the potential to develop an innovative product or service for sale on international markets and the potential to create 10 jobs and €1m in

sales within 3 to 4 years of starting up.

- Innovation Partnership Programme offers financial support to companies who engage in collaborative research projects with Irish universities and Institutes of Technology. The programme provides grants of up to 80% towards eligible costs of the research project. Funding level will normally not exceed €200,000.

Regional aid

Regional aid incentives are designed for the most disadvantaged regions of the European Union and the BMW region in Ireland can qualify for these incentives. The regional aid incentives that are restricted are capital and employment grants.

- Capital incentives is administered through the IDA and provides up to 10% for the first €50M of capital investment and 5% for up to an additional €50M of investment. EU approval required for capital grants above €100M of investment.
- Employment incentives are one off grants available for hiring new employees. The level and availability of support is dependent on location and size of the company.
- The IDA monitors grant recipients closely, withholding or seeking repayment of grants if investment commitments are not met.

Training grants

Training grants is administered through the IDA and is designed to develop the competitive capabilities of companies located in Ireland. The grants supports companies training programmes that addresses some or all of the following objectives:

- Raising value added;
- Allowing the operation to produce more sophisticated products or services;
- Facilitating the setting up of new 'higher order' functions;
- Putting in place major new management processes – e.g. Lean manufacturing, Six Sigma; and/or
- Helping to alleviate skills deficits that might threaten the development of an

operation, by supporting strategic up-skilling.

Training grant aid is set at a maximum level of 20% for company specific training and 50% for general training (capped at €2m over the lifetime of the project). Eligible training grant eligible costs include

- Trainer's personnel costs;
- Trainers and Trainees' travel expenses including accommodation;
- Other current expenses (materials/ supplies) directly related to the project;
- Cost of guidance and counselling services with regard to the training project;
- Trainee's personnel costs up to the amount of the total of the above eligible costs (known as the 50/50 rule).

EU Aid

The EU operates several competitive funding opportunities to support cross-border collaboration in research and innovation:

- Horizon 2020 is the largest ever EU Research and Innovation programme, with nearly €80 billion of funding available over 7 years (2014 to 2020) to position research the heart of the EU's blueprint for smart, sustainable and inclusive growth and jobs.
- The Life Programme supports environmental, nature conservation and climate action projects.
- Eurostars supports SMEs that are undertaking innovative R&D projects.

Deloitte's Gi³ team, in collaboration with the dedicated EU funding COE in Brussels, can assist client companies to obtain EU funding.

Combination of Incentives

Based on EU state aid rules and legislation in Ireland it is possible to combine both direct and indirect incentives for the same activities. For example, it is possible for a company can combine and IDA R&DI grant, R&D tax credits and KDB for the same research activities by following the rules for each scheme carefully.

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
- Currently 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
- Currently no controlled foreign corporation (CFC) legislation
- Member of the European Union since 1973 and Ireland has a wide tax treaty network – 74 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 currently only applies 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 exists 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. In particular, the EU Anti-Tax Avoidance Directive ('ATAD') will have a significant impact on Irish tax law in the coming years. The ATAD must be transposed into law in Ireland by 1 January 2019 (with extensions allowed for certain provisions). The ATAD measures will include:

- Interest limitation rules which will deny a deduction for net interest exceeding 80% of EBITDA (subject to certain conditions),
- CFC rules,
- Exit tax on certain transactions,
- General Anti Abuse Rules, and
- Anti-Hybrid rules.

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 (April 2018)

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

Withholding taxes

Dividends

The domestic withholding tax 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 tax 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 options 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 currently fall outside the scope of the regime. An independent review of Ireland's Corporation Tax Code ("the Coffey Report") was published in September 2017. This report recommended expanding the Irish transfer pricing regime to cover non-trading transactions. A public consultation on the recommendations was initiated and it is not yet clear whether such expansion of the rules will occur but it is something to be mindful of going forward.
- 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 are 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 2017 and European Transfer Pricing Firm of the Year 2017 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 inheritances 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/her 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. A 3% USC surcharge applies where an individual's non-PAYE income exceeds €10,000 in a tax year.

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 on income from the following sources:
 - 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 world-wide 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

Where a temporary assignee exercises the duties of employment in Ireland for more than 60 workdays, either in one tax year or cumulatively over two tax years, there is no automatic release from the obligation to withhold Irish payroll taxes ('PAYE').

However, guidance issued by Revenue in April 2018 provides that where certain conditions are satisfied, an employer may apply to Revenue for a release from the obligation to operate Irish payroll taxes. The conditions are as follows:

01. the assignee is resident in a country with which the State has a Double Tax Agreement and is not resident in the State for tax purposes;

02. there is a genuine foreign office or employment;
03. the remuneration is paid by, or on behalf of, an employer who is not a resident of the State (see below), and
04. the remuneration is not borne by a permanent establishment which the foreign employer has in the State.

For the purposes of (3) above, Revenue will not accept that this condition is met where the individual is:

- working for an Irish employer where the duties performed by the assignee are an integral part of the business activities (see below) of the Irish employer; or
- replacing a member of staff of an Irish employer; or
- supplied and paid by an agency (or other entity) outside the State to work for an Irish employer.

The new guidance contains comments as to what Revenue mean by "an integral part of the business activities". This needs to be considered on a case-by-case basis.

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%).

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

Factors to consider include:

- who bears the responsibility or risk for the results produced by the assignee;
- who authorises, instructs or controls where, how and, or when the work is performed;
- who does the assignee report to or who is responsible for assessing performance; and
- whether the role or duties performed by the assignee are more typical of the function(s) of the overseas employer or of the Irish entity.

This is not an exhaustive list, so it remains to be seen how this will work in practice.

Another new aspect of the revised guidance is the concept that individuals who have an ongoing requirement to return to Ireland over a number of years will not qualify for an automatic exemption from PAYE, regardless of the number of days spent in the State in a particular year.

For example, if an individual is required to be in Ireland to attend quarterly meetings each year for a total of four workdays per year, the individual will not qualify for an automatic exemption from the obligation to withhold PAYE under the current

guidance. Instead, the employer may apply for an exemption from the requirement to withhold PAYE in the normal manner. The guidance notes indicate that such an exemption (if granted) would be valid for a single tax year only, so annual applications would be required.

Furthermore, the guidance indicates that where a role is filled in Ireland by a series of different individuals on a rotational basis (the example used is in respect of four individuals spending consecutive periods of 50 workdays each in Ireland working in the same role), the payroll withholding position should be considered in respect of that role as a whole (i.e. inclusive of all 200 workdays).

The guidance provides for a time limit of 30 days in which the application should be made. In general, applications will not be approved retrospectively. However, the guidance also states that employers will not be penalised where it was not expected or readily apparent that a particular individual would have more than 60 workdays in Ireland.

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 Programme

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 Irish 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 the purpose of calculating the relief.

Additional conditions apply for both the employee and the employer in order to obtain the relief and care would 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.

Key Employee Engagement Programme ('KEEP')

KEEP is an employee engagement programme that was introduced by Finance Act 2017.

The aim of the scheme is to help SMEs (certain quoted and unquoted) to attract and retain key employees.

It (subject to certain employer and employee conditions) allows an employer to grant share options to employees at market value and enables employees to defer taxation on the options granted until such time as the shares (acquired on exercise of the share options) are actually disposed of. On disposal, the employee will be subject to tax at a rate of 33% (capital gains tax) rather than at a rate of 52%, which applies to unapproved share options.

KEEP applies to options granted on or after 1 January 2018 and before 1 January 2024.

No pre-approval of the scheme or share valuation is required but the employer must report details of options granted and/or exercised in a tax year to Revenue on or before 31 March of the following year.

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 6%. Stamp duty on the grant of a 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 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, 2017)



Gaming

Ireland is the Internet & Games capital of Europe (Enterprise Ireland, 2018)



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, 2018)



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.

Deloitte Ireland contacts

Brendan Jennings
 CEO Deloitte Ireland
 T: +353 1 417 2270
 E: bjennings@deloitte.ie

Audit & Risk Advisory	Tax	Consulting	Corporate Finance
<p>Michael Hartwell Head of Audit & Risk Advisory T: +353 1 417 2303 E: mhartwell@deloitte.ie</p>	<p>Lorraine Griffin Head of Tax E: +353 1 417 2992 T: lorgriffin@deloitte.ie</p>	<p>Harry Goddard Head of Consulting T: +353 1 417 2589 E: hgoddard@deloitte.ie</p>	<p>Martin Reilly Head of Corporate Finance T: +353 1 417 2212 E: mreilly@deloitte.ie</p>

Deloitte FDI Team

Declan Butler

Tax Partner
 Head of International Tax
 T: +353 1 417 2822
 E: debutler@deloitte.ie

Karen Frawley

Tax Partner
 International Tax
 T: +353 1 417 2613
 E: kfrawley@deloitte.ie

Louise Kelly

Tax Partner
 International Tax
 T: +353 1 417 2407
 E: lokelly@deloitte.ie

Deloitte Financial Services Tax Team

Pieter Burger

Tax Partner
 Financial Services Tax
 T: +353 1 417 2446
 E: piburger@deloitte.ie

Conor Hynes

Tax Partner
 Financial Services Tax
 T: +353 1 417 2205
 E: chynes@deloitte.ie

Deirdre Power

Tax Partner
 Head of Financial Services Tax
 T: +353 1 417 2448
 E: depower@deloitte.ie

IDA Ireland contacts

Ireland

IDA Ireland
Three Park Place
Upper Hatch Street
Dublin 2
Ireland
T: + 353 1 603 4000
E: idaireland@ida.ie

Atlanta

Monarch Plaza, Suite 350
3414 Peachtree Road, N.E.
Atlanta, GA 30326
T: +1 404 8167096

India

Unit No 3 & 5
The Executive Centre
Level 3, the Capital, B- Wing
Plot No C-70, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400051
T: +91 22 4905 5640

United Kingdom

Shaftesbury House
151 Shaftesbury Avenue
London WC2H 8AL
T: + 44 207 379 9728

Japan

Ireland House 2F
2-10-7 Kojimachi
Chiyoda-Ku
Tokyo 102-0083
T: +81 3 3262 7621

France

IDA Ireland
33 rue de Miromesnil
75008 Paris
T: + 33 1 43 12 91 80

New York

345 Park Avenue
17th Floor
New York,
NY 10154-0004
T: +1 212 750 4300

Korea

IDA Ireland
Leema Building 13F
42, Jongro 1-gil, Jongro-gu
Seoul, Korea, 03152
T: +82 2 721 7217

Australia

IDA Ireland
Ireland House
Suite 2601
Level 26
1 Market Street,
Sydney NSW 2000
T: +61 2 9273 8524

Brazil

IDA Ireland in S. Paulo,
Brazil Rua Haddock Lobo
1421 Conj. 51
andar 5 - Cerqueira César
01414-003 Sao Paulo - SP
Brazil
T: + 55 11 3355-4803

Boston

31 Saint James Avenue,
7th Floor,
Boston,
MA 02116
T: +1 617 357 4190

Austin

515 Congress Ave (17th Floor),
Austin, Texas 78701
T: + 1 512 792 5495

Chicago

77 West Wacker Drive,
Suite 4070
Chicago, IL 60601-1629
T: +1 312 2360222

California

800 W. El Camino Real
Suite 450
Mountain View,
CA 94040
T: + 1 650 967 9903

Southern California

2 Park Plaza #1240
Irvine, CA 92614
T: +1 949 748 3547

China - Shanghai

IDA Ireland
Suite 651, No. 1376,
Nanjing West Road
Shanghai
China 200040
China
T: +86 21 6279 8500

China - Beijing

IDA Ireland
3 Ritan Dong Lu
Beijing 100600
China
T: +86 21 8531 6256

China - Shenzhen

Level 15, Tower 2
Kerry Plaza
No.1 Zhong Xin Si Road
Futian District
Shenzhen 518048
China
T: +86 755 33043090

Germany

IDA Ireland
Rahmofstr. 2-4
60313 Frankfurt am Main
Germany
T: +49 69 70 60 99-14

Russia

IDA Ireland
Embassy of Ireland
Grokhol'ski Pereulok, 5
Moscow
Russia 129010
T: +7 495 937 5911

Singapore

Ireland House
541 Orchard Road
8th Floor Liat Towers
Postal Code 238881
Singapore
T: +65 623 80774

Contacts

Dublin

Deloitte & Touche House
Earlsfort Terrace
Dublin 2
T: +353 1 417 2200
F: +353 1 417 2300

Cork

No.6 Lapp's Quay
Cork
T: +353 21 490 7000
F: +353 21 490 7001

Limerick

Deloitte & Touche House
Charlotte Quay
Limerick
T: +353 61 435500
F: +353 61 418310

Galway

Galway Financial Services Centre
Moneenageisha Road
Galway
T: +353 91 706000
F: +353 91 706099

Belfast

19 Bedford Street
BT2 7EJ
Belfast, Northern Ireland
T: +44 (0)28 9032 2861
F: +44 (0)28 9023 4786

deloitte.ie

Deloitte.

At Deloitte, we make an impact that matters for our clients, our people, our profession, and in the wider society by delivering the solutions and insights they need to address their most complex business challenges. As the largest global professional services and consulting network, with approximately 263,900 professionals in more than 150 countries, we bring world-class capabilities and high-quality services to our clients. In Ireland, Deloitte has nearly 3,000 people providing audit, tax, consulting, and corporate finance services to public and private clients spanning multiple industries. Our people have the leadership capabilities, experience and insight to collaborate with clients so they can move forward with confidence.

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte Ireland LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte Ireland LLP is a limited liability partnership registered in Northern Ireland with registered number NC1499 and its registered office at 19 Bedford Street, Belfast BT2 7EJ, Northern Ireland.

Deloitte Ireland LLP is the Ireland affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.